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**Department of Economics**

**METHOD AND HISTORY IN CLASSICAL  
POLITICAL ECONOMY: ADAM SMITH  
AND JOHN STUART MILL**

PhD Thesis

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*To Dimitra, Nicholas and Science*

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# Abbreviations

- TMS** *The Theory of Moral Sentiments*, Printed for A. Millar in the Strand, London (1761 edition) Accessed at: <https://archive.org/details/theorymoralsent08smitgoog>
- LJ (A)** *Lectures on Jurisprudence (A)*, (ed. R.L. Meek, D.D. Raphael & P.G. Stein) Oxford University Press, Oxford (1978 edition)
- LJ (B)** *Lectures on Jurisprudence (B)*, (ed. R.L. Meek, D.D. Raphael & P.G. Stein) Oxford University Press, Oxford (1978 edition)
- WN** *An Inquiry into the Nature and Causes of the Wealth of Nations*, (ed. R.H. Campbell & A.S. Skinner), Clarendon Press, Oxford (1976 edition)
- HA** *The Principles which Lead and Direct Philosophical Enquiries; Illustrated by the History of Astronomy*, in *Essays on Philosophical Subjects* (1980) (ed. W.P.D. Wightman & J.C. Bryce), Oxford University Press, Oxford
- Correspondence** *The Correspondence of Adam Smith*, (ed. Ernest Campbell Mossner & Ian Simpson Ross), Clarendon Press, Oxford (1980 edition)
- LRBL** *Lectures on Rhetoric and Belles Lettres*, (ed. J.C. Bryce), Liberty Fund, Indianapolis (1985 edition)
- EPS** *Essays on Philosophical Subjects* (1980) (ed. W.P.D. Wightman & J.C. Bryce), Oxford University Press, Oxford
- Essays** *Essays on Some Unsettled Questions of Political Economy*, John W. Parker, West Strand, London (1844 original edition) Accessed: <https://archive.org/details/essaysonsomeuns01millgoog>
- A System of Logic** *A System of Logic Ratiocinative and Inductive. Being a Connected View of the Principles of Evidence and the Methods*

*of Scientific Investigation*, Longmans-Green and Co, London, New York and Toronto ([1843]1889 edition) Accessed at: [https://books.google.gr/books/about/A\\_system\\_of\\_logic\\_ratiocinative\\_and\\_indu.html?id=rxOVDITKrgIC&redir\\_esc=y](https://books.google.gr/books/about/A_system_of_logic_ratiocinative_and_indu.html?id=rxOVDITKrgIC&redir_esc=y)

**Principles**

*Principles of Political Economy with some of their applications to Social Philosophy*, Longmans-Green and Co, London, New York and Toronto ([1848] 1909 edition) Accessed at: <https://archive.org/details/principlesofpol00mill>

**EL**

*The Earlier Letters of John Stuart Mill 1812-1848*, 2 vols (ed. F. Mineka), University of Toronto Press- Routledge and Kegan Paul, Toronto (1963 edition)

**EES**

*Essays on Economics and Society*, vol II (ed. Lord Robbins), University of Toronto Press- Routledge and Kegan Paul, Toronto (1967 edition)

**EERS**

*Essays on Ethics, Religion and Society* (ed. J.M. Robson), University of Toronto Press- Routledge and Kegan Paul, Toronto (1969 edition)

**LL**

*The Later Letters of John Stuart Mill 1849-1873*, 4 vols (ed. F. Mineka and D. Lindley), University of Toronto Press- Routledge and Kegan Paul, Toronto (1972 edition)

**Considerations**

*Considerations of Representative Government*, in *Essays on Politics and Society* (ed. J.M. Robson) vol ii, University of Toronto Press- Routledge and Kegan Paul, Toronto ([1861] 1977 edition)

**EPS**

*Essays on Politics and Society* (ed. J.M. Robson), University of Toronto Press- Routledge and Kegan Paul, Toronto (1977 edition)

**Sir William Hamilton** *An Examination of Sir William Hamilton's Philosophy and of The Principal Philosophical Questions Discussed in his*

*Writings* (ed. J.M. Robson), University of Toronto Press-  
Routledge and Kegan Paul, Toronto ([1865] 1979 edition)

**Autobiography** *Autobiography and Literary Essays* (ed. J. Robson & J.  
Stillinger), University of Toronto Press- Routledge and Kegan  
Paul, Toronto ([1873] 1981 edition)

**EELE** *Essays on Equality, Law, and Education*, (ed. J. Robson),  
University of Toronto Press- Routledge and Kegan Paul,  
Toronto (1984 edition)

**EFHH** *Essays on French History and Historians* (ed. J. Robson),  
University of Toronto Press- Routledge and Kegan Paul,  
Toronto (1985 edition)

**NW** *Newspaper Writings: December 1822-July 1831*, (ed. Ann  
Robson and J. Robson), University of Toronto Press- Routledge  
and Kegan Paul, Toronto (1986 edition)

# Chapter 1

## Economic Theory and Economic History: Re-Inventing the Economic Past?

In other words, the writer of history who desires to be more than a mere antiquarian must have a thorough *theoretical* training in those fields of inquiry with which his work is concerned ... Theoretical training alone makes the true historian. No theory – no history! Theory is the pre-requisite to any scientific writing of history

Werner Sombart, *Economic Theory and Economic History*, (1929: 3)

Economists without history have not much idea of where [their ship] is sailing to

Eric Hobsbawm, *On History*, (1999: 139)

### 1.1 Setting the theoretical, methodological and historical context: economic history as the mule of social sciences?

It is commonplace (although by no means a universal view) that social sciences do not (and cannot) exhibit the robustness and cohesion of physical (or positive) sciences due to the fact that the object social scientists investigate, the wide spectrum of social organisation, is far too complex and intricate. This is partly what lies behind the excessive segregation between social sciences and what has rendered its practitioners susceptible to their neighbours' enunciations. Braudel [(1969) 1987: 67], an evangelist of thoroughgoing social study, notes that each different social discipline appears as a different 'country', with its own language, content, rules and borderlines. Each social science through its dominant scientific paradigm and the development of

its own epistemic tools, tries to represent its own theoretical schemas as ‘rules of thumb’. Thus, each social science is in a sense an ‘imperialist’ science in-as-much-as it tries to make its inferences appear as universal with regard to human behaviour. Having said this, the relations between different social sciences are varied and multifarious. Especially, the relations between economic theory and historiography<sup>1</sup> (the parent disciplines of economic history) exhibit an unremitting fluctuation: from felicitous and equanimous unity in the Scottish historical school and in classical political economy, to active clashes as to their exact relationship between for example the British historical school and neoclassical economics, to the total exclusion of (economic) *theory* from historiography as in the debate between reformist versus neutral economic history (see section 4), and to an absolute reduction of *history* to theory (as in the cliometric revolution). The relationship between economic theory and history has been variegated and dynamic. Depending on the way its practitioners view the epistemological status of economic history, the latter shifts from being either nearer to economic theory, as with the ‘new’, ‘newer’ and ‘newest’ versions of economic history,<sup>2</sup> or closer to Historiography, as with the British historical school and the early reformist tradition in economic history. Essentially, the amalgam of their interactions is historically dynamic, jiggly and very interesting.

Although the professionalisation of economic history did not start until the last quarter of the nineteenth century, its very essence – the systematic examination of economic past – finds its early predecessors in the first decades of the eighteenth

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<sup>1</sup> ‘Historiography’ refers to history as analysis, as opposed to history as evidence. ‘History’, on the other hand, is related to facts, and not to epistemic issues. Historiography is one of the most ‘archaic’ social studies, finding its early predecessors in ancient Greek and Latin philology. Historiography as an academic discipline has passed, according to Iggers (1997: 36), through three (epistemically) discernible stages: the period of ‘narrative political history’ where the historians’ main ontological interest was focused on the role of ‘great men’ and on the nature of facts, the modern stage where the methodological interest shifted to a ‘history from below’, the *longue durée* type of history as Braudel eloquently describes it, and, finally, the post-modern period where a transition from methodological holism to methodological individualism is recorded, with a parallel shift from macro-history to micro-history.

<sup>2</sup> The term ‘New’ economic history is used by cliometric economic historians in a direct contradistinction to what they call ‘Old’ economic history which according to them was more ‘traditional’ historiographically, and of lesser scientific status (Redlich, 1965). The terms ‘newer’ and ‘newest’ economic history are adopted from Milonakis and Fine (2009) according to whom, the ensuing theoretical approaches to economic history stemming from the camps of new information and new institutional economics, were a simple progression of the ‘cliometric paradigm’, as long as they preserved its neoclassical ‘hard core’ and simply modified its protective belt, relaxing some of its sideshow assumptions such as that of perfect information, zero transaction costs, etc.

century Britain and more specifically in the writings of the Scottish historical school. During the classical era, economic history had not appeared as a separate academic discipline with its own special university posts and degrees. Be that as it may, the historical element was organically incorporated in the ‘hard core’ of much (but not all) classical political economy (and especially in the writings of Smith, Malthus, the younger Mill and, later, Marx). Political economy was conceived as a unified social science, embracing at once social, historical and economic elements. Soon after the marginalist revolution (and the subsequent rupture of this ‘hard core’), economic history appears as a separate academic ‘territory’, bridging abstract economic theory with the more *narrative* type historiography. Economic history, as a distinct academic discipline, emerged during the last quarter of nineteenth century when “the first major steps were taken by which economic history came to be recognised as a subject suitable for study in British universities” (Coleman 1987: 37).<sup>3</sup> Its further consolidation (through the identification of its own distinctive core problems and the appropriate method of answering them, its textbooks and its specialist university teachers) was completed during the period between 1893-1927.

Historically, economic theory and history are fighting for the fatherhood of economic history (Clapham 1971 [1929]: 58). The relationship between the two has been shifting and volatile between two (reluctant) partners, what can be described as ‘an unhappy marriage with an impossible divorce’,<sup>4</sup> the outcome of which is also volatile and very interesting. There are several accounts of the content (and essence) of economic history: According to Pollard ([1964] 1971: 291), economic history is the *mule* of social sciences. Similarly, Coats ([1966] 1971: 331, 333) characterises

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<sup>3</sup> There is a continuing debate about economic history’s exact chronological emergence. Harte (1971: xxxi) put it in the vector between 1882-1904, a period between the “appearance of the first edition of Cunningham’s textbook and Mrs. Knowles’ appointment in the London School of Economics as the first full-time university lecturer in the subject”. Gras (1927: 20) put it betwixt 1879 and 1888 and Rees (1949: 2) between 1882-1893. The year 1882 has a symbolic value for three main reasons. First is the publication of Cunningham’s *locus classicus*, *The Growth of English Industry and Trade* which, according to Koot (1987: 139), is “the most substantial product of English Historical Economics”. Second, Cliffe Leslie, the progenitor of the British historical school died in that year, and, third, in 1882, Toynbee “delivered his first and only inter-collegiate course on the economic history of England 1760-1846 (what became known posthumously as the ‘Industrial Revolution Lectures’” (Kadish 1989: 83). The year 1893 when William Ashley became the first professor of economic history in the English speaking world, an event which proves the ‘institutional’ consolidation of economic history, is also of significance.

<sup>4</sup> I owe this phrase to Thanasis Kalafatis.

economic history as a ‘hybrid discipline’ in which the economic historian “is tempted not only to pontificate on the nature and methods of economic history, but on those of economics and history as well”. Truly, the economic historian knows that he cannot live off his own; he is cultivating a ‘hybrid’, planted in the fertile borderlands between Arts and Social Sciences. Similarly for Wallerstein (1991: 173), “It is a bit as though economic history were an unwanted stepchild, a Cinderella in rags”. The situation is different in other kinds of history such as political history, social history, psychological history, etc., so long as the corresponding social sciences in each case do not search for the precision and the generality that economics is reaching for. At the same time, however, no other social science (sociology, political science, anthropology or psychology) is related as congenially with history as economic science.<sup>5</sup> As Cole ([1967] 1971: 353) puts it, “the links between history and theory are very much closer in the analysis of economic changes than they are in some other branches of historical study”. In other words, the (typical) economic historian is caught up in a kind of ‘schizophrenia’, having a double face, like Janus: half an economist and half a historian.<sup>6</sup> In Hancock’s words ([1946] 1971: 146): “[the economic historian’s] perplexing migrations between the two tribes of economists and historians have made his nature and destiny a matter for dispute”. Thereby, “the economic historian who attempts to escape from this inner conflict by writing history with a minimum admixture of economics, or economics with a thin veneer of history, is simply running away from his subject” (Youngson [1959] 1971: 222).

Economic history (as it has emerged in the late nineteenth century) is the synthesis of two different, even opposing, academic traditions, that of economics and

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<sup>5</sup> Traditionally, political (or social) historians’ main epistemological tool is ‘narration’. Narration as an epistemological scheme, limits the presence of an elaborated body of theory since, according to Stone (1979: 3), it “is taken to mean the organization of material in a chronologically sequential order and the focusing of the content into a single coherent story, albeit of sub-plots”. Such a scheme is clearly related to narration and not to theory. In contrast, the mean economic historian who, for example, attempts “to explain the rise in prices in sixteenth-century England without some understanding of the quantity theory of money and the laws of supply and demand would soon find himself in rather deep waters” (Cole [1967] 1971: 353).

<sup>6</sup> Such schizophrenia, as Cipolla (1991: 7) eloquently describes it, has been the product of the scientific procedures mainly in economics and, to a lesser degree, in historiography. Cole ([1967] 1971: 353) notes that “In the course of the nineteenth century [...] the links between history and theory weakened: gradually political economy turned into economics, as economists, in their search for universal laws, tended to contract their area of interest, to isolate economic phenomena from their historical context, and to concentrate attention on those relationships which could be readily expressed in mathematical terms”.



historiography. Historiography, a field with evidently archaic roots<sup>7</sup> (ancient Greek and Latin historiography), has a ‘cosmopolitan’ air, is receptive to other social sciences and characterised by a wide, ‘literary’ and artistic horizon.<sup>8</sup> This is why Braudel [(1969) 1987: 70] characterised history as the *least* rigorous human science. On the other hand, economic science as a separate field of study, on top of being a much younger discipline,<sup>9</sup> is much more rigid in-as-much-as it directs its epistemological schemes towards discerning regularities in economic processes. It attempts to formulate the general *laws* governing either the whole economy (as in classical political economy) or separate enunciations of human behaviour as with the microeconomics of neoclassical theory. This trend is vividly reflected (at least after the marginalist revolution) in economic theorists’ desire to produce a science that resembles that of physics. The consequence of this desire, as exemplified by the work of the marginalist troika, and mainly Jevons and Walras, was the erection of a ‘general theory’ which would resemble in rigour the physical science theories (Drakopoulos 1992: 153). This trend forced Braudel [(1969) 1987: 73] to describe economics as the *most* austere social science. The ‘end’ result of the process set off by the marginalist revolution was an extremely abstract and generalised science which seeks for regularities with universal validity at the expense of any sense of ‘historical specificity’.<sup>10</sup> Thus the dialectical relation between (mainstream) economic theory and (narrative) historiography has produced a *synthesis*, economic history, the content of which is wobbly, hazy and inexplicit. Such an unstable synthesis has implied decisive (existential) consequences for the economic historian, who, according to Mathias

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<sup>7</sup> Its ‘archaicity’ is symbolised by ancient Clio, “daughter of Zeus, who is traditionally represented as holding a book and a stylus as evidence of her readiness to record what happened to mortal men – and indeed to the immortal gods with whom she consorted on Mount Olympus” (Lythe ([1963] 1971: 275).

<sup>8</sup> The ‘artistic’ nature of historiography has been outlined (mainly) by post-modern historians. According to Jenkins (2004: 65), “In this way science, noisily kicked out of the front door, was half-heartedly re-admitted through the back, the result being that the oscillation between ‘science and art’ has remained as a part of the internal problematic of mainstream history”.

<sup>9</sup> The first purely economic (mercantilist) monograph was published by Antonio Serra in 1613 (Rima 2002: 53).

<sup>10</sup> General theories, such as neoclassical economic theory, despite their robust character if seen in their own terms cannot interpret the process of historical evolution. As Hobsbawm notes (1999: 146), “It is also possible, and usual, to formulate models so general as to be universally applicable, but at the cost of triviality”. Similarly for Wright (1986: 79), “It is an empty triumph to show that economic theory is flexible enough to account for virtually any human experience in any epoch, because theory is then exposed as so universal as to be vacuous”. And for Sombart (1929: 2), “Ultimately, we might expect to reach the all-embracing ‘whole’ of Universal History and approach the riddle of human existence. But history is not equipped for handling so vast, so intangible a problem”.

(1971: 369), “is forever a historian among economists; an economist among historians”.

The unstable nature of such a synthesis can be partly attributed to the marginal revolution and the subsequent transition from classical political economy to (neoclassical) economics. The result of this transition was a more abstract and fictitious economic theory having excised any social and historical element from the analysis of economic processes (Milonakis and Fine 2009). For Sombart (1929: 8), “They [economists] take no account of the historical forces which affect the working out of economic principles, but deal with economic phenomena as though they were parts of a connected system and had been subject in the past to the same laws which govern them today and will govern them in the future”. Thereby, the initial suspicion with which neoclassical economists viewed history, is transformed into an *in toto* rejection of it (Pigou), before becoming one of its colonial victims through the cliometrics revolution of the 1950s and 1960s in the work of Conrad and Meyer, Fogel and North. This transition, which has been described mainly by economists such as Field (1995), Hodgson (2001), Milonakis and Fine (2009), Fine and Milonakis (2009), was a process of a brutal encroachment of history; a description that exhibits the arrogant and expansionary (imperialist) character of neoclassical economic theory.

Hence, generalizing, the relationship between economic theory and history has shifted from a congenial status, as in much classical political economy, to the total divorce as in mainstream neoclassical theory. The neoclassical scientific paradigm, through the (epistemological) reproduction of its fictitious ontological assumptions (homo oeconomicus, rationality, perfect competition etc.), is totally incompatible with history as it is related with the extensive use of purely static tools such as *equilibrium* borrowed from static mechanics which *ex nihilo* excludes the notion of time and hence of the historical process. The final result of these epistemic processions, on top of rendering economics more abstract and a-historical (not to say anti-historical), has deprived economic historians from useful theoretical tools which otherwise may have helped in bridging the epistemological gap between theory and history. As Sombart (1929: 8) has rightly pointed out, “the blame rests entirely upon the economic theorists. They failed to provide a body of useful economic theory, that is to say,

theory which would have guided and advanced economic historians in their approach to their special subject”.

In contrast to neoclassical economics, the relationship between economic theory and history has to be congenial as long as history constitutes the ‘intellectual frontier’ of theory’s imperialism. In reality the interrelationship between economics and history involves a process of a perpetual, continuous and active dialogue and their organic symphysis could produce coherent interpretations of the economic past. But for economic theory to be historically relevant, the economist has to immerse his (abstract) theoretical schemes in ‘historical time’. At the same time, the (economic) historian needs a coherent theoretical scheme in order to clarify, classify and criticise factual data. Such a symphysis will make possible the creation of a theoretical, realist and critical perception of historical reality, namely a *histoire raisonnée*<sup>11</sup> which is incompatible with the (neoclassical) logic of mainstream economics. Such history, following the tradition of Smith, Marx and Schumpeter, will integrate in its ‘hard core’ a congenial symphysis between theory and the two kinds of history, namely the philosophical and the narrative.

## **1.2 The precursors of economic history: the classical epoch**

Long before the official (i.e. academic) emergence of economic history, as a separate discipline in the late nineteenth century, history had been the primary focus of the Scottish historical school, playing a prominent part in the economic theorising of most classical political economists. In principle, political economists such as

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<sup>11</sup> This notion belongs to Schumpeter (1950: 44; 1954: 20, 690, 818). He used the notion of reasoned history (or *histoire raisonnée*) as a sort of generalised, or typified, or stylised economic history. Such a type of history goes beyond mere economic abstractions in the sense that it incorporates the role of institutions (and their history) that are otherwise exogenously given in neoclassical economics. *Histoire raisonnée* is the generalisation, typification, and stylisation of economic history by means of institutional analysis. It was Schumpeter’s own epistemological way to integrate history into his economic analysis. Milonakis and Fine (2009: 197) rightly point out that reasoned history is an economic history with a strong theoretical and analytical content. Despite Schumpeter’s direct bonds with the German historical school (and especially with Schmoller) his *histoire raisonnée* runs against Schmoller’s research program as he had rejected the “School’s claim that the relativity and individuality of historical experience would preclude general and universal theorizing of society” (Shionoya 2005: 164). Schumpeter emphasised the need to construct a theory rather than to be content with the mere collection, classification, summarisation, and ad hoc explanation of historical data (Shionoya 2001: 139). Such a way of ‘historicising’ introduced a largely new relationship between economic and non-economic areas, thus suggesting ways in which different social sciences can interact, with the economic element remaining the foundation stone of historical investigation. Thus Schumpeter, through the concept of reasoned history, introduces a newfangled relationship between philosophical (or conjectural) and narrative history in-as-much-as his theory contains both.

Smith, Malthus and J.S. Mill, by showing a great concern for the historical nature of production and distribution, have used the historical element as a crucial ingredient in their economic theorising.<sup>12</sup> A similar, if higher, symphysis, a *chemical* mixture as Schumpeter (cited in Milonakis and Fine 2009: 44) describes it,<sup>13</sup> of theory and history has also been promoted by Karl Marx's extensive work which reveals congenial connections between theoretical (economic) reasoning and concrete historical investigation. Despite the (undisputable) fact that the linkages between economic theory and history attained their apogee in classical political economy and Marx,<sup>14</sup> the deeper roots of economic history are generally thought to reach back to the Scottish historical school. This School includes the likes of David Hume, James Stuart, Adam Ferguson, William Robertson, John Millar, and, of course, Adam Smith, providing "the first British signposts of the economic past as an essential element in the understanding of society" (Coleman 1987: 5).

The aforementioned representatives of the Scottish historical school perceive the economic past in holistic and materialistic terms. It is not accidental that Hume, one of the most prominent Scottish thinkers, is 'wondering' in one of his quotations: "Can we expect that a government will be well modeled by a people who know not how to make a spinning-wheel or to employ a loom to advantage?", given that "the growth of commerce and industry [is] ... a crucial element in the advance of civilization" (cited in Coleman 1987: 8). Likewise, for Smith ([1776] 1937: 324), the leader of both the Scottish historical school and British (classical) political economy, "the desire of bettering our condition is with us from the womb to the grave" and, what is more, "the uniform, constant and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally

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<sup>12</sup> A central exception to this rule is David Ricardo whose intellectual output was based on abstract and deductive theorising. Cipolla (1991: 30) acutely notes that it was from Ricardo onwards that "economists have shown increasing concern with the logical coherence, the simplicity and the formal elegance of their models while behaving carelessly in their collection and use of data".

<sup>13</sup> Schumpeter (1987 [1943]: 44) notes that, "Economists always have either themselves done work in economic history or else used the historical work of others. But the facts of economic history were left to a separate compartment. They entered theory, if at all, merely in the role of illustrations, or possibly of verification of results. They mixed with it only mechanically. Now Marx's mixture is a chemical one; that is to say, he introduced them into the very argument that produces the results. He was the first economist of top rank to see and to teach systematically how economic theory may be turned into historical analysis and how the historical narrative may be turned into *histoire raisonnée*".

<sup>14</sup> This linkage was culminated in Marx's economic texts where his political economy elements attains a multi-layered complexity, incorporating abstract, social, holistic, historical and dynamic elements (Milonakis and Fine 2009: 33).

derived is frequently powerful enough to maintain the natural progress of things towards improvement, in spite both of the extravagance of government and of the greatest errors of administration". At the same time, however, for Millar (1812: 146), "it should seem, therefore, that in countries highly advanced in commerce and manufactures, the abilities and character of the laboring people, who form the great body of the nation, are liable to be affected by circumstances of an opposite nature".<sup>15</sup> Generally, for all Scottish moral philosophers:

the improvement of wealth, the discovery of useful arts, the elaboration of industrial technique, and the creation and preservation of appropriate social institutions were of much more interest than dynasties, wars, great men and other items of the stock-in-trade of conventional historians (Coleman 1987: 5-6).

This materialistic perception of the economic past pushed these rounded thinkers to search for regularities in the history of economic processes, hence helping to put in place a 'philosophical' or 'conjectural history'.<sup>16</sup> For them, "the process of social change exhibit certain uniformities and regularities and the great task is to explain these, *in terms of laws* which lie behind social development" (Meek 1971: 9).<sup>17</sup>

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<sup>15</sup> Smith expresses a similar view in Book V of his *Wealth of Nations* in which he observes that the mental faculties of the workers are likely to be damaged by the division of labour, thus affecting the flow of invention from this source.

<sup>16</sup> Dugald Stewart described Scottish thinkers' approach to history as 'philosophical or conjectural history'. In practice, 'conjectural history' is the application of Enlightenment's philosophical assumptions about human nature in the interpretation of human history and this was made possible through the study of the historical evolution of European (and mainly British) societies. Stewart (1793: 18-19) attempts to state the epistemic content of 'philosophical or conjectural history' by noting that, "In examining the history of mankind, as well as in examining the phenomena of the material world, when we cannot trace the process by which an event has been produced, it is often of importance to be able to show how it may have been produced by natural causes. Thus, in the instance which has suggested these remarks, although it is impossible to determine with certainty what the steps were by which any particular language was formed, yet if we can show, from the known principles of human nature, how all its various parts might gradually have arisen, the mind is not only to a certain degree satisfied, but a check is given to the indolent philosophy, which refers to a miracle, whatever the appearances, both in the natural and moral worlds, it is unable to explain. To this species of philosophical investigation, which has no appropriated name in our language, I shall take the liberty of giving the title of Theoretical or Conjectural History". For Evnine (1993: 589-590), "Conjectural history is a kind of triangulation. To conjecture about the progress of some human institution or activity, we have to fix to other points: the external circumstances in which people are likely to have found themselves and human nature, in particular the nature of human mind, at the relevant time". This type of history, by according an ontological primacy to human nature, opened the way to the theorisation of the economic past.

<sup>17</sup> Collingwood (1946: 82) believes that for all Scottish thinkers "Human nature was conceived substantialistically as something static and permanent, an unvarying substratum underlying the course of historical change".

Ontologically, the appearance of regularities was seated on the notion of ‘uniformity of human nature’. Hume, more than anyone else, incorporated this principle in his (historical) writings. He notes for example that, “Mankinds are so much the same, in all times and places, that history informs us of nothing new or strange in this particular” (Hume [1748] 1975: 83). While, more characteristically, “Stature and force of body, length of life, even courage and extent of genius, seem hitherto to have been naturally, in all ages, pretty much the same [...] As far, therefore, as observation reaches, there is no universal difference discernible in the human species” (Hume [1791] 1987: 378). These enunciations promoted the view that human nature was essentially unchanging and unaffected by historical circumstances, laying the foundation of the idea of the existence of historical uniformities.

The main (epistemological) scheme resulting from these ontological uniformities has been the ‘theory of stages’. For Scottish thinkers, the society is evolving through four discernible stages, each of which is characterised by its own ‘mode of subsistence’: hunting, pasturage, farming and commerce (Meek 1971: 10; Skinner 1965: 7-8; Pascal 1938). Their material perception of the economic past, together with an explicit ‘theory of economic history’ (stages theory), rendered them the “progenitors of what was much later to be called ‘economic history’, a term unknown to the eighteenth century” (Coleman 1987: 5). The economic texts of the Scottish Enlightenment, whatever the economic, Whig style,<sup>18</sup> determinism they were containing, promoted a dynamic connection between theory and history, holding them under one analytical and coherent scheme (Hobsbawm 1999: 129).

The rich and multilayered legacy of the Scottish historical school was re-planted by its leader in a newfangled but extremely fertile ground, that of classical political economy. Adam Smith, after having retired from his university chair in Moral Philosophy, continued to inquire into issues of the production and distribution of wealth, and it was his deep interest which moved him closer to political economy.<sup>19</sup>

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<sup>18</sup> Whig history is an approach to historiography which is closely related with liberal notions, such as ‘progress’, ‘liberty’, ‘evolution’ etc. Such type of historicising is connected with the view of history as progress, since it precludes the appearance even of periodic regressions in historical time. All these Whig historians stress the rise of constitutional government, of personal freedoms and of scientific progress.

<sup>19</sup> The period between the publication of *The Theory of Moral Sentiments* (1759) and that of the *Wealth of Nations* (1776) witnessed his interesting intellectual transition. There is an internal conflict between

His endeavours resulted in his *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), considered to be the foundation stone of modern economic science. This work exhibits an intense, organic and congenial synthesis of economic theory and history as their dialogue approaches its apogee by demonstrating the ‘cruciality’ of both in the analysis of economic processes. With Smith, for the first time, the theorising of economic processes was associated with available historical evidence in order to produce a new kind of universal economic theory.

The historical element was incorporated in Smith’s central concerns regarding production and distribution. This interest “opened the potential for history to become a valuable and integral part of economic analysis” (Milonakis 2006: 270). According to Smith, all nations are characterised by progressive trends; and progress is solely reversed through state’s activity and merchants’ actions. These (periodic) regressions are events and trends which belong to the realm of a more ‘narrative’ type of history, which, in turn, clashes with the more ‘philosophical (‘theoretical’ or ‘conjectural’) type of history which is the rule in *The Wealth of Nations*. Their dialectical relationship is apparent in Book IV, “For the Mercantile System”, where he points out that self-interest was historically conducive to the ‘progress of opulence’, via the operation of unforeseen consequences, but that progress was periodically checked by the actions of governments and businessman (Smith [1776] 1932: 326). His ‘theoretical’ perception of history is most obvious in the third book of his *magnum opus*, “where he tackles the question of the origins of the ‘present establishments’ in Europe through ‘the natural course of things’” (Milonakis 2006: 273). This book, according to Unwin ([1908] 1971: 43), contains “the best piece of economic history that has yet been written”, and exhibits “in a large historical field the gradual emergence of those principles which Adam Smith had expounded in the two earlier books of his great treatise”. For Clapham ([1929] 1971: 61), despite its evident analytical faults and weaknesses, “never before or since in the development of economic thought have historical and analytical workmanship been as finely blended as in the *Wealth of Nations*”. Similarly for Coleman (1987: 10), Smith’s use of history “was an integral feature of his analysis, evident in all his writings”. To conclude, Smith’s usage of history, both philosophical and narrative, was widespread,

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these texts; the former emphasises sympathy for others, while the latter focuses on the role of self-interest, giving rise to what is known as ‘Das Adam Smith problem’.

multilayered and replete with minutiae. All this has pushed Clark (1971 [1932]: 73) to declare that, “Adam Smith is still by common consent the greatest of economic historians, as he is the greatest of economists”.

Karl Marx’s materialist conception of history is in many respects an epigone of the Smithian project. Despite his narrow (pure) historical texts in which the linkage between theory and history is in many points weak, in his major work, *Das Capital* (1876), Marx used history as an integral part of his economic analysis. Fine and Filho ([2004] 2010: 7) acutely observe that Marx “famously summarises his account of the relationship between structures of production, social relations and historical change”. Marx’s organic use of history is also apparent in the ‘Prefaces’ in two of his texts: the well-known *Contribution to the Critique of Political Economy* (1859), and the *18<sup>th</sup> Brumaire of Louis Bonaparte* (1852). A simultaneous examination of these ‘Prefaces’ vividly exhibits Marx’s use of both kinds of history, namely the ‘philosophical’ and the more ‘narrative’. In the *Contribution to the Critique of Political Economy* his usage of history is more conjectural, structural, dynamic, and holistic, but also more mechanistic and simplistic, based on his sagacious, abstract concept of ‘the mode of production’, conceived as the dialectical interplay between productive forces and productive relations. On the other hand, in the *18<sup>th</sup> Brumaire of Louis Bonaparte*, the use of ‘history’ is even more pluralistic since his Promethean perception of human agency [‘men make their own history’ (Marx 1908 [1852]: 5)] provides the potential for an all-embracing transformation of the socio-economic environment. These two kinds of ‘history’, philosophical’ and ‘narrative’, are connected in the examination of social revolutions where the organic (à la Gramsci) crises<sup>20</sup> of socio-economic structures when the relations of production “from forms of development of the productive forces [...] turn into their fetters” (Marx 1970 [1859]: 21) and conjoined with the energetic (creative) class struggle, lead to a totally new socioeconomic framework. Marx and Engel’s introductory sentence in their *Communist Manifesto* ([1848] 2008: 25) – “in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that

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<sup>20</sup> Gramsci believes that in periods of ‘organic crises’ social classes become detached from their traditional parties and a violent overthrow of the ruling class is possible. Before these crises, “The traditional ruling class, which has numerous trained cadres, changes men and programs and, with greater speed than is achieved by the subordinate classes, reabsorbs the control that was slipping from its grasp. Perhaps it may take sacrifices, and expose itself to an uncertain future by demagogic promises; but it retains power, reinforces it for the time being, and uses it to crush its adversary and disperse his leading cadres” Gramsci (1971: 210-211).



each time ended, either in a revolutionary reconstruction of society at large, or in the common ruin of contending classes” – exemplifies class struggles’ contingent character, elevating at once the dialectical unity of the aforementioned kinds of history in-as-much-as the organic crisis’ final product is not deterministic but random.<sup>21</sup> Arguably, there is no contradiction between Marx’s ‘generalised’ (conjectural) and ‘narrative’ use of history contained in his economic theory.<sup>22</sup> Marx’s theoretical analysis is, as Milonakis and Fine (2009: 38) rightly note, *historically specific* since his main analytical categories (value, surplus value, mode of production etc.) are perceived under purely historical terms. In Marx it is the theoretical that is moving in parallel direction with the historical. Summarising, as Hobsbawm (1999: 208) puts it, “the materialist conception of history is the core of Marxism, and although everything in Marx’s writing is impregnated with history, he himself did not write much history as historians understand it [i.e. narrative history]”. In Marx’s *manus* the linkage between economic theory and history was so lusty that it has enabled him to construct a ‘theory of history as a theory of society’. Milonakis and Fine (2009: 33-45) note that Marx has used the historical element in at least four discernible ways. Initially, he used historical forms of argumentation in his epistemic choices. For example in his *methodological views*, the movement from the ‘abstract to the concrete’ opened the pathways for history to become an integral feature of his analysis. Here history is used mostly theoretically and philosophically. Second, the use of history is evident in his *epistemological schemes* where the outlines of the development and decline of the modes of production accords history special importance. The presentation of the beginning, development, maturation and decline of modes of production is related to another use of history, namely narrative history. According to Marx, the object being studied is not static but in continuous movement. Thirdly, Marx’s has used his analytical categories in a sequential, if not in a historical way. It is no accident that in *Capital* he starts with the commodity and then goes on to analyse money and capital. His ontological premises contain an evident historical breath. As Milonakis and Fine (p. 40) put it, “This is exactly the sequence in which these categories appeared historically”. There are occasions where Marx’s use of

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<sup>21</sup> Rosa Luxemburg ([1918] 1971: 368) popularized this randomness with her ingenious dilemma ‘Socialism or Barbarism?’ which shows the contingent character of class struggles.

<sup>22</sup> Schumpeter’s (1950: 44) notes that, “He [Marx] was the first economist of top rank to see and to teach systematically how economic theory may be turned into historical analysis and how the historical narrative may be turned to *histoire raisonnée*”.

history goes beyond his theoretical argumentations. In his discussion of primitive accumulation, for example, his theoretical reasoning is limited, permitting historical narrative to occupy a central epistemological place. Lastly, history itself becomes in all his writings the central object of analysis since his Darwinian view of society accords a special niche in change, and of course in history.

In between Smith's *chef d' oeuvre* and Marx's radical thought lies Robert Malthus - especially with his *Principles of Political Economy* (1820) and his famous *Essays on Population* (1798) – who, despite some biting criticisms,<sup>23</sup> deserves a place amongst the early progenitors of the study of economic and social past in Britain. Malthus is regarded as a classical political economist “by virtue not only of methodology but of his concern for morality and social improvement: his view was that political economy resembled more ‘the science of morals and politics than [...] that of mathematics’” (Coleman 1987: 42). Malthus, in his twin *scripta*, dived into historical evidence in order to illustrate his more abstract arguments. His extensive use of empirical data rendered him as one of the most prominent partisans of induction, as opposed to deduction, the most influential adherent of which was Ricardo. *Ipsa facto*, the struggle between them (and Ricardo's subsequent victory) heralded the debate over the relation between abstract economic theory and history. This debate, according to Rostow (1986: 71), involved the difference between those who “made ‘a precipitate attempt to simplify and generalize’ [like Ricardo] and ‘their more practical opponents [who] draw too hasty inferences from a frequent appeal to partial facts [like Malthus]’”. In the aftermath of this debate, which can be characterised as a prelude to the subsequent *Methodenstreit*, the battle over methods of the 1880s', and following the marginalist revolution of the 1870s, the rule was the extensive use of abstract (deductive) reasoning at the expense of history, both as theoretical analysis and as evidence. Evidently, Ricardo's theoretically subtle writings show that he did not have a sense of history. As Coleman (1987: 23) notes “Ricardo hardly ever appealed to history to make a point, to support an analytical proposition, even to illustrate an argument [...] His ingenious mind essentially that of a brilliant theoretician, never displayed any significant interest in the past”. Although Ricardo's analysis possessed a historical perspective due to his interest in long-term economic

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<sup>23</sup> For example, Marx ([1857] 1973: 606) described him as a baboon while Schumpeter (1954: 481) downgraded his “controversialist” potential.

development, his extremely abstract principles “cannot be expected to bear much fruit in human practice till they have been fertilised by wide reading and acute observation, and illustrated and enforced by the experience of mankind at large in the whole recorded field of history” (Unwin (1971 [1908]: 39). Evidently, the triumph of Ricardian economics, in the early 1830s altered the nature and evolution of economic science which after this began to be related more to logic and deduction from abstract principles, rather than that to empirical and historical investigation (Harte 1971: xiii). From Ricardo onwards, economic theory has gained more in simplicity, robustness and elegance, but at the cost of its living linkages with factual data and history.

Between classical political economy and neoclassical economics (between Ricardo and Marshall in particular) stands the figure of John Stuart Mill whose work reintroduced the use of historical evidence in economic theorising. Mill through his (more economic) *Principles of Political Economy* (1848) and his celebrated text of empiricist philosophy *A System of Logic* (1843) attempted to save Ricardo’s abstract principles by reference to historical evidence. As he himself (cited in Blaug 1992: 75) puts it, “the ground of confidence in any concrete deductive science is not the *a priori* reasoning itself, but the accordance between its results and those of observation *a posteriori*”.<sup>24</sup> Nonetheless, despite his statements about the usefulness of empirical evidence (and history) for grounding theory in reality, his political economy had remained as deductive and abstracted. Wright (1986: 78) points out that though Mill, “presents *implicitly* a clear and powerful view of history, this view does not inform the analysis itself. History has no integral role, but it is only a ‘general correction to be applied whenever relevant’”. Hence, according to many scholars, his implicit and superficial use of history helped in downgrading the role of historical material to clearly peripheral grounds. However, Mill’s use of history had been both thorough and interesting. His texts had reintroduced the importance of history in economic theory and had influenced the fate of economic theory. Mill, by being less dogmatic

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<sup>24</sup> Wade Hands (cited in Milonakis and Fine 2009: 30) notes that for Mill, “The only source of knowledge was sense experience; knowledge was obtained inductively; and scientific laws were simply event regularities”. And for Hamlin (1969: 503), “[Mill] claimed that mathematical truths were merely very highly confirmed generalizations from experience; mathematical inference, generally conceived as deductive [and *a priori*] in nature, Mill set down as founded on induction. Thus, in Mill’s philosophy there was no real place for knowledge based on relations of ideas. In his view logical and mathematical necessity is psychological; we are merely unable to conceive any other possibilities than those that logical and mathematical propositions assert. This is perhaps the most extreme version of empiricism known, but it has not found many defenders”.

than Ricardo, was twofold influential in the history of economic thought; initially, through his use of *a priori* abstract reasoning he prepared the (epistemological and methodological) ground for the emergence of neoclassical orthodoxy, and, subsequently, through the ‘legalisation’ of induction – and the elaboration of history – he had provided the essential sperms for the subsequent appearance of Irish (and English) Historicism.<sup>25</sup> As Koot (1987: 10) points out, “Indeed, the economic views of Mill offered a significant opening for the heretical views of several of the historical economists”. It was with Mill’s *Principles* that the circle of classical political economy was closed, other than Marx’s rehabilitation, exposing on the way the epistemic problems of a non-integral connection between theory and history. As Hutchison (cited in Coleman 1987: 37) has pointed out, “the integration of history with analysis and theory, so superbly and uniquely achieved in Adam Smith’s work was shattered [...] Economic history was left largely to rebels and outsiders”.<sup>26</sup>

### **1.3 From the separation of economic theory form history...**

This shattering of the unity between (economic) theory and history was promoted by two parallel, but closely interrelated, incidences in the history of economic thought: the transition from political economy to economics (through the marginal revolution), and the *Methodenstreit*, the battle of methods between the marginalist Carl Menger and Gustav von Schmoller, the leader of the German historical school. Menger, as the atypical philosopher of marginalism, promoted the exclusive usage of the *deductive* method which relies exclusively upon a priori reasoning, and “as such, can purport to be entirely devoid of historical specificity” (Milonakis 2006: 271). To the contrary, Schmoller promoted *induction* which refers “to the method of moving from specific to the general, from empirical observation to general laws, by identifying characteristics of a specific phenomenon or situation and transposing them to other contexts” (p. 271). Each methodological stance implies different relations between economic theory and history, differences that were spelled

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<sup>25</sup> Koot (1987: 190) notes, “His example of inductive research, especially on Ireland and the land question, his emphasis on the social application of economic study, and his historical vision of social theory as relative to a particular time and place served as a half-way house toward an English historical economics”.

<sup>26</sup> Cliffe Leslie, according to Price ([1908] 1971: 24), urged for “the claims of Adam Smith in substitution of Ricardo, because, as he contended, in the large and prominent use of facts made in the *Wealth of Nations*, the earlier economist, in contrast with the more abstract elaborate type of reasoning favored by his successor, drew near to the characteristic methods of the historical school of German writers”.

out through the open battle over method, the famous *Methodenstreit*. The final result of the *Methodenstreit* was the exclusive use of the abstract deductive method by mainstream economics, at the expense of the inductive/historical method. This warfare led to the creation of two antithetic camps in economic philosophy and methodology, the neoclassical camp, whose main purpose was to turn political economy into a science on a par with physics (positive economics), and that of German historical school which attempted to transform political economy into a branch of historical research. If the disjuncture between economic theory and history was self-evident in neoclassicism, it is also transparent, if in the opposite direction, in German Historismus. Despite their direct liaisons with the Scottish historical school (and mainly with that of Gottingen),<sup>27</sup> the most important adherents of German Historicism (Roscher, Hildebrand, Knies, and Schmoller) did not develop a coherent theoretical (epistemological) scheme to promote the active dialogue between theory and history. Their endeavours to form a ‘stages theory of economic development’ were extremely generic and incoherent and they did not give any “mental unity to the chaos of scattered particulars with which the economic historian is concerned” (Sombart 1929: 10). The failure of their epistemological attempts to promote a dialogue between theory and history reflects the superficial character of their ontological premises which were related to a lucid *Rankean* phraseology.<sup>28</sup> This

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<sup>27</sup> The German historical school was influenced firstly by the extremely precocious Gottingen School, whose main representatives, Johann Christopher Gatterer and August Ludwig Schlozer, were deeply inspired by Scottish Enlightenment. As Harrison, Jones and Lambert (2004: 11) note, “From Scottish thinkers, they adopted not only a belief in natural law and progress, hostility to absolutism and a commitment to building civil society, but a self-conscious determination to underscore this bundle of ideas and ideals historically. Elements of economic, social and cultural history are discernible in the work which resulted”. For example, the notion of ‘stages of economic development’ was bequeathed to the German historical school by the school of Gottingen which adopted it from the Scottish Enlightenment. Secondly, it was influenced by German nationalists and more specifically by the writings of the German historical school of Law (Gustav Hugo, Friedrich Carl von Savigny) and the nationalistic pamphlets of Friedrich List. And, finally, it was inspired by the ‘mainstream’ Rankean historiographical paradigm, and more specifically by the devotion to facts that resulted from it. The amalgam of these antithetic influences together with a fierce repugnance of abstract economic theory led to the formation of a *sui generis* scientific discipline, that of economic history in Britain.

<sup>28</sup> Leopold von Ranke (1795-1896) was one of the most prominent historiographers of modern times. His (historiographical) legacy is based on specific epistemic enunciations with his central ontological reference stated in his 1824 ‘Preface’ to the *History of the Latin and German Nations* where he points out that, “To history has been given the function of judging the past, of instructing men for the profit of future years. The present attempt does not aspire to such a lofty undertaking. It merely wants to show how things actually happened, ‘wie es eigentlich gewesen’” (Ranke 1983: 137-138). This statement contains a double meaning: firstly, it accords to history an instructive content, à la Cicero’s ‘*histoire magistra vitae*’, and, secondly, pushes the historian in the direction of the quest of objective truth. Inevitably such an ontological foundation entails a specific epistemological view, according to which, the ‘facts speak for themselves’, and validates a ‘royal’ methodological individualism, where change is connected with the deeds of ‘great men’. These epistemic foundations (which have direct bonds with

(intellectual) situation has led Milonakis (2006: 274) to conclude that “contrary to Smith and Marx, the historical school found no common criteria to differentiate the various stages. They lacked a unifying theoretical principle such as Smith’s ‘mode of subsistence’ or Marx’s ‘mode of production’”.

At the same time, on top of the *Methodenstreit*, the explosion of the marginal revolution – leading later on to the excessive ‘mathematisation’ of economic theory – has led economic science away from the historical (and social) framework of its referrals transforming it in this way into an ahistorical, abstract and simplistic theoretical corpus.<sup>29</sup> The static character of neoclassical economic theory along with the extensive use of differential calculus has eliminated the dynamic content of (classical) political economy and has led theory off the tracks of economic dynamics, and to the exclusion of the historical element from economic reasoning (Habakkuk 1971: 308). According to Milonakis (2006: 271):

the focus shifted away from dynamic processes of growth and distribution at the macro level, to static equilibrium analysis of price determination at the micro level. Methodological holism gave way to methodological individualism, accompanied by a change in the subject matter of economic science, from investigation of the causes and distribution of wealth to the interrogation of the economic behaviour of individuals, especially the principle of (utility) maximisation.

Beyond marginalism, the influential role in the disjuncture of the historical element from economic theorising is accorded to British historicism. Historical economists in Britain did not act like their Irish counterparts (Ingram and Leslie) and German progenitors who “looked for a complete and rapid transformation of economic science” (Ashley 1893: 4). In contrast, they promoted the complete separation of the historical element from economic theory, finally leading to a totally newfangled academic discipline, economic history. William Cunningham, one of the most prominent historical economists, was influential in this process. His continuous

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ancient Greek historiography) comprised the *raison d’ être* of the mainstream Rankean historiographical paradigm of the 1840s. This paradigm accorded analytical primacy in the role of ‘fact’, relegated the role of theory and justified a political version of the dominant narrative type of history.

<sup>29</sup> According to Menger (cited in Pollard [1964] 1971: 293) economics has “in analogy, though not in identical manner with the natural sciences, to reduce the real appearances of political economy to their simplest and purely typical elements, in order, by isolation, to set out its laws”.

epistemic (but also personal) controversies with Alfred Marshall (the leader of the neoclassical school) played an important role in this direction.

With Cunningham's adoption of an ultra-empiricist stance in this debate, the distance between historical economics and economic theory became even more pronounced. Essentially, the reconciliatory approach of both Schmoller and Ashley and their plea for a combination of the historical method with economic theory was abandoned, and an even more hostile approach to economic theorising was adopted (Milonakis 2006: 276; Milonakis and Fine 2009: 152). British historical economics, in spite of some scarce contributions to economic science<sup>30</sup> – like the concepts of 'historical specificity' and the relativity of economic doctrines first promoted by J.S. Mill – had contributed to the total excision of the theoretical element, carrying it nearer to historiography than to economics. Their initial failure through Ashley and their subsequent denial through Cunningham to formulate a general and cohesive theoretical framework, instead of leading to economic science's transformation, pushed them closer to historiography. Unavoidably, the separation of economic theory from history did not come solely from economic theory's alienation from history but also through historical economists' failure to formulate a synectical theoretical network. In their *scripta*, empiricism substituted for theoretical reasoning. Thus, historical economists:

having failed to make the historical the object of *economic* inquiry, they saw their own research programme being transformed into a branch of historical research. Historical economics thus gave way to a new discipline: economic history (Milonakis 2006: 277).

At the same time, the historical element was expelled from (neoclassical) economic theory as it did not fit the abstractness of neoclassical epistemic premises, being, according to Ashton's aphorism, a stubborn and willful thing.<sup>31</sup> It is

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<sup>30</sup> William Ashley (cited in Milonakis & Fine 2009: 153) describes historical economics' epistemic contribution by saying that, "The acceptance of two great principles [...] that economic conclusions are relative to given conditions, and that they possess only hypothetical validity, is at least part of the mental habit of economists. The same is true of the conviction that economic considerations are not the only ones of which we must take account in judging of social phenomena, and that economic forces are not the only ones that move men".

<sup>31</sup> Ashton ([1946] 1971: 167) used this phrase in his inaugural lecture at L.S.E. in 1946 when he said, "But facts are stubborn, willful things. You can arrange them in either logical or chronological order, but very seldom at the same time both".

characteristic that economic historians with purely neoclassical roots, like Clapham, despite their enunciations about the necessity of an (organic) connection between theory and history, they in fact entirely eschewed theory in their historical writings (Habakkuk 1971: 307). *Ad addendum*, Clapham (1922: 305), despite his close bonds with both Marshall (being his student) and Pigou, has famously characterised the (static) neoclassical tools as ‘empty economic boxes’.<sup>32</sup> In his celebrated article, Clapham notes that the tendency of (historical) facts to outpace the breadth of theoretical schemas “impaired the final utility of the method of reasoning whereby theory preceded facts” (Kadish 1989: 228). Clapham’s dissension with Pigou reflects the former’s resentment with the manner in which economic theoreticians insisted on interpreting economic reality (p. 228). In reality, in Clapham’s *manus*, the linkage between economic theory and history was weakened, widening the epistemic gulf between them. Moreover, Marshall himself, when he attempted to provide his own contribution to (British) economic history, came up with his *Industry and Trade* (1919) where, however, he makes “little use of the theories worked out in his *Principles*, except possibly for the notion of ‘economies of massive production [and] one could read his account of the process without realizing that the author was an eminent theorist” (p. 306). Generally, Marshall, despite having a general historical sense, which is highlighted by some historians of economic thought, such as Hodgson (2001; 2009), but is rightly downgraded by others Milonakis and Fine (2009; 2012), was instrumental in the process of the separation of economic history from economic theory. In reality, Marshall had, according to Ashley (1891), rehabilitated Ricardo’s abstract economic epistemology. His contribution to the exclusion of history from economic theory is based on two facts: firstly, the historical references both in his theoretical (*Principles of Economics*) and in his historical (*Industry and Trade*) texts are not based on prime sources and lead to accusations of ‘unsupported generalisations’ (Koot 1987: 147); and, secondly, with the establishment of Cambridge Economics Tripos in 1903 he downgraded economic history’s role since he reserved half of the first two years and all of the final year for economic theory and left only one year for applied economics and economic history. Even the economic history to be taught was to be primarily that of the nineteenth century. Thus, economic history was evidently relegated and the hiatus between history and economics was

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<sup>32</sup> As Coleman (1987: 79) notes, “Clapham provided the crucial link with Marshall, but his own use of theory was very limited and never extended beyond a broad and general Marshallian framework”.



widened (Koot 1987: 149; Kadish 1989: 209; Tribe 2000: 222, 248). Through the meeting of these parallel processes, economic science was led to a historical disruption; firstly, economic theory became ultra-deductive and a-historical, and secondly, the excluded historical element has found its own place in the newly formed academic discipline of economic history which, as seen already, was closer to historiography. Cole's ([1967] 1971: 354) comment is instructive in this direction:

Economic history was closely associated with the rise of the great classical school of political economy. In the course of the nineteenth century, however, the links between theory and history weakened: gradually political economy turned into economics, as economists, in their search for universal economic laws, tended to contract their area of interest, to isolate economic phenomena from their historical context, and to concentrate attention on those relationships which could be readily expressed in mathematical terms.

The climax for the complete excision of the historical element from economic theory was accomplished through Robbins' *Essays on the Nature and Significance of Economic Science* (1932). Robbins' chief central ontological premise, according to which the central objective of economic science should be the study of 'human behavior as a relationship between ends and scarce resources which have alternative uses', has injected into economic theory perpetual features, pushing it further towards a transhistorical position. The epistemological reflection of this ontological posture was limited to the simplistic relation between price/quantity, a focus that has further downgraded the role of historical (and social) element as long as "the buyers and sellers could be combines, individuals, slaves, Greeks, Turks or Kalmucks; the time could be war, peace, this century, the last, or the next: the answer, and its significance, is the same in each case" (Habakkuk 1971: 295). The end result of this process of de-historisation of economics is that, "economists have tended, especially in the post-1945 period, to look down upon economic history as empirical, descriptive, atheoretical, and somewhat irrelevant" (Wallerstein 1991: 173-174).

Outside economists' decisive contribution to the engulfment between economic theory and history, influential was also the role of the economic historians. The reformist tradition in Economic History, whose main representatives were Tawney, Cole and the Hammonds, systematised the epistemic motifs of British historical school and became the youngest version of British economic history.

Alongside methodological holism and the reception of mostly social topics – like the working class’ condition during the Industrial Revolution - the reformist tradition adopted from their progenitors the same repugnance to economic theory. Despite the use of some truly general theoretical schemas, they did not promote any organic symphysis between economic theory and economic history. Tawney, despite his scorn for economic theory, had a thorough command of its doctrines, while Hammonds’, and mainly Barbara Hammond’s, ignorance of mathematics is profound. As Coleman (1987: 74) notes, the Hammonds “seemed to have remained wholly innocent of any sort of economic theory, explicit or implicit. Economic questions – be they about the nature of demand, the costs of production, or the role of investment – were entirely absent from their reasoning”. Granted this, in reformist economic historians’ hands, the linkage between economic theory and history was minimised, widening the already wide chasm between them. Tawney, for example, the leader of reformists, in addition to characterising economic theory’s doctrines as vain, also questioned the very existence of such a thing called economic science. As he puts it (cited in Kadish 1989: 242), “there is no such thing as a science of economics, nor ever will be”. Generally, reformist economic historians completed their progenitors’ initiation, namely to take the separate existence of economic history for granted and to bring it closer to other branches of history, especially social history.

Despite some attempts by the proponents of both *Sozialökonomik* or social economics (Weber, Schumpeter, Sombart) and American Institutionalism (Veblen, Commons, Mitchell, Ayres and Heaton) during the interwar period to produce an *ex novo* symphysis between theory and history, “the separation of economics from sociology and history was complete by World War II” (Milonakis 2006: 272). The votaries of *Sozialökonomik* did not accord analytical primacy to any element (economic, social, cultural, and political) of social organisation but they attempted to see the social process as one really indispensable whole. Schumpeter in particular proposed the reunification of social sciences under the intellectual framework of *Soziologisierung* a term which dominated moral sciences and philosophy during the eighteenth century (Shionoya 2001: 138).<sup>33</sup> Generally, the texts of Schumpeter, Weber

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<sup>33</sup> *Soziologisierung* refers to Schumpeter’s scientific programme for social sciences. This programme, as he put it, covered a twofold epistemic dimension: that of a substantive theory and that of ‘metatheory’ which was referred to as philosophy and history of economics. *Soziologisierung* is related to his main objective, to produce a socially and historically universal social science.

and Sombart were the last enunciations of German Historismus, trying to define a totally new way of integrating social sciences, chiefly economic theory and history. Having failed to provide such a way, they are remembered mostly as the founders of new disciplines such as sociology in Weber's case, or sub-disciplines such as entrepreneurial economics and economic sociology in Schumpeter's case (Milonakis and Fine 2009: 214).<sup>34</sup> The sub-discipline of economic sociology, despite offering a multilayered approach, by bringing together the economic, social, political and religious dimensions of social events, did not promote a congenial symphysis between economic theory and history, as the use of abstract (economic) theoretical schemas was more than limited.

In contradistinction to this intensifying disjunction between (neoclassical) economic theory and history, some neutral economic historians (mainly Ashton) attempted to redefine the reunification between theory and history. Ashton entitled his inaugural lecture at L.S.E. in 1946 the 'Relation of Economic History to Economic Theory', noting that both economic theorists and historians have to make mutual sidesteps. His concluding comment is worth quoting in full:

The historian is increasingly feeling for the structure that underlies the surface of events, for explanation and interpretation. The economist is increasingly concerned not with static equilibrium, but with the transition from one equilibrium to another, with problems in which *time* is one of the dimensions. If they will take counsel together they may move towards that ideal in which no longer will the one look at his facts in the hope of inducing from them a theory, and the other deduce from first principles a theory in the hope that it may be found to fit the facts, but in which the two cooperate (Ashton [1946] 1971: 177).

Unfortunately the conciliatory tone of Ashton's lecture did not actualise. The more 'formalism' held sway in economic theorising, the more the reputation of economic history was relegated. Arrow and Debreu's proof of the existence of a (Walrasian) competitive equilibrium in 1954 has engulfed the importance of time in (pure)

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<sup>34</sup> In addition to Schumpeter, whose influence in the emergence of economic sociology was pronounced, an important role in its evolution has to be accorded to Weber, whose *Protestant Ethic* was for Swedberg (cited in Milonakis and Fine 2009: 215) "a paradigm and a guide for how to proceed in economic sociology".

economic theorising and has diminished, not to say exiled, the role of history in the examination of economic phenomena. Essentially, this development was the product of a dual process: the first was an absolute focusing on the concept of equilibrium – a focus that precludes any possibility of non-equilibrium or crisis; the second was the perception of the ‘end of history’, a construction which precludes any appearance of regressions as long as “economic progress could be taken so much for granted that it would be superfluous to spend much time and effort enquiring into it” (Ashworth [1958] 1971: 206). Thus, economic theory came to focus on static analysis given that issues of economic dynamics (and history), connected with the issues of growth and development, are considered to have been solved. For Coleman (1987: 36):

For the orthodox, ‘economic history’ had nothing positive to say. Recovery after the post-war depression and expansion into the triumphant mid-century boom seemed to make the merits of free trade and *laissez-faire* self-evident, to justify the deductive approach, and to set the seal of approval on what had become classical political economy.

In general, the overall trend in economic history was “to become empiricist in content and, as such, to be divorced from theory, especially economic theory” (Milonakis 2006: 277). Substantially, the British *Methodendiskurs* between Marshall and Cunningham, the subsequent indifference to history on the part of economic theorists, and the continuing hostility to economics on the part of the reformist historians, all contributed to the continuance of the gulf between economic theory and economic history (Hodgson 2001; Milonakis and Fine 2009; Coleman 1987: 78-79).<sup>35</sup>

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<sup>35</sup> The disagreement between Marshall and Cunningham, or the British *Methodendiskurs* as Hodgson (2001: 95-113) names it, was the last phase of the British *Methodenstreit* which started in the 1860s with the opposing approaches between Cairnes and Leslie, and culminated with the conflict between Marshall and Cunningham over the nature of economic theory. Despite the decisive epistemic effects of such a collision (the definite separation between economic theory and economic history), the whole debate is animated mostly by ideological springs. Koot (1987: 147) notes that “Cunningham’s economic history was stridently conservative and emphasised the growth of the state and the role of custom [...], and Marshall’s excursions into economic history were those of a rational liberal who searched for the universal, the rise of free enterprise, and the role of competition even in traditional societies”. The personal character of their disputation is crystallized by the relict titles of their monographs: Cunningham’s *locus classicus* is entitled *The Growth of English Industry and Commerce*, whereas Marshall named his main historical monograph *Industry and Trade*. The British *Methodendiskurs* comprised the prelude to the emergence of economic history as a separate discipline despite the fact that “the future of economic history was scarcely, if at all, involved” (Maloney 1976: 448).

## **1.4...to the reunification through economics imperialism: or clio, the muse of history**

A new decisive point in the evolution of the relationships between economic theory and history seems to have occurred between the late 1940s and the mid 1950s. During this ‘revolutionary’ period, the epistemological progress in economic science was as deep as abrupt. This period is characterised by the systematisation of econometrics and the diffusion in the elaboration of both computing and of mathematical tools (differential calculus, linear algebra, linear programming). The use of the word Analysis (instead of Theory) in Samuelson’s *Foundations of Economic Analysis* (1947) presages these latter developments which run parallel with the growing importance statistics and quantification. The ‘hard core’ of economics remained neoclassical – Arrow and Debreu’s essay in 1954 has shown this – but their ‘protective belt’ became even more empirical as long as the historical element (exclusively in its statistical form) entered into the economists’ agenda.<sup>36</sup>

In addition to these (epistemological) developments, there emerged, from the side of mainstream economists, a growing interest in issues of economic growth, especially with respect to the (newly) developing countries, mainly in Asia and Africa. Unavoidably, the (developmental) issues which had been left out of the mainstream economist’s agenda for many decades after the dissolution of colonial empires, and the subsequent creation of numerous new nation-states which were (and are) economically lagging behind, came back into focus rendering the term ‘economic growth’ a commonplace and establishing ‘development economics’ as a new branch of economic science (Coleman 1987: 120). Granted these developments, economists turned once again to economic history of modern states (mainly Great Britain and the USA) in order to get fresh insights and advice for economic growth. As Chambers ([1960] 1971: 235) notes, “They [economists] are beginning to examine the circumstances of economic growth in its classical setting of Europe and above all, England, with new urgency”. The relationship between this new branch of economics

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<sup>36</sup> Samuelson (2009) himself notes that economists should “have a very healthy respect for the study of economic history, because that’s the raw material out of which any of your conjectures or testings will come”.

(development economics) and economic history is described by Coats ([1966] 1971: 332) as follows:

it is often suggested that historians can shed light on the problems of the present by disclosing the secrets of the past, and as almost all of the underdeveloped countries are in a pre-industrial stage of development, and anxious to have an industrial revolution of their very own, an added stimulus has been given to the study of the first or 'classic' industrial revolution which occurred in eighteenth century England.

Such a development illustrated history's importance, since historical facts alone could provide the essential evidence for the scientific testing of these (development) models. Thus, for Mathias (1971: 375-376),

The reorientation of economic theory since 1945 away from short-run equilibrium analysis towards processes of long-term growth, spurred by the problems of engineering economic development in the poorer countries of the world and more local worries about lagging rates of growth in some 'maturing' industrial economies, has brought a further major change in economic history.

This drift in the evolution of economic thought has produced a fundamental reversal in the relationship between economic theory and history, rendering history the handmaiden or the Cinderella of abstract models of economic growth. The 'hard core' of all these developmental models (such as Gerschenkron's, Domar/Harrod, Leibenstian, Rostonian and a whole series of others) are ontologically founded on the central epistemic premise of neoclassical economics, as the 'science which studies human behavior as a relationship between ends and scarce means which have alternative uses', and have shared the related neoclassical ontological assumptions (rationality, maximising behaviour, perfect competition etc.). Again, individual property rights as "the foundation of economic freedom and as an essential ingredient for the efficient operation of the market" (Marangos 2002a: 43). Inevitably, history was relegated to a secondary role, being the 'protective belt' of the aforementioned neoclassical 'hard core'.

This new spirit is illustrated in the work of Simon Kuznets and Walt Rostow. Their influence prompted a renewal of interest in issues of both long-term growth and developmental policies. Kuznets, in his numerous studies (1934; 1937; 1965; 1966; 1971) relating to the composition and the distribution of national (American) income, provided a newfangled interest in historical evidence. His contribution in the revival of studying the economic past was based on the development of new quantitative and statistical procedures for accounting national income (Milonakis 2006: 280). These developments are evidently connected with econometric economic history, since the use of time-series, which was a totally new trend in economic science, presupposes the economist's acquaintance with past economic archives. Rostow's contribution to the revival of the study of the economic past is much more fascinating. Through his twin *The Process of Economic Growth* (1953) and *The Stages of Economic Growth* (1960), he attempted to provide 'an alternative to Karl Marx's theory of economic history' (Rostow 1960: 4-16). His efforts to formulate a discernible theory of history and his attempts to develop three discrete sub-theories (a theory of structures, a theory of transformation and a theory of progress) to support it, resulted in a largely new relation between theory and history. His dynamic view of economic processes provided the essential link to redefine the correlations between abstract economic reasoning and the historical change. Through the identification of economic growth in five discernible stages: the traditional society, the stage of preconditions for take-off, the take-off stage, the drive to maturity and the age of mass consumption he offered a historical theorisation of the economic past, which was something innovative in mainstream economics' epistemological agenda.<sup>37</sup> Rostow is highly symbolic in the history of economic history in-as-much-as his project to unify neoclassical deductive reasoning with history concluded in a non-balanced relationship between them and to a totally degrading role of history as the maidservant of neoclassical economic theory. From this point of view, Rostow represents a *liaison* between old and new economic history. His analysis is historical in the sense that the end result is known at the outset

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<sup>37</sup> The stages of economic growth approach comprise Rostow's main epistemological scheme. Its nature is not descriptive and static, but theoretical and dynamic. Through the notion of the 'leading sector', the context of dominant productive forces, he tried to identify a way of moving from a specific historical area to the following. Rostow (1960: 12-13) oneself points out in the second chapter of his *Stages of Economic Growth*, that "These stages are not merely descriptive. They are not merely a way of generalising certain factual observations about the sequence of development of modern societies. They have an inner logic and continuity. They have an analytic bone-structure, rooted in a dynamic theory of production".

and is derived from the historical geography of a developed bureaucratic society while he also paid attention to culture and seemed to reject *homo economicus* as universal.<sup>38</sup>

Both Rostow and Kuznets in their studies treat the experience of British and American economic growth. All their considerations about the British industrial revolution and American economic development promoted a one-way relationship between (neoclassical) economic theory and history.<sup>39</sup> The aforementioned epistemological developments have permitted economic history, through the extensive use of advanced econometric techniques, the guidance, the fitting, and even the distortion of historical evidence to adjust to the main neoclassical commands.<sup>40</sup> The foundation stone of these fermentations was laid in the famous Massachusetts' Conference in 1957 where the expansionist tendencies of (neoclassical) theory to history were institutionalised. In this Conference on "Research in Income and Wealth", "two papers presented by Conrad and Meyer, one on methodology and the other on the economics of slavery, provided a pseudo-manifesto for the Cliometrics movement" (Milonakis 2006: 281). Although, in the first place, the historical element was considered improper in the formulation of abstract (neoclassical) principles, hereafter, through the cliometrics revolution, mainstream economics has reshaped the role of history rendering it a simple testing ground mechanism for the application of its transhistorical principles. This is the first manifestation of a new trend in economic science that, after Becker (1976), came to be known as economic(s) imperialism (Fine 2002). Ashworth's ([1958] 1971: 210-211) comment in 1958 seems to be prophetic:

Quantitative analysis has greatly enlarged and clarified our understanding of economic change and represents a gain that should never be thrown away. But those whose training is confined to it have very serious limitations. Economists using historical statistics have made sorry blunders for lack of the historian's habit of criticizing his sources. They have taken figures at their face

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<sup>38</sup> For a systematic review of *homo economicus* and economic methodology see Drakopoulos (2016: ch. 3).

<sup>39</sup> Rostow for example identified the area of take-off with the British industrial revolution, and the age of mass consumption with the postwar American economic development. His analysis is criticised as one-sided since his model does not apply to the Asian and African countries as events in these countries are not identified in any stage of his model.

<sup>40</sup> Coats ([1966] 1971: 332) notes with profundity that: "Those who study history in the hope of relieving present discontents are apt to distort the past".



value without considering by whom, in what circumstances, by what methods and for what purpose they were compiled.

Thus, economic history was reunited with economic theory through economics imperialism; an embrace that was based on clear neoclassical ontological tenets and had as its battering ram the epistemological enfoldments as expressed by model building and the excessive ‘mathematisation’ of economic theory. The importance of this new phenomenon is enhanced by cliometricians’ passion to reunify economic theory with history, as opposed to the ‘older economic historians’ who, according to them, had broken this organic linkage.<sup>41</sup> In spite of Fogel’s propagandistic stance, cliometricians promoted the re-fusion of theory with history in their own (neoclassical, quantitative, econometric) way, not by upgrading the role of the historical element as such, but by downplaying the role of economic history proper. In this way they impoverished its content transforming it into a barren verifying mechanism of the theory’s abstract principles.<sup>42</sup> The abstractness of these doctrines impelled cliometricians to ignore (or at least to downgrade) the role of the social and institutional environment. Such negligence inevitably led cliometricians to adjust the available historical facts to fit with their *a priori* ontological hypotheses. Solow’s (1985: 358, *emphasis added*) comment is pertinent:

Moreover, all narrowly economic activity is embedded in a web of social institutions, customs, beliefs, and attitudes. Concrete outcomes are indubitably affected by these background factors, some of which change slowly and gradually, others erratically. As soon as time-series get long enough to offer hope of discriminating among complex hypotheses, the likelihood that they remain stationary dwindles away, and the noise level gets correspondingly high. *Under these circumstances, a little cleverness and persistence can get you almost any result you want.* I think that is why so few econometricians have ever been forced by the facts to abandon a firmly held belief.

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<sup>41</sup> The title of the paper, written by one of the leaders of the cliometric revolution and Nobel laureate Robert Fogel, ‘The Reunification of Economic History with Economic Theory’ (1965), is indicative.

<sup>42</sup> Postan ([1939] 1971: 133) had already noted before the explosion of the ‘cliometric revolution’ that “the prevailing tendency among economists is to believe that, having arrived at a conclusion by a long and complicated series of deductions from original propositions, they can proceed to verify it on historical and statistical facts”. And for Habakkuk (1971: 307), “But in the main, history was used by economists, when they used it at all, to *illustrate* theory”.

For McCloskey (1986: 67), “The rhetoric of statistics misleads the econometrician into thinking that by running a hyperplane through his beliefs about the statistics he is subjecting his beliefs to ‘test’. But he is not testing them, as he can understand by recognizing how insignificant are his tests of significance, but expressing them, telling them, fitting them to the crude facts, in a word, stimulating them”. As Mathias ([1970] 1971: 370) puts it, cliometricians “as missionaries, [are] carrying the gospel into strange lands, proclaim the message that economic history is newly united to economic theory”. But the ‘evangelic’ content of their message which was directed mainly towards the ‘old economic historians’, is limited to the purely simplistic order ‘believe in a formalised version of economic history or I wanna kill you!’.<sup>43</sup> All in all, this has led to a monolithic unification of ‘economic history with economic theory’ through the colonisation of the former by the latter. Thus, if in Ashton’s rhetoric the linkage between economic theory and economic history should be strengthened, in Fogel’s work, economic theory colonised history. The epistemological developments in (neoclassical) economic theory’s corpus – and the subsequent transformations in its language - brought about both the extensive use of econometrics in history and bore a totally new relationship between economic theory and history (Cesarano 2006: 448). As Le Roy Ladurie (1981: 26-27) has noted, “Clio had stolen the clothes of the social sciences while they were bathing, and they had never noticed their nakedness [...] History was, for a few decades of semi-disgrace, the Cinderella of the social sciences”. Generally, in cliometric literature, economic theory has thoroughly penetrated economic history, but in very limited (and secondary) areas has historical element influenced economic theory (Lie 2007: 5). For Solow (1985: 330):

As I inspect current work in economic history, I have the sinking feeling that a lot of it looks exactly like the kind of economic analysis I have just finished caricaturing: the same integrals, the same regressions, the same substitution of t-ratios of thought [...] Far from offering the economic theorist a widened range of perceptions, this sort of economic history gives back to the theorist the same routine gruel that the economic theorist gives to the historian.

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<sup>43</sup> This phrase is taken from Emmanuel Rhoides (1836-1904), one of the most prominent Greek novelists, who noted in his major work *The Pappess Joanne*, that the apostles of Middle Ages during their efforts to persuade the infidels of godforsaken strange areas had as their eloquent message the ‘irresistible’ phrase ‘Believe me or I wanna kill you!’. Cliometricians behaved in a way analogous to Christian apostles of Dark Ages since their message did not permit any other way of historicising. In much the same way that mainstream economics does not permit any other way of doing economics than its own.

In the mid-1970s Cliometrics had concluded its revolutionary circle. As Field (1995: 1) notes:

The Cliometrics revolution is dead. By this I mean that the banners under which new economic historians organized and made common cause with technically oriented theorists, econometricians, and other applied economists no longer have the ability to inspire revolutionary fervor (especially amongst younger recruits) within economics departments.

However, its exclusive focus on abstract economic theory and quantification – with the parallel exile of every social, political, institutional and cultural element – has restrained its analytical depth, pushing Douglass North (cited in Milonakis 2006: 282), one of its early practitioners, to declare his disappointment with the results. Essentially, the cliometrics movement was constrained by its own epistemic choices (neoclassical ontological premises, extravagant ‘mathematisation’, extreme version of methodological individualism etc.), thus failing to promote an active dialogue between (economic) theory and history. Theoretically, the irrevocable product of their interaction was a one way relationship which amounted to a vulgar form of economics’ imperialism.

The main sources of criticism of its epistemic referrals came, first, from ‘old economic historians’ or social historians (British Marxism, *Annales* etc.) who have been calling for a more rounded economic history, integrating social, political and cultural elements; and, secondly, from economic historians inside the neoclassical who are referred as newer and newest economic historians (Milonakis 2006: 282). And if the former were related more with social (rather than economic) history, the latter were dissatisfied with neoclassical theory’s epistemic weaknesses as applied to economic history and, while not rejecting the mainstream economic paradigm, they attempted to transform it. All these (neoclassical) approaches, first, share the belief that the role of *institutions* is crucial in historical evolution, and, second, they doubt the main cliometric idea that the totality of neoclassical assumptions is completed transhistorically. Be that as it may, these rapprochements, despite their adherence either to the role of information asymmetries or that of institutions, maintain the neoclassical economic theory’s ‘hard core’ – the assumption of rationality, the use of abstract models and methodological individualism – totally untouched.

Cliometricians, as neoclassical economists, hold the view that “to be able to understand social phenomena, we need to understand individual actions” (Marangos 2003: 215).

The first wave of criticism within Cliometric economic history came from ‘new information economics’ of Stieglitz and Akerlof. Their contestation of the perfect information assumption rendered a new approach to economic history, what has been called *newer economic history*.<sup>44</sup> Newer economic historians like Lamoreaux, Temin, Greif, and David believe that the development of both institutions and of economic policies is to be explained through the existence of market imperfections, rooted in the asymmetric distribution of information. These economic historians, despite relaxing the assumption of perfect information, did not touch the main (neoclassical) ontological premises, such as rational choice, (im)perfect competition, equilibrium, etc. Their progressive and liberal view of history has pushed them to undersign the transhistorical nature of neoclassical epistemic references. A similar way of criticism was also developed by the *newest economic history*, and more specifically, with the work of Douglass North, Nobel laureate of 1993. North attempted to utilise the main new insitutionalist notions, such as transaction cost, asymmetries in competition and in information, in conjunction with a discernible theory of ideology and state. North’s epistemological contribution lies in his view that institutions reduce transaction costs and “provide the organizational foundation for production and exchange” (Marangos 2002b: 484) His inception has inevitably brought a sense of ‘eclecticism’ in its epistemological schemes promoting a new phase in economics imperialism (Theotokas 2003: 21-25; Fine and Milonakis 2009). In the neoclassical paradigm’s modified version, promoted by North, not least, though not exclusively, through his *Structure and Change in Economic History* (1981), despite the inarticulate referrals to institutional, ethical and ideological factors, the individualistic rational choice remains the *raison d’ être* of his account of historical evolution. Thus, his approach, despite many references to structural and collective factors, reflects a pure methodological individualism even in the way that structural environment is perceived: firstly, as something that is sublimely external to human action; and, secondly, as something that only bounds this action as evidenced by their

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<sup>44</sup> The term ‘newer economic history’ was firstly penned by Fine (2003:105-136) and was further elaborated by in Milonakis and Fine (2009a).

reductionist employment by North as mere ‘constraints’ on individual action (Marangos 2002b; Fine and Milonakis 2003; Milonakis and Fine 2007). Thus, North clearly separates agency from structure. He does not develop a dialectical relationship between them but promotes instead a simplistic and old hat maximisation under constraints (institutions act as constraints in relation to human agency). His argument is consistent with his methodological individualist, rational choice and comparative statics approach (Milonakis 2006: 286). North seems to apprehend only the first side of what Giddens (1976; 1979; 1984) has called the epistemological scheme of the *duality of structure*, and seems to ignore the other (reverse) side, that of the ‘activating’ role of structures and the posture that they represent the product of human agency. Lloyd (1986: 235-236) is right when he notes that North’s analysis “would have been improved if he had abandoned the neo-classical individualist remnants left within it and developed the structurationist elements that are implicit there”. North’s general epistemic pillars, the neoclassical ontological assumptions, his belief in a Hobbesian notion of the state, his theory of ideology and of property rights, did not help in promoting the (organic) linkages between economic theory and history given the transhistorical content of the latter, but has instead opened the way for a new (covered) phase in economics imperialism.

Generally, static and timeless rapprochements, like that of the neoclassical economic paradigm, are inappropriate for the theorisation of the economic past due to their failure to incorporate the role of time and change in the analysis. What is necessary is a theory with a dynamic character, which will contain a sub-theory of transformation, in order to come to terms with the transitory periods in historical evolution. Such a theory ought to be ‘realist’, ‘critical’ and ‘modern’, namely a *histoire raisonnée*, so that it can explain the deeper (and dynamic) processes of the multifarious economic past. In sum, “History is theory. Or rather the only economic theory that can possibly be valid is a theory of economic history” (Wallerstein 1991: 174).

## **1.5 Theory in history: a comment**

The use of theoretical schemas was for centuries an unthinkable epistemological practice in historiography. The early pioneers of ‘narrative history’, or *histoire evenementielle*, as Francois Simiand and Paul Lacombe called it (Braudel 1972: 20-

21), represent the first formal (mainstream) paradigm in historiography during the first decades of the nineteenth century that brought about pregnant epistemic enunciations. Ontologically, Leopold von Ranke's famous (but woolly-headed) phrase 'wie es eigentlich gewesen' – to show as it had really been – jointly with its 'philosophically' shallow epistemological counterpart, of 'letting the facts speak for themselves', had produced a specific (epistemological) outline for the conquest of historical truth. Such epistemic choices had pervaded the paradigm's 'hard core' providing a positivistic perspective according to which the knowledge of the economic past is tantamount as the *sum summarum* of all sense observations (Topolsky 1983: 34).

The adherents of such epistemic positions promoted a plain empiricism in history according to which, "all knowledge is reducible to atomic propositions that correspond to discrete impressions, sense data and the like" (McLennan 1981: 30). Focusing on the nature of facts and the concomitant primacy accorded to sense experience, they promoted the view that knowledge is to be derived by human senses only, and not by the use of any (abstract) theoretical schema, 'legitimatising' in this way a (narrative) political version of history ('political history'). This drift in historiography's history was in reality favoured by a dual process: initially, by the general opening of state archives, which was a revolutionary act in the early nineteenth century; and subsequently by the (methodological) legitimation of a royalist methodological individualism, which promoted the 'narration' and accorded analytical primacy to the deeds of 'great men' (kings, princes, generals etc.).<sup>45</sup> Such a conception was superficial inasmuch as the mere focusing on historical reality's surface fermentations did not permit the historian to comprehend the deeper socio-economic operations. Thus, the 'mainstream historiographical paradigm' remained descriptive, without any interpretative and analytical depth, being substantially an unfolded form of 'narration'. So, the general 'scientific inflorescence' recorded in the 'long' nineteenth century does not manage to penetrate historiography (Hobsbawm 1999; Iggers 1991). Historiography, despite its early 'academisation' in the early nineteenth century, had lapsed into intellectual disrepute, being based on Rankean (narrative) epistemic premises. This narrative type of historiography contrasts sharply

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<sup>45</sup> The Scottish historical school does not represent an official historiographical scientific troop. Most of Scottish thinkers were either moral philosophers (like Smith, Hume, and Ferguson) or lawyers (like Millar and Stewart).

with the ‘philosophical history’ of Scottish Enlightenment, the adherents of which, despite their asthenic relation with the notion of ‘fact’, had attempted to perceive reality in deeper and more holistic terms.<sup>46</sup> As Le Goff (cited in Callinicos 1995: 44) points out, the ‘narrative historiographical paradigm’ resembled “a theatre of appearances masking the real play of history, which takes place behind the scenes and in the hidden structure where it is necessary to go to detect, analyse and explain it”. In Sombart’s words (1929: 1):

The erroneous conceptions prevalent among historians spring from a misunderstanding of the correct relationship between theory and history. *They rest on the mistaken idea that history can be approached without theory*; and occasional attempts are even made to banish all theory from the investigation of historical reality.

The hermeneutic inadequacies of the ‘narrative historiographical paradigm’ pushed it into an intellectual crisis, which has been eloquently described in the eleventh edition of *Encyclopedia Britannica* (1910). This celebrated edition described the necessity for an approach to history systematically different from the classical Rankean one (Hobsbawm 1999: 96).<sup>47</sup>

Evidently, the finite ‘perceptual’ spectrum of human senses, and the consequent stringent framework of empiricism, renders the use of theoretical schemas indispensable. These schemas have to move beyond the narrow range of sense tracings without decomposing them, in order to perceive the deeper fermentations of historical reality. The use of general theoretical schemas is impregnable since each historical fact is theoretically charged.<sup>48</sup> Therefore we cannot render its content justly by its simple indication, as von Ranke called us to do back in 1825.<sup>49</sup> Our sense

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<sup>46</sup> As Harrison, Jones and Lambert (2004: 38) point out, “the archives of the state and federal governments and the collected papers of prominent political leaders provided the most easily documentary material”.

<sup>47</sup> As Hobsbawm (1999: 84) notes, the new approach “has moved away from description and narration to analysis and explanation: from concentrating on the unique and individual to establishing regularities and to generalization”. In a sense the traditional (Rankean) approach has been turned upside down.

<sup>48</sup> Carr (1990: 12) points out that: “The belief in a hard core of historical facts existing objectively and independently of the interpretation of the historian is a preposterous fallacy, but which is very hard to eradicate”. Furthermore, he continues: “when we take up a work of history, our first concern should not be with the facts which it contains but with the historian who wrote it” (22-23).

<sup>49</sup> As Little (2010: 6) rightly points out, “Historical data do not speak for themselves; archives are incomplete, ambiguous, contradictory and confusing”. The mere aggregation of (unarticulated) historical facts rather than producing a rendition of a coherent narration, produces instead an

experience is clearly dependent on a theory and on related existential perceptions. Therefore, everything that is recorded in our perceptive spectrum is subject to a specific system of theoretical assumptions. Thereby, each fact, being a reflection of wider analytical category, like that of State, Law, Economy, Religion, Arts, Science, has to be related with the general rubrics to reproduce an even greater analytical relational category, that between theory and history.

Essentially, the developments in historiography during the ‘long nineteenth century’ prepared the territory for the disjunction between abstract economic reasoning and history, but this was not the sole source of the total rejection of economic theory for the interpretation of the economic past. The disallowance from the side of economic theory has to be placed in the context of the ‘transition from political economy to economics’. This transition was prepared by the dominance of Ricardian economics, and is tightly connected with the extensive use of static analysis associated with the doctrine of rationality and later on the ‘mathematisation’ of economic theory. It inevitably downgraded issues of economic dynamics (e.g. issues of economic development) and excluded the social and historical element from economic analysis (Milonakis and Fine 2009). Economic history is naturally related with issues of economic development. As Goldin (1995: 207), points out, “in economic history the questions typically concern how whole economies have developed, why some grew while others did not, and what the consequences of economic growth have been”. The structural transformation in economic science (and the subsequent emergence of neoclassical economic theory) deprived economic historians from the potentiality to borrow, use, and transform economic theory’s abstract schemas. Typically, neoclassical economic theory answers different questions which are connected with a different ontological framework, namely a static and not a dynamic one. Ashworth’s ([1958] 1971: 206) lengthy comment is indicative:

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unsystematic chaos of accumulated material. Therefore, the use of a coherent theory is necessary for both the organisation of the available data and the subsequent selection of the more appropriate facts. Bloch (1953: 64) also demonstrates the indispensability of general theoretical schemas when he notes that, “In the beginning, there must be a guiding spirit. Mere passive observation, even supposing such a thing was possible, has never contributed anything productive to any science”. In other words, for Ashton ([1945] 1971: 170): “The data do not wear their hearts on their sleeves: it is only by selecting and grouping them that they can yield a meaning. But (as others have said) as soon as the historian begins to select his facts from the myriads available to him he becomes a theorist of sorts”.



Consequently, originality in the development of theory was diverted to the refinement of static analysis. This change in the central preoccupations of economic theory was a partial abandonment of one of the liveliest traditions within the subject, which had attained great intellectual peaks in Adam Smith and Malthus. It deprived economic historians of what would have been valuable guidance and encouraged them to neglect some of the most important influences on economic change [...] It is only thirty years ago that Sombart could argue (and make out a strong case) that the existing body of economic theory was of no service to the economic historian.

Therefore the economic historians who either rejected (like the earlier British historical school, and the reformist camp in economic history) or were disappointed (like Clapham) with (neoclassical) abstract tools, produced a corpus of economic history which had little relation to (abstract) economic theory. On the contrary, with cliometrics, history's status is clearly being downgraded into a simplistic verifying mechanism of the theory's principles. As Hughes (1966: 82) has rightly noted: "It is the wedding of fact and theory that produce understanding, but facts chosen specifically to fit the theory to be tested (the 'imposition' of the theory) will yield no falsifiable, testable results".

Essentially therefore, in spite of this negative scientific legacy, the use of theory is crucial in organising and evaluating the available facts since the historian has to develop a general theory of historical processes in order to select, 'taxonomise' and interpret historical phenomena. According to Rees (1949: 13), "the economic historian must have some principles on which he selects facts and by means of which he attempts to interpret their meaning". Sombart's (1929: 3) famous aphorism that "theoretical training is the prerequisite to any scientific writing of history", crystallises the view that only a congenial and organic symphysis between theory and history is the means for a coherent interpretation of historical phenomena. Facts attain their true meaning exclusively through their interaction with a general theoretical framework. The economic historian has to arrange his historical evidence in conjunction with a general theoretic paradigm. Without such *a priori* intellectual context his facts are drifting, solitary and meaningless atoms (Cipolla 1991: 55). If for the political historian, political theory is crucial, and for the social historian, social theory constitutes his guiding spirit, for the economic historian, economic theory is

indispensable. It is self-evident that only through a coherent, general and vigorous theoretical scheme can the typical economic historian be in a position to select, coordinate and evaluate his facts. This is concomitant with Cipolla's famous aphorism that: "if a particular analysis, taking events of economic history as its subject, fails to employ concepts, categories and paradigms borrowed from economic theory, not only will it not qualify as economic history, but its findings are also liable to be highly questionable", showing how crucial the role of economic theory is (p. 7). Substantially, economic theory's importance lies in its taxonomic potentialities and in its explanatory power.<sup>50</sup> These are sketched out elegantly by Ashton ([1945] 1971: 170) who notes that the former is, "the economic historian [who] like the fisherman, needs a net, to help to separate those fish that may be marketable from those that may as well be left in the sea [...] The men who make the special net for the craft are the economists". The necessity of economic theory does not imply any analytical priority of theoretical schemas. The economic historian's sense of historical intuition is as important as his theoretical training. Or, as Solow (1986: 28) puts it, "the ability to imagine how things might have been before they became as they now are". In spite of earlier economic historians' repugnance to theory, in the modern historiographical period, which is related to the rapture of the narrative historiographical paradigm,<sup>51</sup> the typical economic historian has to get hold of many of the economist's concepts (Ashworth 1971 [1958]: 214).

## 1.6 The way forward: the necessity of a new paradigm

The economic theory's indispensability does not legitimise neoclassical theory as a proper guide to history. To the contrary, the general spectrum of all neoclassical

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<sup>50</sup> Economic theory's importance is based on its property to discern regularities in socio-economic life. It is this virtue which helps the historian to taxonomise his facts and put them under a 'logical' order. Hence each theoretical schema provides a way of categorising and interpreting the available facts. Facts cannot speak for themselves, they are always 'theoretically charged'. Callinicos (1995: 92) believes that the historian is called to choose between two alternatives, "[the] self-conscious adoption of an articulated social theory and the tacit reliance on an unacknowledged theory".

<sup>51</sup> The crisis in the 'narrative historiographical paradigm' was already evident in the last quarter of the nineteenth century when many of its epistemic premises were questioned. From the early decades of the twentieth century the crisis turned into decline. We can put this decline in a threefold context. Firstly, political, constitutional and religious history declined. This was associated with a remarkable turn towards socio-economic history. Secondly, the prevalent explanations were now 'in terms of social forces' raising new queries about the relation between historical events and explanation of individual actions. Lastly the uncritical (Victorian) view of history as progress was contested (Hobsbawm 1999: 188-189; Bloch 1953: 25; Iggers 1999: 36-37). This open contestation of the narrative historiographical paradigm raised theory's role in history, rendering it a crucial component of historian's interpretative quiver.

approaches to history has shown that mainstream economic theory cannot provide answers to the most interesting questions relating to the economic past. What is needed is a more rounded economic theory incorporating economic, social, political, and cultural elements. The transition from ‘political economy to economics’ (Milonakis and Fine 2009) deprived the economic historian from a useful theoretical corpus in as much as the exile of social, political and cultural element closed off the possibility of a rounded and integrated economic theory within mainstream economics. As Davis ([1965] 1971: 317) has noted:

Having explored the uses of economics as applied to history, we have discovered that it does not explain anything of importance even in the economic field; and more than this, we can see that much of what it cannot explain falls within the sphere of other social sciences. It may be said that this is going beyond economic history.

The solution of course is not a ‘hand and foot’ rejection of economic theory *per se*, but a search for a realist and historically sensitive general (social) theoretical schema. As Habakkuk (1971: 314) rightly observes:

there are evidently a great many dangers in using economic theory to interpret and explain the past. Many of these are not dangers that can be avoided simply by refraining from the use of theory. Theory of some sort is implicit in even the most rudimentary attempts to explain events. The great merit of making the model explicit is that the assumptions can be argued about and, in some degree, tested by the collection of additional data.

Dobb’s ([1946] 1963: 32) comment is also apposite:

It seems abundantly clear that the leading questions concerning economic development [...] cannot be answered at all unless one goes outside the bounds of that limited traditional type of economic analysis in which realism is so ruthlessly sacrificed to generality, and unless the existing frontier between what is fashionable to label as ‘economic factors’ and as ‘social factors’ is abolished.

It is clear from the above that any attempt to delve deeper into the motors of historical change has to strike the right balance between theoretical generalisation and

historical particularity; or, to put it more epistemologically, between theory and history. The final product of such an interaction is an amalgam of both ends and does not accord any analytical primacy to either side, in-as-much as “empirical evidence, even when gathered in pursuit of a research programme and in order to corroborate certain hypotheses impose inescapable limits on all theorizing” (Callinicos 1995: 94). Therefore, the role of ‘history’ is doubly crucial in the understanding of historical phenomena: firstly, when the ‘historical element’ agrees with the theoretical scheme it verifies its premises, and consequently reinforces historian’s reasoning, while, secondly, when it disagrees with its conclusions it limits its generality, being an intellectual frontier to the theory’s expansionism. Such a perception is moving away from analytical monism which is the Trojan horse for theory’s imperialism (Landes 1994: 653; Lazear 2000: 107; 134). History has to go *manus in mano* with theory, but the historical element itself has to function as the ‘bob’ in theory’s reductionism. It has to set clearly defined limits to its abstractionism. Theory is indispensable to historian’s reasoning, but every theoretical schema has to be historically orientated. For Rostow (1957: 512-513), “However much the historian may be (consciously or unconsciously) guided by abstract conceptions, his profession requires that, for a considerable portion of his working life, he pour over data, sort out reliable from unreliable sources, and (whatever the philosophical ambiguities) assemble facts”. *Ad addendum*, according to Bloch’s (1953: 28) famous quote, history is “the science [...] of men in time”. For him, “the historian does not think of the human in the abstract. His thoughts breathe freely the air and climate of time” (p. 28).<sup>52</sup> In direct contradistinction, mainstream economic theory’s concepts such as *homo oeconomicus* are pure and timeless abstractions. The historian is concerned with people in all their biological, psychological and social complexity. They are real people with “passions, appetites, affections, moral and religious sentiments, family feelings, aesthetical tastes, and intellectual wants” (Cliffe Leslie, cited in Koot 1987: 41). Therefore, historical time is crucial to the understanding of societal processes. History is evidently related to the disruption of uniformities. It is explicitly associated with the unique or with the *sui generis*. Or, as Marx and Engels ([1844] 1975: 93, emphasis added) put it:

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<sup>52</sup> Braudel (1987: 88) in effect reproduces Bloch’s view when he notes, “Time is sticking in historian’s consciousness as sod is sticking in gardener’s spade”.

*History does nothing: it 'does not possess immense riches, it does not fight battles'.* It is men, real living men, who do all this, who possess things and fight battles. It is not 'history' which uses men as a means of achieving, as if it were an individual person, its own ends. History is nothing but the activity of men in pursuit of their ends.

History's role is to test the reflections of theoretical schemas. Although such a perception of historical reality calls for history's upgraded role, this does not render economic theory redundant. Callinicos' (1995: 109) comment is apposite, "The point is, once again, that general theories of history and concrete historical inquiries are dependent on, and irreducible to, one another". The dialogue between theory and history is dialectical, perpetual and unremitting and each side both enables and constrains the other. This dialogue is attained through the operation of *historical criticism*. The critical evaluation of sources, despite its self-evident contribution in making historiography reliable, as Elton (1967: 86) notes, provides the essential linchpin between abstract theoretical reasoning and the mere aggregation of available facts. Between the collection of documentary sources and their interpretation lies an interlude, that of historical criticism. According to Cipolla (1991: 30-31), historical criticism is accomplished through four (discernible) stages "(1) deciphering texts; (2) interpreting their substance or content; (3) confirming their authenticity; and (4) ascertaining how reliable they are". The second stage, of interpreting, is explicitly related to the historian's theoretical attitudes as long as each historical fact is theoretically charged. Brandley (cited in Callinicos 1995: 75) notes that "in every case that which is called a fact is in reality a theory". Such a process promotes not only the connection between theory and history but also a critical theory of history, namely a *histoire raisonnée*, supporting both the critical facts' perception and the living dialogue between theory and history. Sombart (1929: 3) has described eloquently the way of theorising the economic past:

In other words, the writer of history who desires to be more than a mere antiquarian must have a thorough *theoretical* training in those fields of inquiry with which his work is concerned. I need not add, of course, that he must be adequately equipped for handling his own subject, must be skilled in the technique of his craft, and in particular must have knowledge of sources and ability to criticize them.

The knowledge (and the ability) to criticise are clearly related to historian's own theoretical training. Theory is the (sole) way of transforming facts into evidence, as the facts that are gleaned out from documents' indexing are transmuted to evidence only through their seating in the context of the historian's theoretical framework. As Jenkins (2004: 60) points out, "Evidence, therefore, as opposed to traces, is always the product of the historian's discourse simply because, prior to that discourse being articulated, evidence (history) doesn't exist: only traces do (only the past did)". Facts start to speak for themselves only through their connection with a clearly defined theoretical corpus; namely under specific ontological, epistemological and methodological perceptions.

To conclude, in attempting to interpret the economic past, economic theory and economic history comprise an organic whole. As McCloskey (1976: 64, emphasis added) notes, "since economics and economic history have the same tastes and technology and endowments they have no basis for trade. *Economically speaking they are the same country*". Their instrumental and relational unity under a mutual epistemic 'hard core' constitutes the necessary precondition for accounting for both the dynamic and structural processes in historical time and for the more static conditions of social reproduction. This *histoire raisonnée* can be produced by the constant dialogue between problems, hypotheses, assumptions, sources, interpretations and imagination. Our theory of history outside its general theoretical schema, in order to perceive society's perennial characteristics, has to be made historically specific, a fact that both tests and qualifies theory's expansionist tendencies. As Hicks (1969: 3) puts it, "every historical event has some aspect in which it is unique".

## **1.7 The structure of the thesis**

The 2008 financial crisis has brought about considerable economic, social and political implications rendering the question 'What about economics?', an issue of eminent importance. The twin problem of debt crisis and financial fragility make the economy extremely vulnerable to potential shocks (Argitis and Nikolaidi 2014). The a-historical and timeless nature of neoclassical economics did not allow it to predict the crisis which thus appeared to mainstream economists as a shaft in a cloudless sky. The crisis bears evidence to the view that what is needed is a total reversion from the

autistic form of economics to a more embracing and rounded political economy based on the close bond between economic theory and economic history. As Fine and Milonakis (2012) argue, the importance of political economy for the future of economic science is vigorously argued for.

The aim of this thesis is to re-evaluate the relationship between theory and history by turning back to the classical era in political economy. Truly, the main representatives of the classical tradition wrote when political economy was a unified social science. Indeed, for most classical writers, chiefly for Smith, Mill and Marx, political economy was the science of society and as such it was regarded as closely connected with history. The thesis researches this tradition by paying attention to how classical writers used the historical element as an integral part of their economic analysis. This thesis is constructed around four distinct essays. Each of them is associated either with Adam Smith or with Mill but makes an independent research contribution to the thesis. The selection of both Smith and Mill is neither accidental nor preordained but is seated upon a twofold framework. The first one is the bulk of material. For instance an incorporation of additional writers requires a second thesis to include them. Additionally the work of both Smith and Mill is deeply sophisticated and is connected with the ‘core’ of the thesis. They extensively used the methodological and historical element in their economic theory and rendered it of prime importance in analysing economic phenomena. Furthermore, Smith’s writings represent the opening up of the classical era while the Millian work constitutes the closure of this voluminous era. It remains to subsequent literature to fill the gap of our research programme. In regards to the thesis:

The first essay traces the intellectual and philosophical movement from the Scottish historical school to Adam Smith’s theory of history. It examines the tradition of Scottish historicism by illustrating the main tenets of the Scottish theory of history. It supports the view that the methodology of the Scottish historical school was highly influenced by the Newtonian analytic-synthetic method which became *raisonnée* the methodological *raison d’être* of its theory of history. The essay tries to show that Adam Smith was a typical product of the Scottish enlightenment, sharing the potentialities and the weakness of his contemporaries. More specifically, Smith’s philosophy of science is surveyed by paying particular attention to his celebrated *Essays on Astronomy* (1795) in which he elaborates his views concerning the process

of scientific progress. At the same time, Smith's method is scrutinised, noting its bonds with the Newtonian analytic-synthetic method. Furthermore, Smith's bonds with contemporary historiography are traced by examining his little known essay on the *History of Historians*. The chief aim of the essay is to illustrate the epistemic nature of his 'theory of history'. It shows that the Smithian 'theory of history', which was developed in his early writings, was a 'core' element of his economic analysis. Our study supports the view that the Smithian 'theory of history' is an intricate amalgam of conjectural, theoretical and narrative elements which are dialectically and relationally interwoven.

The second essay explores Smith's *locus classicus* as the foundation stone of both economic theory and economic history. Smith, on top of developing the most stalwart 'theory of history' among Scottish scholars, also used history under four discernible ways in his *Wealth of Nations*. To begin with, there is a methodological use of history in which Smith combines a kind of historical materialism together with a progressive philosophy of history. Secondly, there is an illustrative use of history which amplifies and elucidates his abstract theoretical schemes. In this way Smith makes an extensive use of economic and social history and illustrates the verificationist role of history in economic analysis. Thirdly, Smith incorporates a theoretical usage of history through which history penetrates as an analytical element of economic theorising. Through this use, history is rendered as the ontological backbone of his theoretical reasoning. Finally, there is a fourth use of history, according to which history is functioning as a substitute to abstract theorising. This practice, despite its interesting enunciations, is propelled by the Smithian empiricism and is frequently epistemologically controversial. At the same time, the aim of this essay is to present Smith, in contrast to some readings, as an early economic historian. Evidently, the Smithian economic history is characterised by analytical limitations and historiographical weaknesses. However, the *Wealth of Nations* can be characterised as a pioneering treatise of economic history. The essay examines how Smith elaborated on historical data (primary and secondary), while it also surveys his critical apprehensions around them.

The third essay examines John Stuart Mill's 'reconciliatory project' which accorded history an integral part of his economic theory. Contrary to David Ricardo, Mill attempted to incorporate the historical element in his political economy. The



paper presents the initial de-historicising of political economy through the work of Ricardo and of post-Ricardians, and represents Mill as the most ‘Smithianist’ of post-Ricardian political economy. *Ipsa facto*, it surveys the heterodox tenets of the Millian political economy, in which history really matters, and attempts to illustrate the role of history in Mill’s voluminous work. First, it assesses Mill’s discussion on the methodology of social sciences by paying particular attention to his celebrated ‘Concrete Deductive Method’. Second, it works out the Millian ‘Relativity of Economic Doctrines’, according to which economic knowledge is relative to specific historical and geographical contexts. Third, it spells out the Millian distinction between the ‘Laws of Production and Distribution’ which is highly Saint-Simonian in its epistemology. Through this distinction, Mill allows history to become an intrinsic element of his economic theory. His view that the ‘Distribution of Wealth’ is a social and historical act illustrates the necessity of incorporating theory with history. Fourth, the essay examines Mill’s radical thoughts on economic policy, which distanced him from post-Ricardians, while it pays particular attention to the Irish Land Question.

The fourth essay proposes a six-thematic approach to the relation between J.S. Mill and history. The first is concerned with Mill’s interesting views on historiography, especially through his collected essays on *French History and Historians*. The second focuses on Mill’s philosophy of history by bringing to the fore the role of progress. The third explores Mill’s theory of economic development, by paying particular attention to the “Preliminary Remarks” of his *Political Economy*. The third and the fourth themes are interwoven as they concentrate on Mill’s theory of colonisation and his analysis of the ‘Stationary State’. These thematics illustrate the difference between a stagnant economy and Mill’s *liberal utopia* which has not yet been elaborated in the Millian bibliography. Finally, the sixth theme is associated with Mill’s relation to historical evidence by paying particular attention to his ‘Art of Verification’. The innovative fact of the six-thematic approach is that it provides factual, theoretical and methodological data which illustrate connections between the Millian political economy and history.

## **Chapter 2**

### **From Scottish Historicism to Adam Smith's Theory of History**

[Aristotle's ghost] freely acknowledged his own mistakes in natural philosophy, because he proceeded in many things upon conjecture, as all men must do

Swift (1726), *Gulliver's Travels*, p. 223

#### **2.1 Introduction**

Adam Smith (1723-1790) is regarded as the founder of modern economic thinking, his *Wealth of Nations* (1776) constituting the foundation stone of economic science. Smith's work was translated across Europe from early on, thus promoting the dissemination of liberal economic ideas (Theocarakis 2013). Smith's methodology was eclectic as it embraced oppositional elements: "the empirical, the theoretical, the institutional, the philosophical, the static, and the dynamic were all intermingled" (Sowell 1994: 112-113). I would add to them the historical. The historical element, in all its forms, is closely intermingled with all other elements and constitutes an integral part of analysis. Indeed, as Milonakis and Fine (2009: 19) observe: "there is scarcely a page of *The Wealth of Nations* where history and theory are sundered apart". The importance of history in Smith's work is crystallised in the fact that Smith developed an explicit theory of history which determines the full spectrum of his economic

analysis. This theory, which finds its roots in the Scottish historical school, is decisive in determining Smith's economic theory, history and methodology.

This chapter attempts to investigate Smith's theory of history by paying attention to its central tenets. It proposes that the Smithian theory of history is the crystallisation of his philosophy of science, as developed in his *History of Astronomy*, of his analytic-synthetic method, which is highly Newtonian in its ontology, and of his interesting historiographical views. The chapter is structured through three sections. Section 2 presents the importance of history in the Scottish historical school as developed by the majority of its representatives. Section 3 presents Adam Smith as one of the most prominent members of the Scottish historical school sharing both its virtues and its limitations. Smith was highly influenced by the 'Scottish' assimilation of Newtonianism, which was diametrically different to the French one, while at the same time developing historiographical views which lie in the 'hard core' of the Scottish historical school. Section 4 explores the Smithian theory of history by analysing its constituent tenets. It proposes that Smith's theory of history consists of three sub-histories: the conjectural, the theoretical and the narrative one. These different types of (the use of) history are interrelated but granted Smith's eclecticism they also frequently contradict one another. The concluding section summarises the aforementioned discussion and offers a liaison with Chapter 3.

## **2.2 The Scottish historical school**

The Scottish historical school was a product of the period of the Scottish Enlightenment. As Skinner (1967: 32) points out, "Of all periods of Scottish history, the eighteenth century is surely one of the most striking". In particular, the eighteenth century is associated with the emergence of profound economic and political changes, and with a general explosion of intellectual ideas. One of its intellectual products, the Scottish historical school, despite its very recent recognition as such, is the most astonishing crystallisation of this outburst (Holloway 1963: 157). The Scottish historical school is the creation of specific historical fermentations and in certain important ways shaped the content of the classical school of political economy (Skinner 1990: 158). The necessity for economic growth, the demand for coordination within an economy with specialised production, the questions concerning income distribution and the role of government, were some of the key questions occupying

economic discourse in eighteenth century Britain. These pressing economic questions set the scene for the emergence of an intense intellectual climate, with the parallel attempt to systematise the transitive economic and social conditions prevalent at the time. David Hume's (1932: 225) rejuvenation is indicative of this intense literary process: "Really it is admirable, how many men of genius this country produces at present!".<sup>53</sup> According to Dow *et al* (1997: 391) this intellectual environment, associated with the Scottish Enlightenment, constituted both a direct reaction against clerical dogmatism and a straight disposition to acquire knowledge through reason. The Scottish historical school had a more or less direct influence upon a variety of scientific disciplines, including political economy, philosophy, ethics, law, etc, while its more crucial impact crystallised in the science of history.

### **2.2.1 The role of history**

Naturally, there emerged among the Scottish scholars a need to understand and interpret the nature of the social and economic processes prevalent at that time. One of the main features of this quest, multi-disciplinarity, was a product of the need to understand the historical evolution of these phenomena (Montes 2003: 732). History played an important role in the revolution of ideas. This is why Skinner (1975: 256) calls the period around the mid-eighteenth century the 'Age of History'. At no other age was there a similar intensive historical literature and criticism as in the course of the eighteenth century when, in Thompson's words (1942: 94), "everyone read and talked history".

The 'Age of History' (or the 'Age of Reason' in more modern terms) followed the 'Age of Erudition' of the seventeenth century, which had changed the general intellectual climate of the Middle Ages and had set the scene for the emergence of a critical turn in historical writing. In the seventeenth century many discrete (but closely interrelated) events prepared the ground for a decisive drift in historical scholarship. Originally, this century provided a large amount of historical material since the dissolution of the monasteries in England – under King Henry VIII – which was

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<sup>53</sup> The representatives of the Scottish historical school were intellectuals of high encyclopedic calibre and constituted the first scientific community of social scientists. As Walter Scott notes, they comprised "a circle never closed against strangers of sense and information, and which has perhaps at no period been equaled, considering the depth and variety of talent which it embraced and concentrated" (cited in Skinner 1967: 32). Macfie (1955: 87) observes that "In spirit, aim, and conduct they were citizens of the world, and they behaved as such".

accompanied by the pillage of monastic libraries, “had thrown upon the market vast quantities of manuscripts and other documents which often could be bought for a song” (Lambert and Schofield 2004: 3). Secondly, disciplines auxiliary to history had emerged. Truly, the seventeenth century gave systematic and scientific form to chronology, paleography, bibliography, archeology and numismatics (p. 7-9).<sup>54</sup> Thirdly, a factor that contributed to the stronger diffusion of scientific knowledge was that publishing opportunities were varied.

However, the most important factor which contributed to scientific advancement was that sciences in general – and historical scholarship in particular – having been freed from the close embrace of politics, attained the necessary space to develop independently. Naturally, therefore, this transitive period introduced a new era in historical scholarship, which was cooperative in nature, while at the same time inducing a generally critical spirit. The most representative figure of this trend was Jean Mabillon who introduced positive criticism and proved “the honesty of sources as well as the falsity of some” (Thompson 1942: 19).<sup>55</sup> Mabillon developed rules and innovative criteria for judging sources by comparing a great number of documents of the same time, place and country. It is indicative that Lord Acton (1907: 460), in his celebrated *Historical Essays and Studies*, observes that Mabillon:

belongs to the family of pioneers, and [...] is one of the best known names in the line of discoverers from Valla [...] to Morgan [...] and although disciplined and repressed by the strict reform of Saint Maur, he rose above all his brethren to be, as an historian, eminently solid and trustworthy, as a critic the first in the world.

It must be noted that despite its French origins, the spiritual fermentations of the ‘Age of Erudition’ were diffused throughout Europe and mainly in its northern part: Belgium, Netherlands and Protestant England.<sup>56</sup> The Glorious Revolution of 1688, by

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<sup>54</sup> The discipline of numismatics is related to the study (or act) of collecting coins, paper money, and medals. The first germs of this discipline are chronicled in England in 1829. The discipline had borrowed its name from French *numismatiques*, itself a derivation from Late Latin *numismatis*, genitive of *numisma*, a variant of *nomisma* (νόμισμα) which means coin. For more information, see: Glyn Davies (1996), *Chronology of Money 1900-1919*, University of Wales Press, Cardiff.

<sup>55</sup> Dom Jean Mabillon (1632-1707) was a French Benedictine monk and scholar, considered the founder of both paleography and diplomatics. His *locus classicus* was *De re Diplomatica*, a pioneer work in historical criticism which was dedicated to Colbert (Sellin 1927: 581).

<sup>56</sup> The milestone of such diffusion in Great Britain was the publication of *The Annales of the Kingdom of Ireland by four Masters* (1612). The annals are mainly compilation of earlier archives but there is

being “something besides a political change of vast significance and importance”, changed the intellectual atmosphere of Britain as well (Thompson 1942: 42). In England, the most representative figure of the ‘Age of Erudition’ is Thomas Madox whose *History and Antiquities of the Exchequer* (1711) comprised the historical *locus classicus* of this age and became a classic for the study of English mediaeval history.<sup>57</sup> Madox’s famous *Prefatory Epistle*, beyond being a comprehensive survey of sources, is also an introductory dissertation on the nature and methods of historical criticism.

In addition, the eighteenth century witnessed the professionalisation of this deep interest in the historical past. It is indicative that in 1724 King George I founded for every university a professorship of modern history and modern languages (Lambert and Schofield 2004: 8). On the other side, Thompson (1942: 94) notes that during the eighteenth century, history was thought of as “an arsenal of facts with which to bombard the *ancien regime* and bring about the desired reforms”. It was unavoidable that social sciences like social theory and political economy which emerged during this era were deeply influenced by the prevalent attitude towards history. More specifically, history afforded invaluable information with regard to the principles of human nature which was the subject matter of Moral Philosophy, the mother discipline of both social theory and political economy.

Especially in Scotland this attitude was ultimately receptive. The Scottish university system was highly productive in the eighteenth century and prepared students who attained eminence in sciences (Morrell 1971: 159).<sup>58</sup> History was an inherent element of the Scottish general university education, being an issue of central importance in the scientific discussion. As Dow (1987: 341) observes, in Scotland, “it

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some original work in it. The chief compiler of this monumental work was Mícheál Ó Cléirigh (c. 1590 – 1643) and was assisted by [Cú Choigeríche Ó Cléirigh](#), [Fearfeasa Ó Maol Chonaire](#) and [Peregrine Ó Duibhgeannain](#) (Cunningham 2010).

<sup>57</sup> Thomas Madox (1666-1727) was a legal antiquary and historian, known for his publication and discussion of medieval records. His major work was the *History and Antiquities of the Exchequer of the Kings of England* (1711) (Harrison 2008: 147).

<sup>58</sup> The Scottish university system enjoyed a high reputation. Smith, in a letter to William Cullen, notices that the Scottish universities were among the best at the time of writing. In Smith’s own words: “In the present state the Scotch Universities, I do most sincerely look upon them as, in spite of all their faults, without exception the best seminaries of learning that are to be found anywhere in Europe” (Correspondence, Letter 143: 173-174). Especially, the University of Edinburgh, as the informative study of Morrell (1971: 58) shows us, “achieved a notable preeminence in science which gained for it the reputation of being the best university for science in Europe and in the English speaking world”. It is noticeable that according to Thomas Jefferson the University of Edinburgh possessed “a set of truly great men, Professors of the several branches of knowledge, as have ever appeared in any Age or Country” (p. 159).

was customary for the professors of physics and mathematics for example, to teach the elements of their subjects, as being the most important part, and to do so by laying out the historical development of ideas”. In the same spirit, Hopfl (1978: 32) notes that in any academic dissertation in Scotland we anticipate a purely academic and disinterested love for reconstructing and making sense of the past experience. There was therefore, as Taylor (1956: 162) rightly observes, an intellectual impulse in Scottish academic life, which kindled a zealous spirit of enthusiasm for the inquiry into historical past in the Scottish universities.

On the other hand, despite some radical shifts in historiography, the late eighteenth century was also characterised by narration and description as the writings of the Scottish historical school testify. Smith, the leader of Scottish Historicism, seems to have considered narration of primary importance. He notes in particular that

The facts which are most commonly narrated and will be most adapted to the state of generality of men will be those that are interesting and important. Now these must be the actions of men. The most interesting and important of these are such as have contributed to great revolutions and changes in State and Governments (LRBL, lect. xvii: 90).

Moreover, Lord Kames (cited in Skinner 1967: 37) observes that “Singular events, which by the prevalence of chance or fortune excite wonder, are much relished by the vulgar. But readers of solid judgment find more entertainment in studying the constitution of a state, its government, its laws, the manners of its people”. Therefore, the Scottish historical school was not an anti-narrative one, since a synthesis of narration and historical criticism constituted the *raison d'être* of its radical views on history. However, its history was totally different to the mainstream historiographical paradigm which had one-sidedly focused on pure narration and description.

Generally, history's importance is elevated in the writings of the Scottish historical school as a distinctive theory of history – that of stages theory – established a linkage between economic and social organisation (Skinner 1965: 1-2). The historical factor was firmly embedded in the Scottish tradition of economic thought and comprised an epistemological element of central importance in the writings of its representatives (Campbell 1976: 183). The ‘art of history’ unified together many different figures and represented a newly-established interest in the ‘natural history’

of civil society (Skinner 1967: 33).<sup>59</sup> For the eighteenth century's thinkers, history was the great teacher of human experience. It is indicative that for Hume ([1777] 1985: 566, emphasis added) "history is not only a valuable part of knowledge, but opens the doors to many other parts, [...] *affords materials to most of the sciences*", and "extends our experience to all past ages, and to the most distant nations". *Ad addendum*, in his *Introduction to A Treatise of Human Nature* (1736) Hume ([1736] 2007: 5) asserts that "As the science of man is the only solid foundation for the other sciences, so the only foundation we can give to this science itself must be laid on experience and observation". Hence, the main ontological premise of this school had been its belief that in studying any element of social phenomena (legal, political, social or economic) it is necessary to go through two distinct stages of thought: the consideration of antecedents and the study of present conditions. Smith and his contemporaries had accepted Aristotle's famous dictum that we can only understand what presently exists by considering 'the origins from which it springs'.<sup>60</sup> Such a profound emphasis on the past experience is a decisive feature in their economic texts. Hume in particular, in his celebrated *Economic Writings*, attempts to incorporate the economic element into a broader science of human experience, at the centre of which stands history. At the same time, Smith develops a specific theory of history in order to understand the function of economic phenomena in his *Wealth of Nations*.

*In fine*, the history of the Scottish Enlightenment is *in toto* different to the orthodox or 'vulgar' history of the eighteenth century which was basically concerned with particulars rather than universals (Skinner 1967: 46). More specifically, the representatives of the Scottish historical school had accepted the necessity of narration but had rejected the orthodox view that the study of history necessitates a great "concentration of facts and singular events" (Skinner 1965: 3). They had promoted a theoretically-informed history consisting of analytic generalisations and abstractions.

### **2.2.2 The Newtonian legacy and 'Scottish' Newtonianism**

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<sup>59</sup> The Scottish historical school was pluralistic in its nature. For instance, Lord Kames and John Millar were the most influential legal minds of their time, David Hume was a profound philosopher and historian, William Robertson was an exceptional historian, Francis Hutcheson was the father of modernity in history, Adam Ferguson was a great sociologist, Dugald Stewart was an eminent economist, and Adam Smith a profound moral philosopher and political economist.

<sup>60</sup> Aristotle notes in his *Politics* (Book I, 1252a) that "If you consider the state – or anything else for that matter – in relation to the origins from which it springs, you will arrive at the clearest understanding of its nature".



Essentially, therefore, such a view of history is influenced by general fermentations prevalent in natural sciences. At the same time, the seventeenth century bequeathed upon both natural and moral sciences Newton's revolutionary methodology and epistemology. Newton's work, being the foundation stone of the 'Age of Reason', was highly respected by Scottish intellectuals and shaped the general academic climate of the age (Montes 2003: 724; 2008: 569).<sup>61</sup> The chief element of this influence is Newton's analytic-synthetic method. Newton's own methodological stance is summarised in his most explicit reference upon method, that of 'Query 31' in his *Opticks*. This reference is worth citing *verbatim*:

The Investigation of difficult Things by the Method of Analysis, ought ever to precede the Method of Composition. This Analysis consists in making *Experiments and Observations*, and in drawing *general Conclusions* from them by Induction, and admitting of no Objections against the Conclusions, but such as are taken from Experiments, or other *certain Truths*. For Hypotheses are not to be regarded in experimental Philosophy. And although the arguing from Experiments and Observations by Induction be no Demonstration of general Conclusions; yet it is the best way of arguing which the Nature of Things admits of, and may be looked upon as so much the stronger, by how much the Induction is more general. And if no Exception occur from Phaenomena, the Conclusion may be pronounced generally. But if at any time afterwards any Exception shall occur from Experiments, it may then begin to be pronounced with such Exceptions as occur. By this way of Analysis we may proceed from Compounds to Ingredients, and from Motions to the Forces producing them; and in general, from Effects to their Causes, and from particular Causes to more general ones, till the Argument end in the most general. This is the Method of Analysis: And the Synthesis consists in

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<sup>61</sup> Montes (2008: 564) informs us that, "There is evidence that Scottish universities were not only prominently Newtonian, but also instrumental in establishing Newtonianism in Britain". Furthermore, it is indicative that James Gregory and his nephew David Gregory, both Newtonians in spirit, "were instrumental in forming generations of eximious mathematicians that helped to spread Newton's early reception" (p. 564). Colin Maclaurin was, according to Wood (2003: 102), "the most capable and energetic exponent of Newtonianism working in Scotland, if not in Britain, during the first half of the eighteenth century. He helps not only to consolidate the Newtonian hold of Scottish academe, but also to create public science in the Scottish Enlightenment". Adam Smith had been highly benefited from Maclaurin's sophisticated interpretation of Newton (Montes 2003: 723). His late biographer notes that "Maclaurin was the outstanding exponent of Newtonian science in his time, and his sequence of course must have been approximated at Glasgow [...] It must be emphasized, of course, that Maclaurin went far beyond his Glasgow colleagues in his comprehension of Newton" (Ross 1995: 56).

assuming the causes discover'd and establish'd as Principles and by them explaining the Phaenomena proceeding from them, and proving the Explanations (Newton [1704] 1730: 404-405).

Newton's analytic-synthetic method had a more profound impact in Britain – and mainly in its Scottish part – than that of Descartes, who had dismissed the side of analysis.<sup>62</sup> Descartes, by superseding the indispensable role of analysis and by believing that all values (natural, moral, and historical) are quantitative, of fixed estimation and of invariable operation, promoted a highly abstract and generalised view of historical processes.

However, history is a deeply genetic process of change and transformation and is never a succession of fixed (or predefined) patterns. Therefore, Newton's analytic-synthetic method, being of a higher interpretative depth, was more apposite. Its ontological content is crystallised in Hume's words who reminds us that social scientists proceed from particular instances to general principles and they “still push on their enquires to principles more general, and rest no satisfied till they arrive at those original principles, by which, in every science, all human curiosity must be bounded” (Fiori 2012: 415). *In vivo*, Newton's method attained its apogee in Adam Smith. Smith had been adequately educated in Newtonian science (Cohen 1994: 66). It was Newton's methodological influence – through his analytic-synthetic method and his acknowledgment that scientific progress is an open-ended process – which had contributed to the development of Scottish moral philosophy (Montes 2008: 566).<sup>63</sup> Wightman (1975: 60) suggests that Newton's theoretical system had already been influential in Great Britain “half a century before Adam Smith could have made his judgment and, *a fortiori*, before he showed himself to have a pretty good idea of its nature”. Therefore, there is recorded a mutual interaction which had been extremely fruitful. Not only were Scottish scholars early advocates of Newtonianism but, more importantly, the Scottish Enlightenment, through the Scottish historical school, provided a special intellectual framework for assimilating and applying diversified

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<sup>62</sup> Redman (1993: 221) believes that “Scottish universities accepted very early Newton's achievements as superior to the rival Cartesian philosophy”. Essentially, Newtonian physics was taught at Scottish universities during Smith's lifetime and its influence upon him seems to be self-evident.

<sup>63</sup> Wood (2003: 107) recognises that “the Newtonian corpus shaped the pursuit of the human sciences in the Scottish Enlightenment to a far greater extent than is often recognised”, and according to Fiori (2012: 414) Newtonianism was largely influenced by the intellectual debates of the Scottish Enlightenment.

approaches to Newton's revolutionary ideas. For instance, David Hume, one of its major exponents, comments that Newton was by far the greatest and rarest genius that ever arose in human philosophy (Ross 1995: 101). In Hume's own *verba*:

While Newton seemed to draw off the veil from some of the mysteries of nature, he showed at the same time the imperfections of the mechanical philosophy, and thereby restored her ultimate secrets to that obscurity, in which they ever did and ever will remain (History of England, Chapter LXXI: 480).

Essentially therefore, Montes (2003; 2008) is right in his belief that the adoption (and adaption) of Newton's ideas is *in toto* different in Scotland in comparison to other countries of Europe and especially in its francophone part. However, Newtonianism, as part of an intellectual revolution, cannot be separated from other fundamental and momentous debates like the critique of contractual theories, especially the Hobbesian one and Montesquieu's historical teachings (Fiori 2012: 414).<sup>64</sup> Montesquieu's work, in particular, was highly influential in Scotland. In spite of being Cartesian in its ontology it does not downgrade the importance of scientific analysis. Montesquieu himself, in his *Esprit of Laws*, notes that the human world is far from being so well governed as the physical one and that it does not conform to exact laws as the physical world does (Fiori 2012: 417). Such a view is clearly related to the wider 'problem of historical change', as Skinner and Wilson (1975: 7) call it.<sup>65</sup> Montesquieu's frequent references to historical events and facts show his profound interest in historical past. His institutionalist and comparative method was highly influential during the Scottish Enlightenment and had shaped the general framework of its epistemic enunciations.<sup>66</sup> Therefore, the interaction of Newton's method with other contemporary strands of philosophical thought produced a 'Scottish'

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<sup>64</sup> Hobbes in his *Leviathan* observes that it was *bad reasoning* that had plunged the European *body politic* into chaos during the seventeenth century and notes that the only effective cure for this disorder was the effectual enactment of a social contract, similar to, and as rigorous as, Euclid's geometry (Hampton 1986: 2-3).

<sup>65</sup> According to Smith's late biographer, "The primary insight of the French author to which Smith and his friends responded was that of the dynamism of law responding to human needs *in varying and historically changing social and economic environments*" (Ross 1995: 121, emphasis added).

<sup>66</sup> Montesquieu's study of laws and institutions illustrates his ontological belief that laws and institutions "must be judged not by abstract principles but by their suitability to the circumstances of the time" (Gooch 1913: 9-10).

interpretation of Newtonianism which was more ‘empirical’ in its nature and more historical in its methodology.

### **2.3 Adam Smith: a typical representative of Scottish historicism**

Adam Smith should be considered as a product of these parallel intellectual fermentations and as a typical child of his own times. He is a true Scot of the eighteenth century as Macfie (1955: 86) calls him. It is indicative that Heilbroner (1973: 261) insists that Smith “albeit a major shaping intellectual force” was inevitably “a product of his time, sharing with it the limitations that seem to our age so patent and so crippling”. This is why Clarke (1926: 349) warns us to view Smith in the context of the mediaeval conditions prevalent in the eighteenth century’s Nationalism and Mercantilism, and in relation to railroads, holding companies and giant power. Smith, as a member of a multi-layered intellectual group, had been a mighty intellectual figure.<sup>67</sup> It is not surprising then that Smith wrote about metaphysics, natural history, ethics, political economy, astronomy, rhetoric, jurisprudence and biology and had a perfect command of Greek and Latin languages (Montes 2003: 732; Skinner 1975: 172).<sup>68</sup> His calibre had impelled Schumpeter (cited in Wightman 1975: 45) to write that “it is hardly credible that *The Wealth of Nations* and the *Essays of Astronomy*, so utterly diverse in subject matter could be the products of the same mind”. In addition, for Skinner and Wilson (1975: 1):

Smith’s knowledge is particularly striking in a period where the division of labour has enhanced the difficulty of mastering a wide range of subjects. We know, for example, that Smith had an extensive knowledge of contemporary work in the natural sciences and the arts.

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<sup>67</sup> Clarke (1926: 359) notes that Smith’s “personal bent led him to amass a great array of facts, so that he has been called the best informed man since Aristotle”.

<sup>68</sup> His interest on biology is striking. Skinner (1975: 172) observes that “It may be recalled that Smith purchased the *Encyclopedie* for Glasgow University Library and that he personally owned the works of D’ Alembert, Diderot, Buffon, and Maupertius”, and “The type of work done in biology by such writers was particularly important, linked as it has been to the entrance of ‘historicism’ into the European outlook in the late 1740s and 1750s”.

Smith, as a child of the Scottish Enlightenment, thought of history as a crucial ingredient of his *magna* effort: to construct a general system of social science. He produces a theory of history which had been the epistemic motif of his reasoning. This theory of history has an array of influences. Initially, it is influenced by a specific philosophy of science, as is defined in his *Essays on Astronomy*; secondly it is inspired by the analytic-synthetic method, which although Newtonian in spirit, was at variance with Newton's method; and, lastly, it is animated by a specific theory of historiography which is elaborated in his *History of Historians* and is presented in his *Lectures Rhetoric and Belles Lettres*. Essentially, these influences constitute the epistemic backbone of his theory of history.

### 2.3.1 Smith's philosophy of science

Although Smith had not developed an unambiguously defined philosophy of science, he had unfolded its spirit in his great *Essays on Astronomy* (1795) in which he elaborates his views concerning the process of scientific progress.<sup>69</sup> It must be noted that Smith reached his main methodological and epistemic principles early on in his career without fundamentally modifying them afterwards (Viner 1968: 323).

According to Smith, the cause of any scientific progress is the sense of surprise which the scientist feels when an observed object does not fall into his recognised theoretical pattern (HA, Section II, § 9: 42). For Smith, the feel of surprise is always followed by that of wonder. *Wonder* is defined as "the stop which is thereby given to the career of imagination, the difficulty which it finds in passing along such disjointed objects, and the feeling of something like a gap or interval betwixt them" (HA, Section II, § 9: 42-43). Therefore, wonder involves a disutility or a sense of discomfort, since it raises doubts in regards to the analytical adequacy of the recognised theoretical pattern (Skinner 1972: 309; Lindgren 1969: 899). The inadequacy of the theoretical pattern to locate the event in its premises is followed by a revision of the accepted outlook and, "To the extent that this effort is successful, confidence that our outlook will enable us to face the future with calm and tranquility is reestablished and wonder is diminished, if not eliminated" (p. 900). Therefore, theory (or science) is modified as a response to the emergence of wonder; and if

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<sup>69</sup> From Schliesser (2005: 698) we are informed that Smith had valued the *Essays on Astronomy* throughout his life, whilst O' Brien (1976: 135) regards it as a deeply impressive essay.

wonder is persisting, the transformation of the recognised pattern is established and imagination attains its final end.

Smith's 'history of science' is that of 'revolutions of philosophy' as it shows the dynamics of scientific problem-solving in which hypotheses or theories evolve in a fairly regular sequence. Moreover, it crystallises that when the recognised pattern is subject to a process of modification, irregularities conflict with the accounts and predictions of the paradigm and are increasingly identified (Kim 2012: 805). Therefore, the emergence, development, and decay of theoretical systems have, according to Smith, an open-ended, typified sequence since:

a system is constructed with the aid of the imagination to provide coherence to the appearances. As time passes, irregularities are discovered, and successive, gradual modifications are introduced into the system or new phenomena are discovered that lead to conflicting accounts or dissatisfaction. This makes it likely that the system will be replaced by a new system, and so the process starts anew (Schliesser 2005: 704).<sup>70</sup>

Essentially, therefore, wonder is the first principle which prompts man to science. For Smith, science's origins are rooted in the psychological desire to escape the sense of disutility which is associated with the sentiment of wonder.<sup>71</sup>

To sum up, there are three discrete sentiments that determine every epistemological process: surprise, wonder, and admiration. For Smith, *Surprise* is the violent and sharp change that is produced upon the mind, when an emotion of any kind is brought suddenly upon it (HA, Section I, § 5: 35); *wonder* is the uncertainty and anxious curiosity excited by its singular appearance, and by its dissimilitude with all objects he had hitherto observed (HA, Section II, § 4: 40);<sup>72</sup> while *admiration* is attained through the discovery of these real chains which Nature makes use to bind together her differential operations (HA, Section IV, § 76: 105). According to Montes (2003: 734), "Curiosity, intellectual dissatisfaction, and the scientific success that will

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<sup>70</sup> Smith is one of the first authors to see regular and successive revolutions in the history of astronomy and, perhaps, sciences and other forms of inquiry more broadly (Schliesser 2005: 704).

<sup>71</sup> Wightman (1975: 56) believes that the notion of wonder is the most important epistemic contribution of Smith's philosophy of science.

<sup>72</sup> Smith evinces the role of wonder in scientific inquiries by comparing scientists with musicians who "have trained their minds to see as altogether separated any events which fall short of the most perfect connection" (Megill 1975: 82).

soothe the mind, represent these three states of the mind”. Therefore, these states constitute, according to Smith, the ontological *raison d’être* of his epistemological attempts. The *modus vivendi* behind an epistemic attempt is the psychological need to soothe the imagination by eliminating surprise and wonder, caused by incoherent and disjointed events (Megill 1975: 85). Wonder, therefore, and not any expectation of advantage from its discoveries, is the first principle which prompts mankind to the study of philosophy and the original sense of pleasure that is derived from it prompts men to make scientific to inquiries (HA, Section III, § 3: 51). The basic purpose of any scientific explanation is to escape the disutility of wonder which vanishes altogether upon the clear discovery of a connecting chain of events, or of a theory in modern terms (Skinner 1972: 309).

Accordingly, Smith identifies the scientific progress with a certain mental attitude since the mind is attempting to place the appearance of nature into categories with which it is already familiar, and to lessen discomfort from the unexpected, and it tries to reduce the possibility of this discomfort by maintaining familiar categories into which it can readily place most of the appearances coming before it (Myers 1975: 282). Smith (HA, Section II, § 8: 42) points out that the human mind:

endeavours to find out something which may fill up the gap, which like a bridge may so far at least unite those seemingly disjointed objects, as to render the passage of the thought between them smooth, and natural, and easy.

Therefore, the mind searches for a thread to bridge the gap and unite the disparate appearances before it. The purpose of such unification is to facilitate the movement of thought across this gap. Essentially therefore, *wonder* is something that moves the mind in the direction to explain an anomaly (a disjointed object or event) which is not exemplified by the dominant theoretical system.<sup>73</sup> Indeed, Smith believes that the explanation which is offered by theory can only satisfy the mind if it is coherent, capable of transforming several observed appearances into a systematical reasoning,

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<sup>73</sup> Smith in his *Theory of Moral Sentiments* and *Wealth of Nations* avoided the use of the word ‘system’ and replaced it with that of theory which seems to have been nothing more than a ‘good’ system. As Megill (1975: 85) rightly observes, “Significantly, in both *The Theory of Sentiments* and the *Wealth of Nations* Smith uses the word *system* when referring to the inadequate moral and economic theories of his predecessors”. For instance, in the Book IV of his *locus classicus* he proceeded in the examination of “two such systems, ‘the mercantile system’, better known as mercantilism, and the ‘agricultural systems’, of which the most recent example was Physiocracy” (p. 91).

and stated in terms of ‘familiar’ or plausible principles (Skinner 1998: 13). Therefore, as Endres (1991: 84) observes, “Smith’s methodology emphasises a human need to overcome discomfort rendered by discordant observed appearances, with *coherent explanation*” while “the latter is designed to satisfy a psychological need to remove disutility and is successful only if it is founded on plausible and ‘familiar’ connecting principles” (p. 84).

More specifically, Smith believes that a well-defined theory<sup>74</sup> has to be comprehensive and coherent<sup>75</sup>, familiar and simple,<sup>76</sup> but also aesthetically beautiful and proper,<sup>77</sup> in order to appeal to the imagination by demonstrating the connecting principles of nature. In this way, although Smith did not speak about (or search for) the absolute truth, he gave criteria – or a set of *desiderata* (i.e. simplicity, distinctness, comprehensibility, lack of reasonable competitors) – by which the doctrine can be considered as an ‘established’ system (Schliesser 2005: 708).

Smith holds the belief that a theoretical system of such qualities has to function as a *machine*, having a certain and well-defined end.<sup>78</sup> His declaration is indicative of his thought:

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<sup>74</sup> Skinner (1972 ff. 5: 312) notes that “There is an interesting parallel between Thomas Kuhn’s analysis of the *Structure of Scientific Revolutions* (1962) and Smith’s analysis”, and a resemblance between Smith’s and Kuhn’s views of scientific change (Skinner 1974: 180). He (1998: 14) also notes that for Smith “the normal pattern of events would follow a certain sequence: first, the development of a system, second its gradual modification as new observation had to be taken account of, and third, the rejection of the system when the degree of theoretical complexity eventually rendered it unacceptable to the human mind. The anticipation of Kuhn is, if not obvious, provocative”.

<sup>75</sup> Coherence is related to the extent to which the background knowledge of the theoretical system is plausible (Kim 2012: 807). For Smith, coherence is the most important standard of theory’s evaluation since the judgment of hypotheses is related to such background knowledge.

<sup>76</sup> Smith believes that simplicity is an important feature of a well-defined theory. For instance, in his *Essays on Astronomy* he claims that the system of concentric spheres (HA, Section IV, § 7: 57-58) and that of Ptolemy (HA, Section IV, § 25: 69-70) were overpassed due to their lack of simplicity. In similar vein, as Lindgren (1969 ff. 9: 902) rightly observes, “It was only when Newton suggested that gravity (which was clearly familiar) produces the motions which describe the courses of the heavenly bodies at the velocities and distances suggested by Kepler, that a satisfactory alternative to ancient superstition was at last developed”.

<sup>77</sup> Lindgren (1969: 905) concludes that “an adequate outlook must not only meet the standards of comprehensiveness, coherence, and familiarity, but also that of beauty”. Smith, in many different places in his work spoke of the ‘love of analogy’ (Smith 1980: 231). In his polemic against both Ptolemaic and Copernican systems he notes that, based on both explanatory and predictive powers, both systems have been equally favoured with regard to the capacity of complying with the same observations. However, with respect to aesthetics, the latter provided more coherence and simplicity (HA, Section IV, § 32: 74-75).

<sup>78</sup> Smith’s most interesting epistemological project was to systematise ‘the natural order of things’ in economic and moral processes. This project is illustrated by his attempt to discern the *end* of each procedure. As he put it, “In every part of the universe we observe means adjusted with the nicest artifice to the ends which they are intended to produce; and, in the mechanism of a plant, or animal



*Systems in many respects resemble machines.* A machine is a little system, created to perform, as well as to connect together, in reality, those different movements and effects which the artist has occasion for. A system is an imaginary machine invented to connect together in the fancy those different movements and effects which are already in reality performed (HA, Section IV, § 19: 66, emphasis added).<sup>79</sup>

Essentially, the end of a well-defined theoretical system is to discover those great connecting principles that bind together all these discordant phenomena and to typify schemas that exemplify these events. Smith uses Newton's system which, by introducing one great 'connecting principle' (that of gravity), was much simpler to that of Kepler, Descartes, and Galileo.<sup>80</sup> He notes that "Human society when we contemplate it in a certain abstract and philosophical light, appears like a great, *an immense machine*, whose regular and harmonious movements produce a thousand agreeable effects" (TMS, Book VII, Section III, c. I, § 2: 316). In contrast, new and singular events excite wonder in people's imagination and produce discomfort and tumult in the imagination (TMS Part II, Section, III, § 39: 154).

Hence, a theory should be based ontologically on some vigorous and indisputable principles and gives us pleasure inasmuch as there is a propensity, natural to all men, "to account for all appearances from as few principles as possible" (TMS, Part VII, Section II, c. ii, § 14: 299). Theory, in Smith's account, is identified with a 'connected order' that adjoins parts which seem to have some (natural) relation to one another (WN, Book V, c. i, § 9: 199). Therefore, a theoretical system is an effort to introduce order and harmony into observed appearances by using some principles that connect phenomena into a chain-like fashion (Redman 1993: 216). Essentially, Smith's theory of history is seated on such an epistemic understanding of science by giving order to seemingly disparate events.

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body, admire how everything is contrived for advancing the two great purposes of nature, the support of the individual, and the propagation of the species. But in these, and in all such objects, we still distinguish the efficient from the final causes of their several motions and organisations" (TMS, Book II, Section ii c. iii: 147).

<sup>79</sup> Smith defines the 'imaginary machine' by indexing Copernicus' epistemic achievement which was able to "connect together celestial appearances, in a simpler as well as a more accurate manner, than that of Ptolemy" (HA, Section IV, § 27: 71).

<sup>80</sup> Smith's belief that (theoretical) systems are becoming ever more simpler seems to owe its inspiration to Condillac's work *Traite des systemes* (1749), where he maintains that the theoretical systems concerning astronomical systems are progressively becoming "more and more simple" (Megill 1975: 83).

### 2.3.2 Smith's analytic-synthetic method: an early critical realist approach?

As indicated above, Smith had adopted Newton's analytic-synthetic method and regarded it as the most appropriate of all.<sup>81</sup> Smith is familiar with Newton's work due to his recorded interest in natural science and mathematics (Kim 2012: 799). He shares with Newton the same 'philosophy of science' since he saw science as an open-ended process of successive approximations which resembles Newton's real methodological legacy (Montes 2008: 570). Smith does not seem to believe that a theoretical system is capable of attaining the absolute truth. Though he proposes a pattern of the evolution of systems of knowledge, Smith does not envisage the arrival at a final and immovable truth.

Skinner (1979: 114) points out that Smith wrote about Newton's system with "an enthusiasm which was apparently justified by the success which that system enjoyed in accounting for *a wider* range of appearances [...] in terms of a *smaller* number of basic (and familiar) principles". For Smith himself, the Newtonian theoretical system succeeded in explaining a far wider spectrum of appearances than its predecessors and points out that his system was compatible with order, balance and equilibrium (Skinner 1972: 312, 471). Smith also notes that Newton's system was the greatest and most admirable improvement that was ever made in philosophy of science since by joining the movements of the planets through the familiar principle of gravity, he had removed all the difficulties the imagination had hitherto suffered in attending to them through previous astronomical systems.

Especially for Smith (LRBL, lect.: xxv: 146), Newton's analytic-synthetic method is "undoubtedly the most Philosophical, and in every science whether of Moralls or Naturall philosophy etc., is vastly more ingenious". He highlights the analytic-synthetic method by indicating that it

gives us a pleasure to see the phenomena which we reckoned the most unaccountable all deduced from some principle (commonly a well-known one) and all united in one chain, far superior to what we feel from the unconnected

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<sup>81</sup> Fiori (2012: 418) notes that Smith's usage of analytic-synthetic method in his discussion concerning languages was luminous. "In fact, Smith states, the formation of languages was characterised by an inductive process that led to the definition of a few principles that simplified the functioning of language, and this simplification resembled the one realized by gravitation in the physical universe".

method where everything is accounted for by itself without any reference to others (p. 146).<sup>82</sup>

For Smith, a method (or a theory) is judged by the soothingness of man's imagination which is connected with mind's pleasure. His lengthy comment is worth of quoting *verbatim*:

When two objects, however unlike, have often been observed to follow each other, and have constantly presented themselves to the senses in that order, they come to be so connected together in the fancy, that the idea of the one seems, of its own accord, to call up and introduce that of other. If the objects are still observed to succeed each other as before, this connection, or, as it has been called, this association of their ideas, becomes stricter and stricter, and the habit of the imagination to pass from the conception of the one to that of the other, grows more and more riveted and confirmed [...] When objects succeed each other in the same train in which the ideas of the imagination have thus been accustomed to move, and in which, though not conducted by that chain of events presented to the senses, they have acquired a tendency to go on of their own accord, such objects appear all closely connected with one another, and the thought glides easily along them, without effort and without interruption. They fall in with the natural career of the imagination (HA: Section II, § 7: 40-41).

Smith's theory of history is anchored in Newton's analytic-synthetic method which is the methodological cornerstone of his abstract reasoning. More specifically, this method was the means of both understanding certain uniformities in the history of mankind and formulating deductions concerning social and economic events. However, in spite of the evident Newtonian influences, Smith concedes that these uniformities in social nature could be violated by appearances that are not systematised and interpreted by the accepted theoretical outline. Such an attitude impelled him to discard what was latter called ultra-deductivism (Hutchison 1998). According to Myers (1975: 288-289), Smith shows "a cautious attitude toward using deduction as a general method of reasoning", and "while he admits that such

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<sup>82</sup> Smith lays emphasis on the idea that scientific work "represented in itself a source of pleasure and made much of the idea of beauty in referring to the attraction of systematical arrangement and to the choice of what he called the 'Newtonian method'" (Skinner and Wilson 1975: 4).

reasoning has helped at times to make great advances in knowledge he, nevertheless, sees it as a method that can be grossly misused". Smith, in spite of accepting the analytical usefulness of deduction, has the firm belief that deduction must be employed very cautiously. *Ad addendum*, he feels that the clarification of the real structures and mechanisms of the world necessitates a creative and pluralistic methodology "using abduction as well as deduction and induction" (Kim 2012: 800).<sup>83</sup>

This particular methodological stance had influenced Smith's usage of the analytic-synthetic method. Accordingly, Smith used a differentiated and more sophisticated version of the latter, a result of having been "influenced by how the Scottish assimilated Newtonianism" (Montes 2008: 569). Generally, Smith, despite his consideration of the analytic-synthetic method as "the scientific method *par excellence*" (Freudenthal 1981: 135), had used it much more sinuously than Newton. Thus, on the one hand, Smith had adopted the Newtonian method but at the same time he had attributed new functions to it. These functions implied a historical dimension to these principles, reflecting Montesquieu's both genetic account of history and his evolutionary views of society (Cremaschi 1989: 89). Therefore, Smith was "neither sympathetic to the mechanistic view of the world, nor did he unconditionally endorse an axiomatic-deductive approach to reality" (Montes 2003: 731-732).

According to Kim, Smith's modification of the analytic-synthetic method comes closer to what would nowadays be called a critical realist perspective. For him such an interpretation is determined by Smith's suggestion of the 'stratification and connection of reality' (Kim 2012: 802). In a similar vein, according to Fiori (2001: 429), the real end of the Smithian work is "to show that the surface of visible events might be connected to the invisible principles of organisation of complex systems in both the physical and economic world". For many scholars such a continual conflict between visible and invisible levels of reality implies a sort of what nowadays would be called a critical realist perspective since they are connected with two different levels of reality, the empirical and the real, and despite their independent existence

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<sup>83</sup> The method of abduction (or retroduction) is employed in the critical realist approach and is connected with these "modes of inference specifically required to explore underlying levels of reality and uncover their mechanisms and events [since] induction and deduction are considered of little or no use to this specific endeavour" (Wuisman 2005: 369).

they are clearly interrelated.<sup>84</sup> Evidently, Smith was neither a pure deductivist, nor a strict empiricist since he had viewed society as consisting of different (dissociated) levels.<sup>85</sup> This epistemic approach gave to him the opportunity to be as theoretical, as well as historical in his analysis. This twofold approach is in many aspects interrelated with a proto-critical realist approach. Smith (LRBL, lect. xvii: 93-94) describes the content of his methodology by noting that:

The causes that may be assigned for any event are of two Sorts; either the *externall causes* which directly produced it, or the *internall* ones, that is those causes that tho' they no way affected the event yet had an influence on the minds of the chief actors so as to alter their conduct from what it would otherwise have been [...] Thus Caesar, Polybius, and Thucydides, who had all been engaged in most of the battles they describe, account for the fate of the battle by the Situation of the two armies, the nature of the Ground, the weather etc. Those on the other hand who have little acquaintance with the particular incidents of this sort that determine events, but have made enquires into the nature of the human mind and the severall passions, endeavour by means of the circumstances that would influence them, to account for the fate of battles and other events, which they could not have done by those causes that immediately determine them.

Smith's critical realist leanings are illustrated in his quotation concerning the historian Tacitus:

In describing the more important actions he does not give us an account of their *externall causes*, but only of the *internall* ones, and tho this perhaps will not tend so much to instruct us in the knowledge of the causes of events; yet it will be more interesting and lead us into a science no less usefull, to wit, the knowledge of the motives by which men act; a science too that could not be learned from it (LRBL, lect.: xx. 113).

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<sup>84</sup> There are a number of contributions pointing to the critical realist perspective of Smithian work (Lawson 1994; Montes 2003; Wilson and Dixon 2006; Kim 2012).

<sup>85</sup> According to Montes (2003: 741) Smith was not "the traditional empiricist confining his philosophical mind exclusively to the empirical and actual domains of reality"; his denial of political arithmetic testifies this (Hollander 1973: 3). Such an interpretation is moving against a variety of classical readings of Smith that underline his empirical reasoning (see Bittermann 1940).

Therefore, Smith's search for principles on the basis of a detailed historical analysis and within an open theoretical system can – within many qualifications – be described as a critical realist methodology. Lawson (1994: 504) has traced a critical realist conception of 'position-practice system' in Smith's epistemology and impels Montes (2003: 741) to conclude not only that "critical realism sheds further light on our understanding of Smith, but also that critical realism can find in the 'father of the science' an eminent ally for arguing against the mainstream insistence on axiomatic-deductive models".

Smith's critical methodology has a threefold epistemic dimension: *ab initio*, it pinpoints the importance of observation since it accords that simple (and principal) ideas are "derived from sense impressions" (Kim 2012: 801); secondly, it suggests that the imagination derives coherent principles concerning repeated events (Montes 2003: 729); lastly, it promotes generalisation and classification in accordance with inductive logic. However, despite his recognition that inductive reasoning constitutes a valuable source of human knowledge, Smith insists that "scientific knowledge is basically seated on the discovery of a generative causal mechanism on the real level, from which the observed effects are believed to emerge" (Kim 2012: 817). Evidently therefore, such an understanding of social reality is related to his theoretical history derived from certain uniformities in human nature.

Hence, the synthesis of deduction and induction and Smith's faith in both generalisations and in the existence of unique (specific) social events have been interpreted as an incidence of the use of an early critical realist perspective evident throughout the Smithian work. Therefore, Smith's analytic-synthetic method, which provides the methodological *liaison* between theoretical and narrative history, is the method of moving from phenomena to the framing of principles and then deducing the phenomena from those principles (Hatherington 1983: 504). Such a methodological stance illustrates the roles of both sense experience and history in the formulation of abstract principles.

The importance of induction is essential in Newton's theoretical system. As noticed above, Newton ([1704] 1730: 405) is explicit over his methodology:

And if no Exception occurs from Phenomena, the Conclusion may be pronounced generally. But if at any time afterwards any Exception shall occur

from Experiments, it may then begin to be pronounced with such Exceptions as occur. By this way of Analysis we may proceed [...] in general, from Effects to their Causes and from particular Causes to more general ones, till the Argument end in the most general. This is the Method of Analysis; And the Synthesis consists in assuming that Causes discovered and established as Principles, and by then explaining the Phenomena proceeding from them, and proving the Explanations.

However, Smith, despite his admiration of Newton's theoretical system and its affinities with his own system, believed that it could not "be taken as a final account of the way things 'really' are" (Diamond 1986: 61). Smith believes that the human universe, which is irregular, history-dependent and unpredictable, seems to radically diverge from Newton's physical universe which is regular, ahistorical and predictable (Fiori 2012: 413). Hence, Smith's analytic-synthetic method is two-edged as it moves 'from the concrete to the abstract' – from a complex process to a simpler one – and *en reverso* 'from the abstract to the concrete', as this process makes it possible to connote an element in its individuality. As Fiori points out "the complete process is from (unrelated) concrete to abstract entities, and subsequently from abstract to concrete objects" (p. 419). Evidently, therefore, such a methodological attitude highlights history's importance and favours the widespread usage of historical evidence. Conclusively, the Smithian method is compactly described in Megill's (1975: 93-94) ingenious observation:

After observing the nature, the philosopher constructs theories to render those observations intelligible. He then observes nature again in order to detect discordances between these theories and the world experience. In the light of these new observations, he will either attempt to construct more comprehensive theories, or he will continue to make observations and collect data preliminary to a future attempt at theory-building.

### **2.3.3 Smith and historiography**

Smith adopts the general (Scottish) attitude towards history and proceeds to a continual elaboration of both history (with broader sociological leanings) and historical comparisons in order to develop his arguments and demonstrate his more abstract ideas. His influences are multifarious and widely diversified. Taylor (1956:

264) notes that “From Hutcheson, he absorbed the doctrines of Hugo Grotius, who was a tradition in Hutcheson’s classes, of Samuel von Pufendorf, whose *De Officio Hominis et Civis*, was a basic text, and of Gershom Carmichael whom Hutcheson regarded as by far the best commentator on that book”. Although Smith has been described ‘as a superb historian’ (Groenewegen 1982: 7), he was not a historian proper, in the spirit of David Hume, Lord Kames, William Robertson, John Millar, and Adam Ferguson.<sup>86</sup> However, he “thought a great deal about history; he was deeply conscious of the history he is living in” and “it is probable that he saw the human species as immersed in history in all moments of its existence” (Pocock 2006: 270). His early biographer, Dugald Stewart (1793, Section I, § 9: 5) sketches Smith’s deep interest in history while his more systematic commentator, has pointed out that Smith was “inclined towards historical studies from an early period of his life” Skinner (1965: 3). By having a considerable historical perspective and by seeking in Clarke’s (1926: 359) words “for the roots that things have in the past”, Smith had contributed to the development of historical thought in new directions and had given new meanings to the term ‘history’.

Evidently, the historical element is of prime importance in Smith’s moral, judicial, and economic discussions. In addition, it is a central feature of the analytical side of his methodology.<sup>87</sup> Fiori (2012: 422) observes that “Smith in *Languages*, *History of Astronomy*, and *Wealth of Nations*, always treated subjects in which history and contingencies matter”. In his work, historical study became an epistemic tool to construct a coherent and holistic system of social science (Kim 2009: 41).<sup>88</sup> This methodological treatment attained its apogee in the *Wealth of Nations* in which

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<sup>86</sup> Pocock (2006: 271) notes that “Hume and Robertson are historians because they have written histories, of England, Scotland, the reign of Charles V, and America”. Hopfl (1978: 21) regards Robertson as “one of the most professional and highly-regarded historians of his day”. Thompson (1942 vol II: 69) believes that Hume “was the most popular and influential British historian of the eighteenth (and even early nineteenth) century” while Robertson “was a conscientious scholar who carefully utilized all the available printed and archival sources. Secondly, he contributed a valuable method to historiography by relegating his notes and references to the end of each section, a technique conducive to straight and uninterrupted narrative without a sacrifice or scholarship” (p. 72). On the other hand, Smith has written no historical treatise in this sense on anyone or anything.

<sup>87</sup> Skinner (1967: 47) notices that “In fact, the work done by Smith in economics and Kames in law, demonstrates an interest not only in the all-embracing natural history of man, but also in the historical study of the particular types of phenomena relevant to their works as economists and lawyers”.

<sup>88</sup> It is indicative that Smith, in one of his letters to Le Duc de la Rochefoucauld, dated 1<sup>st</sup> November 1785, sketches his interest in “a sort of philosophical history of all the different branches of literature, of Philosophy, Poetry and Eloquence” (Correspondence, letter 248: 286).



economics and history exist together, inextricably interwoven and closely interrelated (Campbell 1976: 183).

Evidently, Smith's faith in history is connected with the inductive side of his methodology. Smith, in spite of according analytical primacy to deduction; he was not a pure deductivist (in the sense that Ricardo and Walras were for example) since he believes that general principles or axioms could be derived inductively. Such a highlighted role of induction has been a common methodological motif in the texts of the writers of the Scottish historical school in general. The Scottish philosophers discovered 'general principles' concerning human nature by using the technique of induction on the basis of observation of a vast array of particular cases (Skinner 1967: 35). Their approach was both analytical and historical and they sought general *principles* and *causes* starting from the facts of history (Skinner 1965: 3).

Therefore, observation (and history) constituted the primal side of their analysis. Hume was the greatest exponent of induction. In his Introduction to *A Treatise of Human Nature* (1736) he notes that:

We must therefore glean up our experiments in this science from a cautious observation of human life, and take them as they appear in the common course of the world, by men's behaviour in company, in affairs, and in their pleasures. Where experiments of this kind are judiciously collected and compared, we may hope to establish on them a science which will not be inferior in certainty, and will be much superior in utility, to any other human comprehension ([1736] 2007: 7).

According to Hume, the real foundation of any science must be seated on sense experience and observation, namely on historical evidence. As Skinner (1990: 146) puts it, for Hume, "The study of human nature was thus to be based upon empirical evidence". As Hume himself made clear, the *Treatise* constituted an attempt to introduce the experimental method of reasoning into moral subjects. In sum, for Hume, though theory's main objective is the exploration of causal mechanisms of social phenomena, there is no suggestion that such an exploration should be divorced from experience and historical evidence.

On the other hand, Smith proposes the application of ‘the experimental method’ and had based the formulation of his general principles on observation and on ‘actual’ history. As Dow *et al.* (1997: 373, emphasis added) note, “Smith’s *observations of the social aspect* of human nature led him to expound his principle of sympathy in *The Theory of Moral Sentiments*, while his *observation of economic processes* led him to expound the division of labour in *The Wealth of Nations*”. Smith’s Newtonian analytic-synthetic method had impelled him to accord a special status to observation.<sup>89</sup> Observation constituted the *raison d’être* of the analytical part of the Smithian method. In Smith’s own *verba*:

[T]he general maxims of morality are formed, like all other maxims *from experience and induction* [...] But induction is always regarded as one of the operations of reason. From reason, therefore, we are always properly said to derive all those general maxims and ideas (TMS, Book VII, Section III, c. ii, § 6: 319, emphasis added).

*In fine*, Smith elaborates and proposes a sophisticated version of the analytic-synthetic method. He notes that knowledge requires the methods of ‘experimental philosophy’, using the technique of induction (analysis) in establishing basic (connecting) principles; and deduction (synthesis) for the clarification of social and economic phenomena (LRBL, lect.: xxv. 138). The analytical side of his method is related to the use of narrative history by pointing out direct observations and events, while synthesis is connected with the use of a type of theoretical history used for the typification of regularities and uniformities in human life.

## 2.4 The ‘Smithian’ theory of history

### 2.4.1 Epistemic background

From the discussion so far, it is obvious that Smith’s views on history were deeply influenced by his methodological choices and mainly by the adoption of the analytic-synthetic method. This method had impelled him to typify an explicit theory of history for understanding and interpreting social and economic phenomena. The first methodological feature of Smith’s views on history had been the necessity to find

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<sup>89</sup> Redman (1993: 212) notices that in Newton, “the method of analysis [is] experimentation and observation, followed by the drawing of general conclusions”.

general causes that lie below historical fermentations. He believes that the role of history is to pinpoint causes that are standing behind moral and social phenomena. He notes that:

The design of historical writing is not merely to entertain: (this perhaps is the intention of an epic poem); besides that it has in view the instruction of the reader. It sets before us the more interesting and important events of human life, *points out the cause* by which these events were brought about and by this means points out to us by what manner and method we may produce similar good effects or avoid similar bad ones (LRBL, lect.: xvii. 90, emphasis added).<sup>90</sup>

Therefore, the ontological *raison d' être* of Smith's theory of history is to point out the causes that have brought about the effects which are observed and narrated by the historian. As already been noted above, Smith produces an *in toto* differentiated version of history, to that of orthodox historians of his time: that of synthesising narration and interpretation of historical events. According to Smith, the art of 'pointing out' the cause of an event is firstly expressed in the history of historiography by Thucydides and Tacitus. For him, it is this method that renders most of the ancient historians so interesting and the neglecting of which "has rendered the modern historians for the most part so dull and lifeless" (xvii: 96).<sup>91</sup> Smith in his historiographical 18<sup>th</sup> lecture on *Rhetoric and Belles Lettres* notes that the epistemic connection between 'cause and effect' is by far the most important relation in historical scholarship since "we are not satisfied when we have a fact told us which we are at a loss to conceive what it was that brought it about" (LRBL, lect.: xviii. 98). It must be illustrated that the quest of causes had been a mutual epistemic motif among the members of the Scottish tradition. For instance, Lord Kames (cited in

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<sup>90</sup> The didactic role of history is a mutual motif among the writings of the Scottish historical school. Endres (1991: 79) observes that Smith believed that "much historical work can be didactical because it is designed to instruct and bring about conviction in an audience by speculating on *causes* of events and human actions".

<sup>91</sup> Smith notes that ancient historians "show us the feeling and agitation of Mind in the Actors previous to and during the Event. They Point to us also the Effects and Consequences of the Event not only in the intrinsic change it made on the Situation of the Actors but the manner of behaviour with which they supported them" (LRBL, lect.: xvii. 96). Additionally, these historians again "made in their aim not only to amuse but by narrating the more important facts and those which were most concerned in the bringing about great revolutions, and unfolding their causes, to instruct their readers in what manner such events might be brought about or avoided. *In this state it was that Tacitus found Historical writing*" (xx. 111, emphasis added).

Skinner 1965: 20) believes that reason “is exercised in discovering causes and tracing effects through a long train of dependencies”. On the other hand, William Robertson (1856: Book I, 180), the most representative historian of the Scottish historical school, observes, in his fascinating *History of Scotland*, that the true historian does not only have to relate events but also to explain their causes and effects.

Therefore, the Scottish historical school’s theory of history was formulated to uncover the principles that underlie a ‘cause and effect’ relation. Scottish philosophers believe that the essence of historical writing is to typify the cause of some fact or facts (Skinner 1998: 8). Essentially, such an epistemic assertion is connected with the general ontological enunciation of the Scottish historical school, that of uniformity in human nature.<sup>92</sup> Hume’s famous aphorism in his *Enquires concerning Human Understanding and concerning the Principles of Morals* (1748) is indicative of this:

It is universally acknowledged that *there is a great uniformity among the actions of men, in all nations and ages, and that human nature remains still the same in its principles and operations* [...] Mankind are so much the same in all times and places that history informs us of nothing new or strange in this particular [and] its chief use is only to discover the constant and universal principles of human nature, by showing men in all varieties of circumstances and situations, and furnishing us with materials from which we may form our observations and become acquainted with the regular springs of human action and behaviour ([1748] 1975: 83, emphasis added).

Smith seems to accept Hume’s thesis, as Hume himself had been the first among all modern historical writers who perceived the nature and significance of causal relation in history (Skinner 1998: 3).<sup>93</sup> Bittermann (1940: 733) notes that Smith shares Hume’s avowal of a great uniformity in human nature and observes that his principles not having the status of ‘natural laws’, “were inferences, sometimes unwarranted, from the regularity of phenomena”.

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<sup>92</sup> Skinner and Wilson (1975: 3) observe that the constancy or uniformity of human nature “became one of the most characteristic features of contemporary philosophy in all its branches”.

<sup>93</sup> Smith was highly influenced by Hume’s thought. Especially, Hume’s *Political Discourses* was as Dugald Stewart (cited in Taylor 1956: 273) observed “of greater use to Mr. Smith than any other book that had appeared prior to his lectures”.

The second trait of Smith's historical views on history is the necessity of objectivity. Smith praises Machiavelli "as of all modern historians the only one who has contended himself with that which is the chief purpose of History, to relate Events and connect them with their causes without becoming a party on either side" (LRBL, lect.: xviii. 91). Objectivity *in se* implies a critical apprehension of facts. Skinner (1996: 95) notes that, for Smith, the "historian must bring to his study a critical awareness of facts; he must study these facts objectively; and he must seek to elucidate their causes"; while studying these facts impartially (Skinner 1975: 170). His objective stance impelled Clarke (1926: 364) to note that, "Smith deals far more with actual than with hypothetical history".

The last feature of Smith's views on history was the typification of general principles to describe, exemplify and interpret the general trend of the historical process. His interest in understanding and systematising the role of social structure in history, and to typify the relations between different social classes, reveals how different his approach to history was as compared to the more 'orthodox' or 'narrative', type of history. Myers (1975: 295) compares Smith with an 'enlightened mechanic' who devotes his attention to the general principles that actually operate behind the function of a machine. Therefore, the role of history is to explain, not isolated phenomena or particular events, but the connecting principles of human nature.<sup>94</sup> Smith's intention in his *Theory of Moral Sentiments* is indicative: He attempts to provide:

an account of the general principles of law and government, and of the different revolutions they have undergone in the different ages and periods of society, not only in what concerns justice, but in what concerns police, revenue, and arms, and whatever else is the object of law (TMS, Book IV, c. iv, §: 37: 342).

Essentially, the aforementioned features of Smith's view of history comprise epistemologically his *leitmotif* of philosophical history, which is the rule in his work and which constituted a revolution in the 'art' of historical writing. Such a revolution

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<sup>94</sup> Campbell rightly notices that in the eighteenth century the words 'philosophy' and 'science' "were then used almost interchangeably of any systematic attempt to understand the world or man's place in it" (cited in Skinner 1972: 307). Thereupon, the term 'philosophical history' may be identified with the more modern notion of scientific history, or *histoire raisonnée*.

is distinctly expressed in Voltaire's famous aphorism: "My principal object is to know, as far as I can, the manners of people, and to study the human mind. I shall regard the order of succession of kings and chronology as my guides, but not as the objects of my work" (cited in Skinner 1996: 76).<sup>95</sup> Voltaire was highly influential in the Scottish Enlightenment inasmuch as he was the first scholar who had surveyed:

history as a whole, correlating events in all the great centers of culture on earth and covering all the significant aspects of human life [and] secondly, he conceived history as a record of human activity in all its manifestations: art, learning, science, manners, custom, food, technology, amusements, and daily life (Thompson 1942: 66).<sup>96</sup>

Therefore, the philosophical history of the Scottish historical school by being both holistic and materialistic and by searching for the regularities behind historical processes, was much more sophisticated than the orthodox or 'vulgar' one which was limited to pure narrations and descriptions. Despite the sense of epistemic superiority of philosophical history over narrative history, Smith was extremely careful in his conclusions. In his *History of Historians* which, according to Skinner (1965 ff. 33: 169), bears resemblance to Hegel's lectures on the philosophy of history, Smith at no time expressed any sort of disdain for orthodox historians since he accepts many of their analytical motifs. For instance Millar, who was a student of Smith, in his celebrated *An Historical View of English Government* (1787) talks about the deeper incidents of constitutional history that lie beneath the common surface of events which occupies the details of the vulgar historian ([1787] 1803: 101).

At the same time, Smith's version of philosophical history is more sophisticated than that of the other members of the Scottish historical school. His philosophical history is seated on three constituent pillars: the conjectural history

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<sup>95</sup> Croce (1921: 252) noted that Voltaire illustrated the need "of bringing history back from the treatment of the external to that of the internal". For Voltaire, "The duty of true history could not be to weight the memory with external or material facts, or as he called them *events* (*evenements*) but to discover what was the society of men in the past [...] and to paint manners; not to lose itself in the multitude of insignificant particulars (*petits faits*)" (p. 252).

<sup>96</sup> According to Gooch (1913: 8) "Voltaire founded a new genre, now known as *Kulturgeschichte*. In his 'Age of Louis XIV' we receive the first picture of the multiform life of a civilised State". Moreover, in his 'Essai sur les Moeurs', he "portrayed the moral, social, economic, artistic and literary life of Europe from Charles the Great to Louis XIII" (p. 8). Essentially, Voltaire's work had ended the era of mere compilation of facts which dominated since the mid-eighteenth century.

which is the ontological side of his philosophical history;<sup>97</sup> the theoretical history which is its epistemological reflection; and the narrative one which is the thread betwixt them. It must be noted that, though Smith's theory of history is related to general (and transhistorical) principles concerning human nature, it does not relegate the importance of narrative history which is connected with individuals and special events. Narrative history plays a prominent role in Smith's theory of history since it either illustrates or falsifies his abstract theoretical schemas (Kim 2009: 44).<sup>98</sup> Moreover, according to Smith's 'Newtonian method' narrative history offers the essential historical material from which general theoretical principles are extracted and developed. The role of narration was central in Smith's theory of history since he believed that theories should be firmly based on experience (Megill 1975: 93).

Therefore, Smith's philosophical history (or his theory of history) is the crystallisation of three different (but closely interwoven) types of historicising: conjectural, theoretical and narrative, which determine his historical writing. Its main traits are described by Skinner (1972: 307-308):

First, in trying to elucidate the nature of the 'great chain' which links past and present, writers such as Smith relied on a number of judgments as to the psychology of man, based on observation and introspection. Secondly, it was typically argued that the basic principles of human nature, established by induction, were constant through time. The third feature of philosophical history, which is immediately relevant, is the use made of these basic

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<sup>97</sup> Many worthy commentators of Smith's theory of history do not make this distinction. *Exempli gratia*, Wightman (1975: 49) observes that theoretical or conjectural history is "an expression which coincides pretty nearly in its meaning with that of *Natural History* as employed by Mr. Hume, and with what some French writers have called *Histoire Raisonnee*". However, the conjectural type of historicising is connected with Smith's ontological premises, as it comprises certain ontological assumptions that are connected with the transhistoricity of human nature, while the theoretical one is related to more epistemological one. For example, Smith's stages theory is an exemplum of theoretical history with highly conjectural features. As Brewer (2008: 16) observes "The four stages theory [...] provided a general framework within which Smith deployed a number of theoretical elements to explain the trajectory of classical civilization and the contrasting development of post-classical Europe".

<sup>98</sup> Rashid (1990: 31) insists that Smith uses narrative history only to verify his pre-defined abstract theoretical schemas. He observes that Smith "did use an abundance of facts, but he used them to illustrate already established convictions". Rashid seems to reproduce Alfred Marshall's famous dictum that "Adam Smith seldom attempted to prove anything by detailed induction or history. The data of his proofs were chiefly facts that are within everyone's knowledge, facts physical, mental, and moral. But he illustrated his proofs by curious and instructive facts; he thus gave them life and force, and made his readers feel that they were dealing with problems of real world, and not with abstractions" (cited in Redman 1993: 219). Rashid's view seems to be extremely shortsighted. For instance, Heilbroner ([1953] 2000: 72) characterises the WN as a 'madding' book due to the fact that it does not bypass, minimise and scare anything.

principles of human nature, in the explanation of a wide variety of facts or ‘appearances’

The epistemic consistency in Smith’s types of historicising influences his economic and social analysis and determines the historical animation of his political economy (Fiori 2012 ff. 18: 428).

#### **2.4.2 Conjectural history**

The ontological side of Smith’s theory of history, the conjectural history, is related to a pre-established behavioural framework, concerning human nature, by which systematic analysis may be made of the main and general issues in the history of mankind. Essentially, the ontological pillars of Smith’s theory of history are connected with some abstracted notions as the famous ‘natural progress of things’ and the potency of perfect freedom or, in Kleer’s (2000: 22) words, “the hypothetical case of a nation that is developing in the absence of interventionist legislation”. Smith’s liberalism had impelled him to believe that given that in all nations and ages in history the desire of men to ‘better their condition’ was conducive to social welfare, if there is no regulation or violation of ‘the natural progress of things’, then progress is a relatively predictable outcome. In Smith’s ideal nation, perfect justice, perfect security and perfect liberty would unavoidably lead to ‘the natural progress of opulence’. Smith himself presents his ideal system (ideal society) by employing his own *Robinsoniad*.<sup>99</sup>

In substance, such systematisation is running against any actual historical situation. It must be noted that Smith himself believes that the harmony of economic (and social) order is far from being perfect (Kleer 2000: 15) and characterises his

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<sup>99</sup> His lengthy comment is worth of quoting *in verbatim*: “If a number of persons were shipwrecked on a desert island their first subsistence would be from the fruits which the soil naturally produced, and the wild beasts which they could kill. As these could not at all times be sufficient, they come at last to tame some of the wild beasts [...] In process of time even these would not be sufficient, and as they saw the earth naturally produce considerable quantities of vegetables of it’s own accord they would think of cultivating it so that it might produce more of them. Hence agriculture [...] The age of commerce naturally succeeds that of agriculture. As men could now confine themselves to one species of labour, they would naturally exchange the surplus of their own commodity for that of another of which they stood in need” (LJ (B) [1766] 1978: § 150: 459) Therefore, according to Smith, an ideal society which is free, just and safe would create the means for its subsistence and distribute them naturally to its members. However, Smith’s ideal system “will produce a fairer distribution of income and fewer injustices in the form of infringements of natural liberties or rights, such as those affecting choice of occupation, place of residence, and modes of employing capital and other types of property” (Winch 1992: 111).



idealised nation as an ‘Oceana or Utopia’ (WN, Book IV, c. ii, § 43). Originally, this ideal system has been first presented in the unpublished Edinburgh lectures of the late 1740s and early 1750s (Coats 1975: 219). Such an idealised situation was anticipated by his ‘never-to-be-forgotten teacher’ Francis Hutcheson, and his lifelong friend David Hume and was neatly elaborated in the Book III of the *Wealth of Nations*.<sup>100</sup> Although Smith was conscious that such an ideal type of social organisation was unattainable in practice, he had used it as a measure to typify and evaluate the actual and historical deviations from it. For instance, he praises the British government for its public management as approximating his general ideas upon society:

In Britain there is a happy mixture of all different forms of government properly restrained, and a perfect security to liberty and property [...] the nation is quite secure in the management of the publick revenue, and in this manner a rational system of liberty has been introduced (LJ (B) [1766] 1978: § 63: 421-422).

However, even in Britain, the nation had suffered from the “profusion of government which had retarded her natural progress” (cited in Coats 1975: 228). Substantially, therefore, Smith uses his *Oceana* to apprehend every possible variation from his ideal systematisation. His ‘conjectural history’, which is animated by constant and abstracted notions, is separated from any kind of historical narration. In principle, its epistemic aim is to provide general tenets with regard to human nature or in Redman’s (1993: 223) words “to trace the history of society back to its most basic, universal components or principles and then to demonstrate how these few connected principles were capable of rendering the chaos of the human world”.

Therefore, in Smith’s conjectural history “there need be no correspondence between the *natural* course of progress and the *actual* ‘empirical’ history of a particular society, for the latter might be fraught with accidents” (Hopfl 1978: 31). Evidently, conjectural history is not designed as an accurate description of the historical past since its intention is to offer some general principles concerning the historical process and to illustrate the general tendency of historical development. The Smithian ‘conjectural history’ is tightly connected with the idea of the ‘uniformity of

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<sup>100</sup> The intellectual threads between Hutcheson, Hume, and Smith laid “the foundations for the development of British political economy” (Taylor 1956: 262).

human nature'. As Bittermann (1940: 714) rightly observes, "Nature is the most common term and in his usage is distinct from the empirical universe". Essentially, in Smith's 'conjectural history' are crystallised the initial causes of instincts and emotions, which are constant in all ages and nations, that lie behind human action. Bittermann is acute again when he writes that, "The non-empirical element in his theory is simply that he was tolerably sure that Nature had given man the emotional basis for assuring that conduct in accordance with the feelings of mankind would also be conducive to happiness" (p. 726). As has already been noted above, all Scottish thinkers shared the belief that nature bestows in all men an array of desires, such as self-preservation, sexual gratification and 'bettering their condition', and a certain modicum of sympathy and benevolence. For instance, as Hume (cited in Hopfl 1978: 34) notes, "Ambition, avarice, self-love, vanity, friendship, generosity, publick spirit: These passions, mixed in various degrees, and distributed through society, have been, from the beginning of the world, and still are, the source of all actions and enterprises, which have ever been observed among mankind". However, such an admixture of desires, sentiments, and passions is historically specific and justifies the diversity of mentalities, actions, norms, institutions, etc. along the different stages of economic development.<sup>101</sup> Therefore, 'conjectural history', by tracing the uniform elements of human nature, exemplifies the historical progress by setting out, in a typical Newtonian fashion "a chain of 'possible' or 'natural' (but not, or not necessarily, actual) causes" (Hopfl 1978: 20). The ontological essence of 'conjectural history', i.e. the uniformity of human nature and the great regularity "among the actions of men, in all nations and ages" (Hume [1748] 1975: 180), is the *raison d' être* of Smith's conjectural history.

Essentially, the 'conjectural history' attained a twofold dimension in Smithian work. Initially, it comprises some universal principles with regard to the history of mankind and subsequently it illustrates the belief that (freed) unintended consequences of human action "would propel society to the ideal end stage" (Redman 1993: 223).<sup>102</sup> For example, Smith's famous notion of the 'invisible hand', in spite of

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<sup>101</sup> Ferguson (cited in Hopfl 1978: 35), for instance, "went so far as to deny what the others *were* prepared to affirm, namely, that a preoccupation with private interests was a universal human characteristic; he thought it typical of commercial societies, but alien to the mentality of rude and barbarous people".

<sup>102</sup> The 'unintended consequences of action' is a common ontological motif among Scottish authors. Smith identifies them with the metaphysical function of the 'invisible hand', while Ferguson ([1767]

being purely hypothetical in its anticipation, represents the ontological spirit of his ‘conjectural history’ as, in his mind, the actions of individuals are visible and can be narrated, “but the way in which they achieve coordination must be explained by invisible principles which reveal the hidden organisation of the system” (Fiori 2012: 443).<sup>103</sup> For Smith, the progress of civilisation is not the result of a conscious plan of some great men but the crystallisation of the unintended consequences of human action.

Smith’s ideal systematisation is described in the first chapter of Book III of the *Wealth of Nations*. In this chapter, Smith’s ideal nation is erected on his primal ontological premises of both ‘perfect liberty’ and ‘the progress of improvement’ which are used widely in Book I of his political economy. Smith’s intellectual construction is built upon his faith in both liberalism and sustainable progress. The main tenets of his ‘conjectural’ history are connected with the ideal condition of perfect liberty. His reliance on liberty, which is highly Hutchesonian in its origins, is the most decisive assumption of his theory of history.<sup>104</sup> Smith’s theory of history relies on the assumption that the liberation of human nature is the main precondition of economic progress. For instance, in his discussion of the ‘division of labour’, which is regarded as the main cause of material and mental posterity, Smith notices that it is not a consequence of human wisdom but “of a certain propensity in human nature [...] the propensity to truck, barter, and exchange one thing for another” (WN, Book I, c. ii, § 1: 25).<sup>105</sup> Moreover the second cause of wealth that of ‘capital

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1782, Book III, Section II: 205) characterises them as “the result of human action but not the execution of any human design”. Two centuries later, Friedrich Hayek used the same epistemic motif in his celebrated *The Road to Serfdom* (1944).

<sup>103</sup> Lindgren (1969: 912) notes that “the ‘invisible hand’ was a rhetorical device which Smith invented in order to communicate with men who unlike himself took no notice of the interests and motives of the members of society”.

<sup>104</sup> According to Leechman (cited in Macfie 1955: 88), Hutcheson, “as he had occasion every year in the course of his lectures to explain the origin of government, and compare the different forms of it, he took particular care, while on that subject, to inculcate the importance of civil and religious liberty to the happiness of mankind [...] and he had such success on this important point, that few, if any, of his pupils, whatever contrary prejudices they might bring along with them, ever left him without favourable notions of that side of the question which he espoused and defended”.

<sup>105</sup> The notion of ‘the division of labour’ is central in Smith. He seems to be familiarised with this notion through Hutcheson’s lectures. Hutcheson (cited in Skinner 1995: 170) notes that “joint labours of twenty men will cultivate forests, or drain marshes, or farms to each one, and provide houses for habitation, and inclosures for their stocks, much sooner than the separate labours of the same number” [...] Nay ‘tis well known that the produce of the labours of any given number, twenty, for instance, in providing the necessaries or conveniences of life, shall be much greater by assigning to one, a certain sort of work of one kind, in which he will soon acquire skill and dexterity, and to another assigning work of a different kind, than if each one of the twenty were obliged to employ himself, by turns in all

accumulation', is connected with man's desire to better his own condition.<sup>106</sup> Therefore progress is identified with the liberty of man to act according to his inner nature. Inevitably, according to Smith's anticipation, every violation of this liberty is running against both societal progress and economic advancement.

Smith's 'conjectural history' comprises certain epistemic elements: Firstly, it begins with human pre-history which a condition variously referred as the very early or rude stage of society. All Scottish philosophers wrote as if all such beginnings were seated in the remotest antiquity. Secondly, human nature is characterised by certain uniform features (the desire of self-preservation and of 'bettering our condition') which lie behind human agency, and whose admixture varies along the different stages of economic development (Skinner 1995: 172). Thirdly, 'conjectural history' has "to exhibit the mechanisms, the chains of causes and effects, whereby men *might* come, or better, *typically do come* from rudeness to polish" (Hopfl 1978: 29). Fourthly, it is seated on the idea of the unintended consequences of action. Fifthly, it is holistic in its animation since it took as its subject matter all aspects of social living, and, lastly, despite its intrinsic reliance on progress, suspension of advancement or even periodical regressions are possible and "there is simply no footing here for any optimistic view about inevitable or limitless progress" (p. 37-38). Heilbroner's (1973: 247) comment is indicative: "there are, after all, some very important hitches concealed in the dynamics of *The Wealth of Nations*". It is evident that for Smith there are long periods of economic stagnation and decline, especially when a country, such as China or India for example, has acquired its complement of riches.<sup>107</sup> Such an

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the different sorts of labour requisite for his subsistence, without sufficient dexterity to any". Moreover Skinner (1998: 1) notes that "While there is a debate regarding the origins of the modern analysis of the division of labour, it is plausible to suggest that Smith may have first encountered the problem as a result of hearing Francis Hutcheson's lectures when student in Glasgow between 1737 and 1740". Skinner also (1995: 169) notes that Canan discovered "that the *order* of a large part of Smith's course and its content corresponded closely with what Hutcheson was believed to have taught" but Smith "gave much less emphasis to the 'social' division of labour, as compared to Hutcheson" (p. 175-176).

<sup>106</sup> The tendency to 'better our condition', or more simply to improve our well-being was a highlighted motif in the writings of the Scottish historical school. For example, Millar (cited in Skinner 1967: 43) argues that "One of the most remarkable differences between man and other animals consists in that wonderful capacity for the improvement of his faculties with which he is endowed. Never satisfied with any particular attainment, he is continually impelled by his desires from the pursuit of one object to that of another; and his activity is called forth in the persecution of the several arts which render his situation more easy and agreeable".

<sup>107</sup> Although Smith notices many of the defects of modern society, and many of the problems which could arise in the future, the "general tenor of his argument must be said to be broadly optimistic with regard to the possibilities of economic and political development" (Skinner 1975: 178). *Ad addendum*, according to Coats (1975: 232), "there is no reason to doubt his fundamentally optimistic belief in progress".

interpretation elevates Smith's epistemic attitude towards science as an open system of successive approximations as is identified in his philosophy of science.

However, 'conjectural history', beyond its ontological enunciations, and at the expense of recorded (narrative) history, is accorded the role of 'hypothetical' history, filling the gap left by pure historical narration and evidence. As Clarke (1926: 364) notices: "Smith's treatment of origins falls partly in the class of 'hypothetical history', serving mostly to explain how the forces of 'natural liberty' might have operated under primitive conditions". Essentially, in Smith's 'conjectural' historicising, events or past states of human existence are explained through direct appeal to some propensities of human nature which are uniform in the history of mankind. According to Stewart (1793, Section II, § 46: 293), Smith used assumptions due to the lack of direct historical evidence and he does so "when we are unable to ascertain how men have actually conducted themselves upon particular occasions, of considering in what manner they are likely to have proceeded, from the principles of their nature, and the circumstances of their external situation". Smith's 'conjectural history' is related to the epistemological view that "when we cannot trace the process by which an event *has been* produced, it is often of importance to be able to show how it *may have been* produced by natural causes" (p. 293).<sup>108</sup>

In many instances, the past recorded in documents and his assumptions concerning the sequence of history might tally well enough, as in the history of Greece and Rome, or of Europe since the 'feudal system'. In such situations actual (recorded) history moves parallel to Smith's natural course of things and is connected with opulence's advancement. On the other hand, since the transition from feudalism to capitalism, the distinction between conjectural and 'empirical' history has come to the fore and a tension between conjectural and actual history has emerged. Therefore, Smith's 'conjectural' history – apart from its pure ontological nature- at the expense of historical facts attains the epistemological role of filling the gaps of historical

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The quest for 'economic progress' is one of the central motifs in the Scottish Enlightenment. For instance, as Skinner (1996: 249) observes, "Hume's tone is thoroughly optimistic in the sense that he traces a series of institutional changes whose net result is to give increasing scope to man's active disposition and in particular to the pursuit of riches".

<sup>108</sup> In Stewart's (1793, Section II, § 46: 293) words: "In this want of direct evidence, we are under a necessity of supplying the place of fact by conjecture; and when we are unable to ascertain how men have actually conducted themselves upon particular occasions, of considering in what manner they are likely to have proceeded, from the principles of their nature and the circumstances of their external situation".

narration. This role is connected with Smith's philosophy of science according to which we have to avoid the discomfort raised by *wonder*. In Smith's own words: "We should never leave any chasm or gap in the narration even tho are no remarkable facts to fill up that space. The very notion of gap makes us uneasy" (LRBL, lect.: xviii. 100).

In conclusion, Smith's conjectural history is a type of historicising that seeks to impose upon the sequence of historical facts an underlying principle, explicable by references to human nature, "the *primum mobile* of the eighteenth century" as Heilbroner (1973: 244) calls it, and, at the same time, to fill the gaps of narration by making assumptions concerning the sequence of historical events.

### 2.4.3 Theoretical history

The epistemological aspect of Smith's theory of history is his 'theoretical history' whose aim is to ascertain (epistemologically) the relation between causes and effects and to propose an analytical framework for this interrelationship.<sup>109</sup> Essentially, theoretical history is concerned with the typification of certain motifs that are conjoined together and introduce order in scientific inquiries. Therefore, Smith's theoretical history is epistemologically seated on specific ontological premises that are condensed in his abstracted 'conjectural history'. Its basic premise, that "all men are endowed with certain faculties and propensities such as reason, reflection, and imagination, and they are motivated by a desire to acquire the sources of pleasure and avoid those of pain" (Skinner 1979: 112), confirms the basis of his more abstract (and transhistorical) schemas.

The essence of Smith's theoretical history implies that certain (universal) principles of human nature at the ontological level, together with a Newtonian analogy at the methodological level, comprises the epistemological framework of his theory of history. The similarities between Smith's theory of history and Newton's *Principia* are obvious. For instance, Governor Pownell, a frequent correspondent with Smith, notices that the *Wealth of Nations* "constitutes an Institute of the Principia of

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<sup>109</sup> The typification of the relation between cause and effect was instrumental in the Scottish Historical school. "We find Kames arguing that in his historical and legal studies 'reason is exercised in discovering causes and tracing effects'. The point was echoed by James Stuart when he remarked that: 'Everything which points out relations is useful [...] we know nothing but through this channel'" (Skinner 1967: 35).

those laws of motion, by which the operations of the community are directed and regulated, and by which they should be examined” (cited in Skinner 2000: 5).

Evidently, Smith’s theoretical history is similar to Philosophy (or science in eighteenth century terms). According to Smith (HA, Section II § 12, 46), philosophy is identified as:

representing the invisible chains which bind together all these discordant objects, endeavours to introduce order into this chain of jarring and discordant appearances, to allay this tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquility and composure<sup>110</sup>, which is both most agreeable in itself, and most suitable to its nature<sup>111</sup>

Therefore, for Smith: “philosophy is the science of the connecting principles of nature (p. 45) and “gives some coherence to the appearances of nature” (p. 43).

In substance, theoretical history, based on the assumptions concerning human nature (conjectural history), tries to typify a set of epistemological motifs to interpret and exemplify regularities in economic (and social) phenomena. Smith’s theoretical history has three features. Firstly, it tries to seek out and typify the invisible connecting principles between human nature and society and the inner mechanism of these principles. Secondly, it “presupposes that every event is in reality subject to necessary connections in nature or to strict laws of causality” (Kim 2012: 802). And, thirdly, “in those cases in which the customary order or pattern of events is interrupted by an unexplained amazing phenomenon, and thus a sense of wonder is elicited, the work of the scientist’s imagination is to attempt to fill the gap in understanding arising from such an interruption” (p. 803). Therefore, in Smith’s mind, theoretical history, as any science, has to be cohesive and simple in order to smooth the imagination by the typification of a set of outlines which are interpreting a variety of diversified and seemingly disparate objects.

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<sup>110</sup> The notion of tranquility is central in Smith’s thought. Schliesser (2005: 713) observes that “Smith adopts the Skeptical/Stoic/Epicurean doctrine that tranquility of mind is necessary to happiness” See TMS (Book III, c. iii, § 30-33).

<sup>111</sup> For instance, Francis Jeffrey (cited in Skinner 1967: 36-37) notes that Millar “Instead of gazing [...] with stupid amazement on the singular and diversified appearances of human manners and institutions, [...] taught his pupils to refer them all to one simple principle and to discover them as necessary links in the great chain which connects civilized with barbarous society”.

Evidently, Smith's 'theoretical history' provides an epistemological framework for typifying regularities and represents at once the deductivist foundation of his writings. At the same time, Smith was cautious to verify his theoretical history, attained deductively, by testing it against the historical and observed facts. Therefore, Smith's theoretical history (which comprises the 'hard core' of his theory of history) is the means to understand (and systematise) social and economic proceedings. In contrast, his conjectural history is more ontological in its enunciations and impacts Smith's philosophical outlook upon the history of mankind. Smith's theoretical history is also connected with his methodology as formulated in his LRBL:

We may lay down certain principles known or proved in the beginning, from whence we account for the severall Phenomena, connecting all together by the same chain (LRBL, lect.: xxv. 145-146).

#### **2.4.4 Narrative history**

Many commentators have pointed out that there is an insolvable contradiction in Smith's theory of history, namely between his *theoretical* and his *narrative* history. This notable contradiction, which is characterised as a pre-eminent methodological problem in Smith's work, has warped the real understanding of the Smithian theory of history. The views concerning this 'problem' are multifarious. According to Kim (2009: 44) for example, many "support the view that Smith's historical account is to be understood, not as a form of idiographic approach but rather as that of nomothetic approach to history". This means that history is considered less as a body of work that deals with narrative description based on the collection and arrangements of facts, and more as starting from a theoretical framework established in the beginning by which systematic examination may be made of the main issues in history. Other authors (see Bowles 1986; Brewer 1998) support the view that Smith fails to reconcile historical experience with his more abstract theoretical arguments in history. Coleman (cited in Brewer 2008: 4), for example, observes that "historical evidence was of secondary importance in [Smith's] grand design of a comprehensive system" while for Wightman (1975: 54), "Smith left the reader in doubt where fact ended and fiction began".

Such contradictory readouts of Smith's theory of history have their roots in Dugald Stewart's confusion of identifying *theoretical* and *conjectural* history as being



one and the same thing.<sup>112</sup> According to Stewart, *theoretical* or *conjectural* history is “an expression which coincides pretty nearly in its meaning with that of *Natural History*, as employed by Mr. Hume, and with what some French writers have called *Histoire Raisonnée*” (1793, Section II, § 48: 293). Though Smith’s argument may seem inconsistent according to Stewart’s formalism, the distinction between conjectural and theoretical history gives his work the unity derived from its first principles.<sup>113</sup> Evidently, these dispositions had diminished the importance of Smith’s historical work, but there are references that illustrate its analytical value. For instance, Campbell and Skinner (1976: 51) note that Smith, “When he wrote as an orthodox historian, he tried to assemble the best documentary and factual evidence for his case; when he wrote as a philosopher of history, he tried to distil an ideal interpretation of an historical process ostensibly from the facts he accumulated”. According to Campbell (1976: 183), “Because of his philosophical predilections Smith’s work is not the most reliable source of the orthodox historian”.

However, Smith’s theory of history is even more intellectual. It was noted above that narrative history is of special importance in Smithian work.<sup>114</sup> Smith (LRBL, lect.: xvii. 89) in his essays on methodology had noticed that the narration of facts is the most fascinating and important part of historical writing. In spite of being seductive, narrative history has a threefold dimension in Smith’s work: firstly, it illustrates his more abstract theoretical propositions as provided by his theoretical history; secondly, it provides the necessary facts from which general principles are educed; and, thirdly, it limits the ‘universal truth’ of his abstracted generalisations. More specifically, his theoretical history is associated with his historical narrative (documentary evidence), since historical facts function illustratively to his more abstract (theoretical) presuppositions. Smith presents an attitude to narration when he notes that, “The Didactic and the oratorical compositions consist of two parts, *the*

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<sup>112</sup> Raphael (1985: 106) cautions that Stewart’s term ‘conjectural history’ is a misnomer and does not describe the essence of Smith’s own *History of Astronomy*. The epistemological leanings of Smith’s theory of history are exemplified in his theoretical history which is the mean of typifying historical regularities.

<sup>113</sup> Despite of the internal consistency between conjectural and theoretical history, we have to keep in mind that Smith was caught in a historiographical contradiction since, “The sequences narrated in conjectural history were deemed to be *typical*, whereas the sequences of narrative documentary history were *unique* and *particular*” (Hopfl 1978: 23).

<sup>114</sup> As is well known, the eighteenth century was identified with narration and erudition. Smith’s lectures reveal that he had adopted this identification (LRBL, lect.: xvii. 90). According to Pocock (2006: 275), “Smith [...] is at this point the inhabitant of a moral and exemplary universe, where a fact’s edificatory value outweighs the tedious question of its actuality”.

*proposition which we lay down and the proof that is brought to confirm this*” (LRBL, lect.: xvii, 89 emphasis added). For example, Myers (1970: 281) believes that “his political economy exceeds any other in his century for its detailed description of actual business life and for the factual data employed to interpret the economic problems of his day”.<sup>115</sup> Coats (1975: 221) illustrates Smith’s usage of narrative history since he notes that: “It was mainly attributable to his exceptional skill in combining analysis with empirical data, with historical examples, and with direct and incisive comments on the conditions and tendencies of his own times”.

*Ad addendum*, narration provides raw materials or data “from which generalisations between events are deduced” (Kim 2009: 44). For Smith, the narrative historian supplies the materials upon which the work of the philosophical historian is seated (Skinner 1975: 170). Smith’s theory of history requires a solid base of factual data to be established in the known before making explanations of the unknown. This is why Hollander (1979: 77) notes that “once the basic framework relevant for a capitalist exchange system had been constructed, the historical scaffolding was no longer formally essential and could be removed”.

Smith’s views on history were highly influenced by his methodological stance. His narrative history provides the historical material from which general explanations are derived and verified. Skinner’s (1996: 95) comment is indicative of this process:

Smith, in short, quite clearly recognised that the narrative historian often supplied the materials on which the work of the philosophical historian was based [and] We should recall that Smith did not himself claim that philosophical history had an exclusive title to be described as *scientific* in character

Therefore, narrative history provides the historian with all the necessary data from which abstract conclusions and generalisations are deduced.

Furthermore, Smith’s theoretical history has a certain empirical basis and is constrained by historical evidence itself. This dimension of narrative history is of prime importance in Smith’s pluralistic theory of history. More specifically, in many

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<sup>115</sup> Smith notes in his TMS that according to his moral philosophy, “the present inquiry is not concerning a matter of right [...] but concerning a matter of fact” (TMS, Book II, c. v, § 10: 77).

instances of his work and especially in his *Wealth of Nations*, the narrative is moving against his ‘as if’ abstracted conditions, diminishing at once the analytical depth of his theoretical history. Smith, a true disciple of Hutcheson, narrates facts that did not agree either with his theoretical suppositions, or with his ontological premises.<sup>116</sup> Such a quality of his ‘narrative history’ is interesting enough. Evidently, this aspect of his narrative historicising pinpoints the non-universalism of his theoretical history and his abstracted analysis. This side of his narrative history can be named freely as ‘civil history’ which is the art of presenting the unique (contingent) event in narrative form (Pocock 2006: 276). In ‘civil history’ “things happen which are aberrant, deviant, and even inexplicable by the operations of nature alone” (p. 276). Therefore, according to Smith, this aspect of narrative history crystallises the divergences from his ‘theoretical history’: namely the role of contingency and the extravagances of both government and merchants.<sup>117</sup>

Seen in this way there is no inconsistency between theoretical and actual history since the actual (pure narrative) history is represented either as the reflection of ‘the natural course of things’ or as a simplistic divergence from it. Essentially therefore, “Civil history may distort the course which natural history would have taken if left to itself, but natural history is of immense value in furnishing explanations for civil history” (Pocock 2006: 277). An evident proof of this is Book III of the *Wealth of Nations*. In the first chapter, Smith presents his theory of economic meta-history, while in the remaining three chapters he presents the ‘actual’ economic history of modern Europe, which due to state intervention and to merchants’ actions had moved against his transhistorical theoretical framework.<sup>118</sup>

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<sup>116</sup> Gray (1948: 8-10) pinpoints to the close ties between Adam Smith and Francis Hutcheson. Smith (WN, Book V, c. i, g, § 3: 790) notices that Hutcheson was the “most illustrious philosopher and historian of the present age”. For Skinner (1976: 116) Hutcheson’s influence upon Smith was particularly important and “although Hutcheson may have had some ‘mercantilist’ leanings, none the less his treatment of economics at an analytical level unfolds in an order and in a form which corresponds closely to the argument offered by Smith” (p. 116).

<sup>117</sup> The ‘role of accident’ in history is of prime importance in Smith’s writings. For example, in his discussion concerning the economic development of Italian cities (Venice, Genoa, and Pisa) he notes that ‘Crusades’ was a crucial element that accelerated their economic growth. Furthermore, with regard to England, he notes that Elizabeth I, who had no direct heirs, by selling off Crown lands impoverished the position of her successors and ‘motivated’ the ‘natural progress of opulence’.

<sup>118</sup> According to Skinner (1975: 155) Book III of the *Wealth of Nations* is a real piece of economic history since it “contains in fact a particularly elaborate explanation of the ‘present establishments’ in Europe”.

Evidently, such an attitude, to extract divergences from pre-defined schemas, is a characteristic motif in the writings of the Scottish historical school. For instance, Stewart (1793, Section II, § 56: 296) notices that there is no perfect uniformity in human nature as the latter may have been “determined by particular accidents, which are not likely again to occur and which cannot be considered as forming any part of the general provision which nature has made for the improvements of the race”; while for Hume ([1777] 1985: 254) in his *Essays*, “General principles, if just and sound, must prevail in the general course of things though they *fail in particular cases*, and it is the chief business of philosophers to regard the general course of things” (emphasis added). There is an interesting epistemological dimension in Smith’s theory of history since the theoretical part is generally checked by his historical narrative; or in Pocock’s terms by his civil history.<sup>119</sup>

Smith is always curious about ‘unexpected’ or ‘contingent’ events. He notes that we feel surprise when some object (or number of objects) is drawn to our attention which does not fall into a recognised pattern and such a surprise induces wonder (WN, Introduction, § 5). In his theory of history, surprise and wonder emerge as a result of freedom’s violation which is connected with both governments’ and merchants’ violence against ‘the natural course of things’. According to Smith (WN, Book I, c. x, § 2: 116) the policy of Europe “nowhere leaves things in perfect liberty”. Such an intervention transgresses the order of things and diminishes the analytical adequacy of his principles which are derived under the assumption of perfect liberty. Therefore, Winch (1992: 95) rightly notices that Smith “was content to allow empirical fact and ideal to live cheek by jowl, and thereby encompassed both what could be explained as normally the case and what could be justified or criticised from a moral and jurisprudential standpoint at the same time”.

Concluding, Smith narrates the story of the economic history of Europe under theoretical terms since the motif of his analysis is two-edged: the first edge of his narration is exemplified under a ‘set of connecting principles of nature’ – based on the assumption of perfect liberty; while the other is elaborated as the effect of intervention, regulation or chance and moves against ‘the natural course of things’. Methodologically speaking, the use of history in both theoretical and narrative terms

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<sup>119</sup> It must be noticed that the same motif of ‘twin histories’ exists in D’ Alembert and chiefly in his celebrated *Discours préliminaire a’ l’ Encyclopedie* (1751).

may be associated with what has been called Smith's critical realist methodology which connotes the dialectical relation between theoretical and narrative history. Narrative history is related with the visible, which is both observable and measurable, but it requires explanation and exemplification; while theoretical history is more abstract and indeterminate and is connected with narrative history. With regards to method, none of them is autonomous. Fiori's (2001: 433, 435) comment is indicative: "the visible (the perceptible) in order to be understood, must be referred to the invisible (what is not related to 'anything external') because the latter is able to explain the former" as "Smith's essential idea [...] is that the visible order is not explained by itself, and that on the contrary, it must be explained by an invisible order".

Essentially therefore, Smith's theory of history is supplemented by a 'theory of state', since government is a necessary pre-condition of justice, defence, and public works which are the requirements of 'the natural progress of opulence'.<sup>120</sup> As Smith puts it in his *Wealth of Nations*: "The establishment of perfect justice, of perfect liberty, and of perfect equity, is the very simple secret which most effectually secures the highest degree of prosperity" (WN, Book IV, c. ix, § 17: 669).<sup>121</sup> Stewart (1793, Section IV, § 13: 315) notes that in Smith's spirit "the most effectual plan for advancing a people to greatness is to maintain that order of things which nature has pointed out; by allowing every man, as long as he observes the rules of justice, to pursue his own interests in his own way, and to bring both his industry and his capital into the freest competition with those of his fellow-citizens". The violation of 'the natural progress of opulence' is connected with human passions and miscues and is related to the abolition of perfect liberty and competition. Essentially therefore, as Evensky (2007: 17) puts it, Smith "offers an analysis of the course of recorded history explaining why the unnatural twists, turns, stagnations, and declines of societies do not represent violations of his general principles but, rather reflect peculiar distortions of those principles caused by human frailty". Additionally, all governments that had thwarted this natural course except of being oppressive and tyrannical, are also

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<sup>120</sup> Kim (2009: 47) notes that "polity constitutes one of the major factors that originally influence economic development in Smith's system of political economy". "The improvement of government, the distinction of ranks, habits of obedience and legality, and the consequent improvements in personal security and ordered liberty are in all accounts as important both in themselves and as preconditions for all social advancement" (Hopfl 1978: 36-37).

<sup>121</sup> Theocarakis (2006: 12) rightly observes that "Smith uses the Aristotelian concepts of justice-via the Natural Law philosophers".

unnatural. Such unnatural conditions imply specific methodological enunciations. Smith's comment (LRBL, lect.: xvii. 90) is illustrative: "The changes or accidents that have happened to inanimate or irrational beings cannot greatly interest us; we look upon them to be guided in a great measure by chance, and the undesigning instinct". Therefore, the great object of legislators and statesmen is to promote the establishment of such an economic policy that would facilitate 'natural liberty'.<sup>122</sup>

## 2.5 Concluding remarks

According to the arguments presented above, despite its historiographical weaknesses, there is an internal consistency in Smith's theory of history since every historical fact is presented either as the reflection of 'the natural course of things' or as the effect of state's inability to secure safety, certainty, justice, and equity.<sup>123</sup> The epistemic 'hard core' of Smith's theory of history comprises of three ways of historicising: the 'conjectural', the 'theoretical', and the 'narrative' which are inextricably interwoven in his historical analysis. As Redman (1993: 219) puts it, "Smith abstracts from the real world [i.e. narrative history] to determine a typical-what he terms 'natural'- representation of the facts [i.e. theoretical history] which he in turn contrasts with an ideal social form [i.e. conjectural history], for instance, the free market in the *Wealth of Nations*". Therefore, Smith had moved beyond his 'historiographical' origins (of pure narration) and tried to understand the deeper functions of social and economic phenomena. The epistemic distinction between theoretical and narrative history constitutes the ontological *raison d' être* of his theory of history. For instance, when the historical facts support the pre-defined theoretical schema, theoretical and narrative histories coincide. On the other hand, when there is a disagreement, narrative history (due to contingency or violation of 'the natural course of things') is moving against theoretical history. Smith took a great historical sweep and produced a historically sensitive (though incomplete) theory of history in

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<sup>122</sup> Stewart (1793, Section IV, § 25: 64) notes that for Smith "Man is generally considered by statesmen and projectors as the materials of a sort of political mechanics. Projectors disturb nature in the course of her operations in human affairs; and it requires no more than to let her alone, and give her fair play in the pursuit of her ends, that she may establish her own designs".

<sup>123</sup> Smith's insistence upon security and safety was Hutchesonian in nature. Hutcheson (cited in Skinner 1998: 171) observed that "nothing can so effectually excite men to constant patience and diligence in all sorts of useful industry, as the hopes of future wealth, ease, and pleasure to themselves, their offspring, and all who are dear to them, and of some honour too to themselves on account of their ingenuity, and activity, and liberality. All these hopes are presented to men by securing to every one the fruits of his labours, that he may enjoy them, and dispose of them as he pleases [...] Nay the most extensive affections could scarce emerge a wise man to industry, if no property ensued upon it".

order to give coherence and order to what otherwise appeared as the chaos of unconnected events in the economic sphere. Indeed, Smith (and the Scottish Historical school) contributed to the alteration of the word ‘history’ which was previously academically identified, following Leopold von Ranke, with the narration of political events.

## Chapter 3

### Adam Smith’s *Wealth of Nations*: Setting the Scene of Economic History

It would take [...] probably a monograph, to examine Smith’s merits and limitations as a historian

Coats (1975: 224)

#### 3.1 Introduction

The rich and multilayered legacy of the Scottish historical school was replanted by its leader in an uncropped but extremely fertile ground, that of political economy.<sup>124</sup> Adam Smith, after his retirement from the University Chair at Glasgow, continued to elaborate many of the (economic) topics that were but loosely mentioned in his early *Lectures on Jurisprudence*.<sup>125</sup> His economic interests were mainly focused on such

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<sup>124</sup> We have to keep in mind that moral philosophy is the mother discipline of both political economy and social theory. According to Ross (1995: 116) “The teaching of moral philosophy was at the core of the Scottish education of Smith’s time, and of the Scottish Enlightenment as a movement”. Ross informs us that Smith considered his TMS as a much superior work, compared to the WN, and always regarded himself as a pure moralist (p. 177).

<sup>125</sup> The University of Glasgow was a decisive factor for the spread of the ideas of the Scottish Enlightenment. Smith had been both a student and professor there. He resigned from the Chair of Moral Philosophy on the 1<sup>st</sup> of March 1764. Smith requested his early resignation through a letter (from Paris) to ‘Thomas Miller, Lord Rector of Glasgow University’ on 14<sup>th</sup> February 1764 (Correspondence, Letter

issues as production and distribution of wealth and public economics. These interests moved him closer to the discipline that was termed political economy. As is well known, Smith's analytical endeavours, as presented in his *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), represented to a large extent the foundation stone of modern economic thinking.<sup>126</sup> As seen in Chapter 2 the WN exhibits an organic and congenial synthesis of economic theory and history. In the WN the 'epistemic dialogue' between the two attains its apogee by demonstrating the importance of both in the anatomy of economic processes. In Smith, abstract economic reasoning is enmeshed with the available historical evidence in order to produce a new kind of economic theory. The historical element, in all its forms, economic, social, political, cultural etc., is subsumed in Smith's central theoretical interest, namely to understand the nature and the principles of both production and distribution. Inevitably, this focus opened the potential for history to become a valuable and integral part of Smith's economic analysis (Milonakis 2006: 270).

The eclectic nature of Smith's analysis is the prime cause of several dualisms found in his *locus classicus* (Screpanti and Zamagni 1993, Hodgson 2001, Milonakis and Fine 2009). Smith's eclecticism is also reflected in the pluralistic and contradictory relation between economic theory and economic history which to a large extent is shaped by the dualism between deduction and induction in Smithian work. Smith to begin with uses history as theory, in order to typify the 'natural order of things', while also making use of factual data, through empirical analysis, in order to exhibit "the real as contrasted with an ideal, order of things" (Leslie 1870: 24). The aim of this chapter is to investigate the source of this dualism and typify the virtues

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81: 100). In this letter Smith expressed his belief that his "Successor may not only do Credit to the Office by his abilities but be a comfort to the very excellent Men with whom he is likely to spend his life, by the Probity of his heart and the Goodness of his Temper" (p. 100). *In fine*, Smith was elected as a Rector of this University fifty years after matriculating on 16 November 1787 (Ross 1995: 156).

<sup>126</sup> More specifically, *The Inquiry into the Nature and Causes of the Wealth of Nations* was published on the 9<sup>th</sup> of March 1776 and was over 1000 pages in two quarto volumes, between blue-grey or marbled boards (Ross 1995: 270). According to Rae (1895: 285), the book sold well even in its first year. He notes that "The first edition, of whose extent, however, we are ignorant, was exhausted in six months, and the sale was from the first better than the publishers expected". Gibbon, the unrivalled historian of the Roman empire, highlights this fact by noting that it is "An extensive science in a single book" (cited in Pike ([1974] 2010: 17). It must be noted that Smith thought highly of Gibbon. In one of his letters to him on 18<sup>th</sup> December 1788 (Correspondence, Letter: 283: 316) he makes this explicit: "I cannot express to you the pleasure it gives me to find that by universal consent of every man of taste and learning whom I either know or correspond with, it sets you at the very head of the whole literary tribe at present existing in Europe". Hume also, praises Gibbon's *Decline and Fall of the Roman Empire* joking to Smith that he "should never expected such an excellent work from the Pen of an Englishman" (Correspondence, Letter 150: 186).



and the contradictions in Smith's use of history. We offer a critical appraisal of Smith's empiricism in order to show the inner antithesis between the 'esoteric' and the 'exoteric' nature of his analysis, first identified by Marx.

Smith, apart from developing a distinct theory of history (see chapter 2), uses history (both as philosophical stance and as pure evidence) in discernible ways. The aim of this chapter is exactly to investigate the ways in which history is incorporated in Smith's political economy. More specifically, we propose a 'four thematic' approach to Smith's use of history corresponding to the four distinct ways through which Smith incorporates the historical element in his economic theory.

First is a *methodological* use of history. This usage is examined in the section 2. Smith combined a proto-historical materialism with a progressive philosophy of history in order to erect the ontological pillars of both his theory of history and of his economic analysis. Methodologically, history was a crucial element of both his theory of structure and agency, and of his collectivism which are characteristic (ontological) elements of the Smithian work.<sup>127</sup> Some examples are sufficient to show the analytical importance of methodological collectivism and illustrate its collision with methodological individualism. For instance, Smith observes that in discussing the happiness and perfection of man, the latter must be considered "not [...] as an individual, but as the member of a family, of a state, and of the great society of mankind" (WN, Book V, c. i, § 30: 771). However, Smith's methodological collectivism is moving against his *ideal individual* with his tendency to track, barter and exchange, another example of Smith's eclecticism. Essentially, Smith's methodological collectivism is opposed to methodological individualism which was

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<sup>127</sup> Methodological collectivism is a common methodological motif among Scottish scholars and is widely used – alongside Methodological individualism – in the WN. Dow (1987: 341) rightly observes that in the Scottish tradition "man was not viewed as an isolated atom, but as a political being or a social being". For instance Hume, one of the most representative figures of the Scottish Enlightenment, "would refer to 'society' rather than individuals, and Smith would discuss the tempering effect of social pressures on individual greed. It was this apprehension of individuals, as members of society, rather than isolated atoms, which provided the basic principles underlying Scottish political economy" (p. 342, emphasis added). For Macfie (1967: 17) the method of the Scottish historical school was "to start with the facts of human nature, with actual motives, with the influences of classes and groups- what bound them together and divided them, with the aesthetic and moral benefits derived from social life", while Hopfl (1978: 35) observes that Scottish philosophers did not use a methodological starting point similar to the 'benthamitus' postulate of an isolated, rational calculator of his own advantage.

the rule in the modern puritan moral philosophy.<sup>128</sup> The examples of this methodological preference are numerous. For example, according to Smith (WN, Book V, c. i, § 12: 795-796) a man of low condition never,

emerges so effectually from his obscurity, his conduct never excites so much the attention of any respectable society, as by his becoming the member of a small sect. He from that moment acquires a degree of consideration which he never had before. All his brother sectaries are, for the credit of the sect, interested to observe his conduct, and if he gives occasion to any scandal, if he deviates very much from those austere morals which they almost always require of one another, to punish him by what is always a very severe punishment, even where no civil effects attend it, expulsion or excommunication from the sect.

More broadly, in his moral writings (particularly in his *Theory of Moral Sentiments*), Smith observes that in general, the interests and preferences of groups were to be preferred to that of individuals, and that of larger groups to that of smaller ones.<sup>129</sup> Generally, Smith, as Montes (2003: 733) points out, “did not view man as an isolated atom but, following the ‘civic humanistic tradition’ as a *zoon politikon*”. Such a stance is connected with a kind of methodological collectivism since social classes are in many instances treated as the starting point of analysis.

Second, we can discern an *illustrative* use of (narrative) history which is (extensively) handled in order to amplify and elucidate Smith’s more abstract theoretical schemes. According to Leslie (1870: 24), Smith uses factual and historical data, all set in an inductive methodological context, for the verification of his deductive conclusions. Although Smith was the first political economist who made use of the ‘art’ of verification as an important tool of his economic methodology, this section qualifies Blaug’s ([1962] 1985) view of classical political economists such as Malthus and J.S. Mill as typical verificationists.

Third, there exists in the WN a *theoretical* treatment of history. History penetrates as a structural element of his economic theorising, since theoretical history constitutes

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<sup>128</sup> It seems that Hutcheson’s influence lies behind Smith’s methodological stance. Hutcheson’s teachings are impelled “from a broad consideration of the greater good of mankind- ‘the greatest happiness of the greatest number’” (Rae 1895: 12).

<sup>129</sup> For Smith, as for the majority of Scottish philosophers, groups of people were thought to be more than a mere sum of individuals. This analytical proposition is totally different to that of neoclassical theory which identifies groups or collectivities as simple sums of isolated individuals.

the ontological foundation of his abstract theoretical reasoning.<sup>130</sup> Section 4 sketches out in detail Smith's famous stages of economic development and provides a connection between this and the historically specific character of Smith's economic analysis. Additionally, in this section, we investigate and try to typify the main features of Smith's theoretical history as found scattered in his WN.

The fourth use of history is surveyed in section 5. Smith, in places, uses history (mainly in its pure narrative form) as a substitute for abstract theorising. This use, despite its interesting historiographical connotations, is propelled by Smith's empiricism and involves some controversial epistemological issues. Our criticism emanates from Marx's critique on Smith's epistemology and illustrates Smith's epistemic dualisms which led him to incorporate the historical element in his theoretical analysis.

In section 6 an attempt is made to evaluate Smith as an *early economic historian* focusing on his attempt to understand and interpret contemporaneous economic processes. In this extremely interesting attempt, he makes use of a plethora of historical facts (primary and secondary) developing at the same time a critical gleaning of them. We conclude that Smith should be regarded as the founder of economic history which in his *manus* is interchangeably interrelated with his economic theory. In section 7 we summarise our findings.

### **3.2 Materialism, economic advancement and institutional change: some methodological remarks**

Smith could be considered as a typical materialistic analyst.<sup>131</sup> His materialistic stance is evident in his WN in which economic development plays the 'ultimate' role in fixing secular social trends. At the same time, the economic structure is regarded by Smith as the principal factor in the transition from one stage of economic

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<sup>130</sup> His early biographer, Dugald Stewart, informs us that some of Smith's auditors in his public lectures in Edinburgh adopted the methodology of 'philosophical history' and incorporated it for their own enquiries into social and institutional change (Stewart [1789], Section II, § 44: 292).

<sup>131</sup> The materialist outlook of Smithian work is underlined mainly in Meek (1971) and Skinner (1975; 1996). These authors believe that materialism represents the ontological *raison d'être* of Smith's stages theory. In the same spirit Heilbroner (1973: 244) notes that in the WN the stages theory scheme "is reiterated with much greater historical detail and is utilized to suggest a proto-Marxian coincidence of civil institutions with the changing underpinnings of the material mode of production". On the other hand, some post-modern commentators contest the one-sided materialistic (or pre-Marxian) perception of Smith's work and stress its political character [see *inter alia*: Winch (1983), Haakonssen (1982), and Robertson (1983)].

development to another. In spite of not being as explicit as Marx, Smith regards the economic element as the most fundamental in determining the history of mankind. The central notion of his work, that of ‘the mode of subsistence’, not only influences the predominant pattern of economic activity, but affects the entire range of social and political life, including ideas and institutions of property and government, the state of manners and morals, the legal system, the division of labour, cultural standards, politics etc. (Coats 1975: 221). Skinner (1975: 155) points out that Smith’s theory of history is purely materialistic since, first, social change depends exclusively on economic development. Second, it assumes that “man is self-regarding in all spheres of activity, more specifically the economic and political, thus explaining his pursuit of security, wealth, and that form of satisfaction on which the development of productive forces seem to depend” and, third, this development is connected with a theory of stages according to which each stage of a particular socio-political structure is reflecting the ‘mode of subsistence’ prevailing. Essentially, therefore, Smith’s materialism is crystallised both in his general epistemic choices and in his methodological priorities. He does not believe that ideas precede reality, but his explicit statement is that ideas (theory in more ‘Newtonian’ terms) can never encompass the full spectrum of social reality.<sup>132</sup>

There are certain points that illustrate the materialist character of Smith’s economic theory. Firstly, there is a direct relationship between the development of productive forces and of qualitative changes in economic organisation, structures etc.; secondly, there is a clear interdependence between the type of economy and the pattern of subordination and authority characteristic in a given society; thirdly, there is an elaborated idea that a particular group of dominant and subordinate classes must be associated with a particular type of economy; lastly, there is likely to be some conflict between classes in the process of transition from one economic stage to another (Skinner 1965: 21). Essentially, therefore, the ontological foundation of Smith’s theory of history is the necessity of the material reproduction of human existence, while the epistemological reflection of this theory is encapsulated in the idea of ‘the mode of subsistence’. The ‘mode of subsistence’, which is a common analytical

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<sup>132</sup> Smith’s belief is moving contrary to that of Walras’ who presumes that “ideas not only precede but also surpass reality” (cited in Montes 2003: 738). It was this idea that impelled Walras to attribute a ubiquitous priority over practical and ethical issues in pure economics. This represents a major epistemic difference between Smith’s economics and the epistemology of neoclassical theory.

concept among Scottish scholars, is connected with the ability of human beings to reproduce themselves while making their own history. The way of earning subsistence influences their social organisation, the laws of their society, their habits, their culture and their political administration. For example, William Robertson in his celebrated *History of America* (1827) notes that:

In every enquiry concerning the operations of men when united together in society, the first object of attention should be their *mode of subsistence*. According as that varies, their laws and policy must be different. The institutions suited to the ideas and exigencies of tribes, which subsist chiefly by fishing or hunting, and which have hardly formed a conception of any species of property, will be much more simple than those which must take place when the earth is cultivated with regular industry (Book IV, § Political Institutions: 309).

Therefore, according to Scottish scholars, the driving force behind any historical change is material in character. Particularly, for Smith, the natural desire to improve the material conditions of life impelled man to “cultivate the ground, to build houses [...] to invent and improve all the sciences and the arts” (Skinner 1965: 6).

The necessity of biological reproduction is the ontological foundation of his theory of history since it appears as the crucial pre-condition at the beginning of ‘making history’.<sup>133</sup> There are many points that illustrate the historical character of this ‘necessity’. Smith observes that “There is however a certain rate below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labour” (WN, Book I, c. viii, §14: 85), since “the lowest class of labourers [...] notwithstanding their scanty subsistence, must some way or another make shift to continue their race so far as to keep up their usual numbers” (WN, Book I, c. viii, §25: 90). Smith is explicit in his comment that a common workman must always have been fed in some way or other while he is working (WN, Book I, c. ix, § 21: 113). Therefore, even the meanest labourer has to earn the necessaries to bring up

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<sup>133</sup> A similar view, while more entropical, is developed by Marx and Engels in their *German Ideology*. They note that “We must begin by stating the first presupposition of all human existence, and therefore for all history, namely that men must be in a position to live in order to be able to ‘make history’ [...] *The first historical act is, therefore, the production of material life itself. This indeed is a historical act, a fundamental condition of all history, which today, a thousands of years ago, must be accomplished every day and every hour merely in order to sustain human life*” (Marx and Engels [1845-1846] 1976: 70, emphasis added).

himself and his family in order to produce new workmen. This position is the natural effect of the fact that any species of animals naturally multiplies in proportion to the available means of its subsistence, and no species can ever multiply beyond it (WN, Book I, c. viii, § 39: 97). For Smith there must be (in any historical epoch) a ‘subsistence wage’ which has to be adequate for any labourer to buy all necessaries for the support of his life. Namely, to buy, “whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without” (WN, Book V, c. ii, § 3: 870).<sup>134</sup> His comment is indicative:

As subsistence is, in the nature of things, prior to conveniency and luxury, so the industry which procures the former, must necessarily be prior to that which ministers to the latter (WN, Book III, c. i, § 2: 377).<sup>135</sup>

According to this ontological acceptance, the availability of necessaries is crucial in determining demographic fluctuations. The increased demand for labour, together with augmented productivity, gives rise to more births and:

if this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and the multiplication of labourers, as may enable them to supply that continually increasing demand by a continually increasing population (WN, Book I, c. viii, § 40: 98).

Moreover, improved productivity influences the availability of necessities. For instance slavery, which is related with sparse productivity, is acting as a barrier to any invention and is detrimental to a generalised population growth (LJ (B), Section V, §

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<sup>134</sup> Evidently, the ‘subsistence wage’ is historically animated. For Smith, “A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greek and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day labourer would be ashamed to appear in publick without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed, nobody can well fall into without extreme bad conduct. *Custom, in the same manner, had rendered leather shoes a necessary of life in England*” (WN, Book V, c. ii, § 3: 870, emphasis added). The relative (and historical) character of the ‘subsistence wage’ is illustrated by Ferguson who in his *History of Civil Society* notes that, “The necessary of life is a vague and relative term: it is one thing in the opinion of the savage; another in that of the polish citizen: it has reference to the fancy and the habits of living” (1782 [1767], Book III, c. iv: 142).

<sup>135</sup> Smith uses historical data in order to illustrate the veracity of this belief. He notes that Mathew Hales (1609-1676), an influential English barrister, judge, and lawyer noticed in his *Discourse Touching Provision of the Poor* (1683) that, “the necessary expense of a labourer family, consisting of six persons, the father, and mother, two children able to do something and two not able, at ten shillings a week, or twenty-six pounds a year” (WN, Book I, c. viii, § 34: 94-95).

75: 299-300).<sup>136</sup> It is evident that demographic variations reflect the ability of a society to reproduce its members. Smith tries to underline this pre-condition by noting that “countries are populous, not in proposition to the number of people whom their produce can cloth and lodge, *but in proportion to that of whom it can feed*” (WN, Book I, c. xi, part ii, § 6: 180, emphasis added). He believes that the crucial factor in determining population growth is the quantity (and not the quality) of food. He argues that a rich man consumes no more food than his poor neighbor but the difference in their meal is in their quality.<sup>137</sup>

Based on these ontological premises Smith proceeds to develop an early systematisation of demographic development which, despite its analytical weaknesses, is interesting. He relates increases in population with the attained level of economic development since for him, “the most decisive mark of the prosperity of any country is the increase of the number of its inhabitants” (WN, Book I, c. viii, § 23: 87-88). Smith illustrates this analytical point by noting that in Great Britain and most other European countries, population is not supposed to double in less than five hundred years. On the other hand, in the British colonies in North America, it has been found that it doubles in twenty or twenty five years, since labour there is “so well rewarded, that a numerous family of children, instead of being a burthen *is a source of opulence and prosperity to the parents*” (p. 88, emphasis added). Smith’s materialism impels him to unfold a pre-Malthusian demographic perception due to a systematisation of the intrinsic relation between population trends and country’s economic development (O’ Brien 1976: 135). According to his theoretical outline, when a country declines, famines and mortality would immediately appear in the lower classes “and from thence extend themselves to all the superior classes, till the number of inhabitants in the country was reduced to what could easily be maintained by the revenue and stock which remained in it” (WN, Book I, c. viii, § 2: 91). For Smith, the multiplication of human species is limited or activated by the scantiness or

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<sup>136</sup> The poor productivity of slavery is illustrated by an appeal to classical antiquity. More specifically, he points out that “In antient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the master when it fell under the management of slaves, is remarked by both Pliny and Columella. In the time of Aristotle it had not been much better in antient Greece. Speaking of the ideal republick described in the laws of Plato, to maintain five thousand idle men (the number of warriors supposed necessary for its defence) together with their women and servants, would require he says, a territory of boundless extent and fertility like the plains of Babylon” (WN, Book III, c. ii, § 9: 388).

<sup>137</sup> More specifically he notes that “In quality it may be very different; and to select and prepare it may require more labour and art; but in quantity it is very nearly the same” (WN, Book I, c. xi, part ii, § 7: 180).

affluence of the means of subsistence. He is explicit in his concluding comment that “The populousness of every country must be in proportion to the degree of its improvement and cultivation” (WN, Book IV, c. vii, 2<sup>nd</sup> Part, § 7: 568).<sup>138</sup> For Smith the economic condition of a country determines the protection of its protégé members. For instance, in rude and savage nations, people:

are frequently reduced, or, at least, think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be detoured by wild beasts (WN, Introduction, § 4: 10).

Smith’s materialistic thought is crystallised in his analysis of legal institutions. His firm belief is that *institutions* are shaped by the masters’ interests. According to his analysis such a configuration depends on the material status of class agents. His example of workers’ strike is indicative of this close interdependence. He notes that:

A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman could generally live a year or two upon the stocks which they have acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long-run the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate (WN, Book I, c. viii, § 12: 84).

Therefore, the type of economic structure is decisive in the way that power is exerted and (finally) distributed in a historically specific societal organisation.<sup>139</sup>

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<sup>138</sup> The epistemological motif of this direct connection between a nation’s wealth and its demographic trends is registered in many works in Smith’s times. For instance, Montesquieu (1748), was the first to note that people who do not cultivate the earth can scarcely form a great nation. He notes that “If they are herdsmen and shepherds, they have need of an extensive country to furnish subsistence for a small number; if they live by hunting, their number must be still less, and in order to find the means of life they must constitute a very small nation” (Esprit, XVIII, x. § 2: 364-365). Cantillon observes that the limitation of population growth among the wild tribes of North America is also attributed to the mode of earning subsistence (Essai, Part I, c. xiv: 70-71). Furthermore, James Stuart in his *Principles of Political Economy* develops a rather similar argumentation (Principles of Political Economy, Book I, c. vi: 31-36). It must be noted that Smith was generally critical about Stuart’s *magnum opus* mainly due to its mercantilist ideas.

<sup>139</sup> The direct connection between proprietorship and power is a usual motif among the writers of the Scottish historical school and confirms the basis of its historical materialism. For example, William Robertson identifies property with power and noted that, “Upon discovering in what state property was at any particular period, we may determine with precision what was the degree of power possessed by the king or by the nobility at that juncture” (History of the Reign of the Emperor Charles V, Note VIII, Section I: 266).



Evidently, such a power (which is determined materialistically) is the mean of shaping the institutional framework. Smith arrays a variety of historical instances in which the institutional framework was favourable to merchants, manufacturers and craftsmen, but not to common people. The famous institution of *apprenticeship* in his times, which had firstly been the product of a bye-law of many individual corporations, became later the “general and publick law of all trades carried on in market towns” (WN, Book I, c. x, part ii § 8: 137). For Smith, this labour institution was enacted to endorse corporations’ sole aim: “to keep the market always under stocked” (WN, Book I, c. x, part ii § 18: 141). Generally, he had the heretic view that: “Whenever the law has attempted to regulate the wages of workmen, *it has always been rather to lower them than to raise them*” (WN, Book I, c. x, part ii, § 44: 152, emphasis added) and, more explicitly, “it is everywhere much easier for a wealthy merchant to obtain the privilege of trading in a town corporate, than for a poor artificer to obtain that of working in it” (p. 152). Smith believes that when the legislature attempts to regulate the differences between masters and their workmen, “*its counselors are always the masters*” (WN, Book I, c. x, part ii, § 61: 157, emphasis added). Smith elaborates historical evidence to ‘denude’ these counsels. As an example, the famous bounty on foreign corn in 1688 was a typical example of such interdependence. His comment is of intense historical interest:

the country gentlemen, who then composed a still greater part than they do at present, had felt that the money price of corn was failing [...] But the government of King William was not fully settled. It was in no condition to refuse anything to the country gentlemen, from whom it was at that very time soliciting the first establishment of the annual land tax (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 10: 215).<sup>140</sup>

Essentially, therefore, Smith’s materialistic understanding shows that the institutional (legal) framework of any form of societal organisation is decisively determined by its

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<sup>140</sup> It must be noted that Smith was always a stout Whig and opposed any attempt to increase the power of the Crown, since monarchy is connected with a total violation of ‘the natural course of things’ (Rae 1895: 163). Smith was a Whig from his origins since, “his father’s family had been on the winning side of the Protestant Whigs” (Ross 1995: xviii). Smith’s political alignment remained with the Rockingham Whigs (p. 258). Evidently, his spirit was highly animated through his sojourn in Geneva and by his cross-fertilisation with Voltaire there (p. 189). According to Smith, Voltaire was “the most universal genius perhaps which France has ever produced” (letter 254 1987: 292). Voltaire was the founder of the trend of *totalite histoire* named as *Kulturgeschichte*. For instance, his *Siecle de Louis XIV* “was the first work in which the whole life of a nation is portrayed” (Gooch 1913: 573).

economic development. For him, the distribution of property in any society, determines its institutions and the type of political administration. Besides, according to Smith (WN, Book V, c. i, 2<sup>nd</sup> Part, § 2: 710), “The acquisition of valuable and extensive property [...] necessarily requires the establishment of civil government”, since “where there is no property, or at least none that exceeds the value of two or three days labour, civil government is not so necessary”.

Apart from this one-sided influence, Smith seems to believe that economic advancement is clearly connected with institutional transformation. He elaborates the dialectical relation between the function of economic forces and the type of political administration. For instance, he notes that, “In the end of the fifteenth and beginning of the sixteenth century, the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several ages before. *The increase of security would naturally increase industry and improvement*” (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 14: 199, emphasis added). Smith associates the ‘security’ of economic transactions with material advancement. He believes that security is directly influenced by the state of economic development and observes that the evident insecurity in Turkey, Indostan, and most other governments of Asia, is related to the violence of feudal government (WN, Book II, c. I, § 31: 285).<sup>141</sup> Smith (LJ (B), § 46: 414) sketches out this scheme early in his *Lectures* where he notes that:

A Turkish bashaw or other inferior officer is decisive judge of everything, and is as absolute in his own jurisdiction as the signior. Life and fortune are altogether precarious, when they thus depend on the caprice of the lowest magistrate. A more miserable and oppressive government cannot be imagined.

For instance, in feudal times, the frequency of treasure-trove, elevates the evident conditions of insecurity (WN, Book V, c. iii, § 1: 908). Smith incorporates political history in order to illustrate this view. According to him:

In the disorderly state of England under the Plantagenets, who governed it from about the middle of the twelfth, till towards the end of the fifteenth century, one district might be in plenty, while another at no great distance, by

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<sup>141</sup> Smith notes in his early *Lectures* that “At this day in Turkey and the Moguls dominions every man almost has a treasure, and one of the last things he communicates to his heirs is the place where his treasure is to be found” (LJ (A), Section I, § 59: 25).

having its crop destroyed either by some accidents of the seasons, or by the incursion of some neighboring baron, might be suffering all the horrors of the famine (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 23: 204).

*E contrario*, under the vigorous administration of the Tudors, who governed England during the latter part of the fifteenth and through the whole of the sixteenth century, when the economic improvement of England was forging ahead, neither baron nor lord was powerful enough to rupture the public security (p. 204).

Evidently, for Smith, the material progress of a given societal organisation influences its political administration and its institutional framework. However, a deeper reading of this analysis suffices to show that in many (historical) instances institutional backwardness hinders the course of economic development. For Smith, a tolerable security is the crucial pre-condition for every man “to employ whatever stock he can command in procuring either present enjoyment or future profit” (WN, Book II, c. I, § 30: 285). Historically, England’s relatively rapid rate of growth is related to the general sense of safety enjoyed by her inhabitants. His reference is illustrious of this sense: “The security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish [...] and this security was perfected by the revolution” (WN, Book IV, c. v, § 43: 540). It is indicative that in his discussion concerning feudalism, he notices that anarchy and insecurity of property made the European economy go back to the age of agriculture and this regression was the origin of both poverty and barbarism.

Many authors have challenged the pure material character of Smith’s *theory of institutions* (see *inter alia*: Kim 2009; 2012, Haakonssen 1981; 1982). These authors insist that institutions are crucial in determining economic progress since they ensure safety and liberty and indemnify ‘the natural progress of things’. They observe that there are many instances where an institutional change is prior to any variation in the economic structure. However, despite this interesting view, a closer scrutiny of Smith’s theory of institutions is sufficient to show that economic advancement and progress are the primal causes of institutional change. This view is astonishingly manifested in the early stages of economic development since “among savage and barbarous nations the natural progress of law and government is still slower than the

natural progress of arts, after law and government have been so far established” (WN, Book IV, c. vii, 2<sup>nd</sup> Part, § 2: 565). Despite the fact that political (institutional) changes may affect the form of economic advancement, the rule works primarily in the opposite direction since the economic element is regarded as the ‘hard core’ of societal organisation. Evidently, this analytical confusion owes its persistence in Smith’s intrinsic (epistemic) contradiction, first pointed out by Marx: that of ‘the esoteric and the exoteric part of his work’ which is connected with Smith’s atheoretical understanding of empirical reality (Marx [1863] 1951: 166). Substantially, changes in the superstructure (political administration) are more transparent than those in the economic structure. Such an empirical ascertainment impelled Smith to present many economic variations as affected by political administration. However, the core of his analysis is that the economic structure of social reality is the *cornerstone* of every other turn in the superstructure level. Smith’s analysis (on this methodological issue) was much more explicit in his early works. For instance, in his *Lectures Rhetoric and Belles Lettres*, he declares that:

Opulence and Commerce commonly precede the improvement of arts and refinement of every sort [...] Wherever the inhabitants of a city are rich and opulent, where they enjoy the necessaries and conveniences of life in ease and security, there the arts will be cultivated, and refinement of manners a never-failing attendant (LRBL, lect. xxiii, § 115: 137).

Cook (2013: 312-313) observes that in Smithian work, the increasingly important and complex nature of property relations provides the key to the emergence of institutions – such as justice – which are dedicated to protect the property of the rich from the rapacious poor. Substantially, for Smith, as for most Scottish authors, laws and legal institutions are an inherent part of the economic structures of a given society and have to be understood as a structural element of societal analysis. It is indicative that in his early *Lectures* Smith notes that:

The appropriation of herds and flocks, which introduced an inequality of fortune, was that which gave rise to regular government. *Till there be property*

*there can be no government, the very end of which is to secure wealth, and to defend the rich from the poor* (LJ (B), § 20: 405, emphasis added).<sup>142</sup>

Luban (2012: 276) illustrates the material character of Smith's analysis by noting that he "was an adherent of the 'four stages' theory of historical development, in which changes in the prevalent mode of subsistence (from hunting to pastoral to agricultural to commercial societies) correspond to changes in sociopolitical organisation". As has already been indicated, this motif was common among Scottish scholars. Millar's comment with respect to the period following the accession of James I and VI is indicative of this view:

The progress of commerce and manufactures had now begun to change the manners and political state of the inhabitants. Different arrangements of property had contributed to emancipate the people of inferior condition and to undermine the authority of the superior ranks (1812, vol III, Introduction: 1-2).

Furthermore, according to Smith, the *habitual thoughts* of a given societal organisation, namely its religion, its culture, its mores etc., are all affected by its economic (material) status. Again, this was a common idea among the members of the Scottish historical school. Millar, who was Smith's most eminent student, argued that a change in the form of economy had produced alterations in the way people lived within it and "in their education and habits, in their sentiments and opinions, and even in the configuration of their bodies as well as in the temper and dispositions of their minds" (1803: 360). Rae makes Smith's influence on Millar clear. His comment is explicit: "Professor John Millar [...] was a member of Smith's logic class [...] *having been induced, by the high reputation the new professor brought with him from Edinburgh*" (Rae 1895: 43, added italics). Millar himself accepts Smith's influence: "I am happy to acknowledge the obligations I feel myself under to this illustrious philosopher by having at an early period of life had the benefit of his lectures on the history of civil society, and enjoying his unreserved conversation on the same subject" (1818: 429). It must be noted that John Millar (and George Jardine) were among

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<sup>142</sup> For instance Smith believes that the general usage of metals, as coins, had been an institution that emerged due to the economic advancement of western societies. More specifically he notes that "In the progress of industry, commercial nations have found it convenient to coin several different metals into money" (WN, Book I, c. v, § 15: 53).

Smith's students who went on to occupy university Chairs and spread their teacher's influence (Ross 1995: 131).

For instance, his famous example of the differences between a philosopher and a porter helps to clarify the material influence. As Smith himself observes: "the difference between the most dissimilar characters, between a philosopher and a common street porter [...] seems to arise not so much from nature, as from habit, custom and education" (WN, Book I, c. ii, § 4: 28-29). For Smith these factors are material in their kernel. He notes already in his *Lectures* that:

No two persons can be more different in their genius as a philosopher and a porter, but there does not seem to have been any original difference betwixt them for the five or six first years of their lives. There was hardly any apparent difference [...] *Their manner of life began to affect them, and without doubt had it not been for this they would have continued the same* (LJ (A), Section VI, § 47-48: 349, emphasis added).

Essentially, the dominant ideology in any period of human history reflects the material determinations of this epoch. Smith's aphorism is illustrative: "In Europe the wages of mechanicks, artificers, and manufacturers, should be somewhat higher than those of common labourers. They are so accordingly, and their superior gains make them in most places be considered as a superior rank of people" (WN, Book I, c. x, § 8: 119). Another prominent example of this determination is crystallised in his comments about the life of the typical farmer:

The common ploughman, though generally regarded as a pattern of stupidity and ignorance, is seldom defective in his judgment and discretion. He is less accustomed, indeed, to social intercourse than the mechanick who lives in a town. His voice and language are more uncouth and more difficult to be understood by those that are not used to them (WN, Book I, c. x, part ii § 24: 144).<sup>143</sup>

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<sup>143</sup> *Ad addendum*, Smith uses the ploughman's paradigm in order to illustrate his interesting *theory of alienation*. He notes that despite such characterisations the farmer's understanding "being accustomed to consider a great variety of objects, is generally much superior to that of other, whose whole attention from morning till night is commonly occupied in performing one or two simple operations" (WN, Book I, c. x, part ii § 24: 144). Smith believes- like Kames (*Sketches*, Book I, Sketch V, c. i: 172), Ferguson (*History of Civil Society*, Book IV, Section I: 306) and Millar (1812, vol III: 146) – that industrialisation, and the subsequent advancement of the division of labour, are bringing about

These comments suffice to show that, according to Smith, the dominant way of thinking (in any societal organisation) is directly influenced by the way people earn their subsistence. Essentially, Smith's materialistic outlook impels him to note that the material conditions of a country determine peoples' eating and dressing codes. During his lengthy voyage to France he had observed that "when you go from Scotland to England, the difference which you may remark between dress and countenance of the common people in the one and in the other, sufficiently indicate the difference in their condition", while "the contrast is still greater when you return from France" (WN, Book I. c. ix, § 9: 108).<sup>144</sup> The differences among the different classes are crystallised, according to Smith, in the unequal levels of their consumption:

Compare the spacious palace and great ward-robe of the one, with the hovel and the few rags of the other, and you will be sensible that their difference between their clothing, lodging and household furniture, is almost as great in quantity as in quality (WN, Book I, c. xi, part ii, § 7: 180-181).

Smith associates the cultural level of a given country with its economic advancement and material progress. He contends that, "The nations that, according to the best authenticated history, appear to have been first civilized, were those that dwelt round the coast of the Mediterranean Sea" (WN, Book I, c. iii, § 5: 34). Particularly Greece, a typical Mediterranean country, owed its advanced acculturation to its early economic advancement (LJ (A), Section IV, § 60: 222).<sup>145</sup> Smith explicitly

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considerable mental weaknesses. According to him, "The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become" (WN, Book V, c. i, § 50: 782). *In fine*, Smith identifies alienation as being the direct consequence of an increasing division of labour and is the unavoidable penalty of industrialisation and of economic development (Wilson 1975: 607).

<sup>144</sup> Smith's lengthy travel to France, to accompany the Duke of Buccleugh, offered to him an array of scenes that were valuable to the elaboration of his economic theory. *Exempli gratia*, he notes that "In France the condition of the inferior ranks of people is seldom so happy as it frequently is in England, and you will seldom find even pyramids and obelisks of yew in the garden of a tallow-chandler. Such ornaments, not having in that country been degraded by their vulgarity, have not yet been excluded from the gardens of princes and great lords" (Of the Imitative Arts, Part I § 14: 184). Smith had perfectly observed the prevailing poverty and distress of the French population and compared their condition to that of the English and Scottish population. Evidently, his experience through this travel helped him to incorporate diverse historical data in his subsequent analysis.

<sup>145</sup> As Smith argues in his early *Lectures*: "In Greece all the circumstances necessary for the improvement of the arts concurred. The several parts were separated from each other by mountains and other barriers, no less than Arabia, but it is far more adapted to culture. They would therefore have

connects the commercial relations of a country with its cultural advancement. It is indicative that he characterises the famous civilisations of both Peru and Mexico as ‘wonderful tales’ since their commerce was carried on by simple barter, and there was no division of labour among their societies (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 26: 221). Summurising, Smith shows the existence of a direct relationship between economic development, cultural advancement, and demographic expansion.<sup>146</sup> In his *magnum opus*, this theoretical conjuncture is solidly and soundly elaborated. He observes that, “All the inland parts of Africa, and all that parts of Asia which lie any considerable way north of the Euxine and Caspian seas, the antient Scythia, the modern Tartary and Siberia, seem in all ages barbarous and uncultivated state in which we find them in present” (WN, Book I, c. iii, § 8: 35-36).<sup>147</sup> Smith develops this perception early in his academic career and he had perfected it in the WN. As observes already in his *History of Astronomy*:

when law has established order and security, and subsistence ceases to be precarious, the curiosity of mankind is increased, and their fears are diminished. The leisure which they then enjoy renders them more attentive to the appearances of nature, more observant of her smallest irregularities, and more desirous to know what the chain which links them together is (HA, Section III, § 3: 50).

Generally, Smith’s historical materialism is illustrated in any version of his analytical (theoretical) or historical undertakings. For instance, his famous comment about the young widow in North America, and her possibilities for a second marriage, reflects a kind of proto-historical materialism in which culture, morals and customs are all materially influenced. He notes that “A young widow with four, or five young children, who, among the middling or inferior ranks of people in Europe, would have

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many inducements to cultivate the arts and make improvements in society. The lands would be divided and well improved and the country would acquire considerable wealth” (LJ (A), Section IV, § 62: 223).

<sup>146</sup> For instance, sciences are developing through economic advancement and material progress: “Geometry, arithmetick, and writing have all been invented originally to facilitate the operation of the several arts. Writing and arithmetic have been invented to record and set in clear light the severall transactions of the merchant and trades man, and geometry had been originally invented [...] to assist the workman in the fashioning of those pieces of art which require more accurate menstruation” (LJ (A), Section VI, § 18: 337).

<sup>147</sup> On the other hand, in Greek colonies, economic advancement is the primal motor behind cultural development and the central cause why “all the arts of refinement, philosophy, poetry, and eloquence, seem to have been cultivated as early, and to have been improved as highly in them, as in any part of the mother country” (WN, Book IV, c. vii, 2<sup>nd</sup> Part, § 4: 566).



so little chance for a second husband, is there frequently courted as a sort of fortune” (WN, Book I, c. viii, §23: 88). His analysis impels him to conclude that “the value of children is the greatest of all encouragements of marriage” (p. 88). This type of archaic (one may say) materialism is elevated in his references to China’s child mortality. He points out that “Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them” (WN, Book I, c. viii, § 24: 90). This cynical attitude originates in his one-sided view of the economy-culture interrelationship; namely in his proto- historical materialism.

In addition, this type of materialism is also evident in his general discussion concerning *labour productivity*. Smith believes that material incentives promote labour productivity. Drakopoulos and Karayiannis (2006: 33) note that Smith is the first economist who connected wages with work effort. More specifically, Smith develops this outlook by observing that “Where wages are high accordingly, we shall always find the workmen more active, diligent and expeditious, than where they are low” (WN, Book I, c. viii, § 44: 99). He uses historical data in order to illustrate these propositions. Among his sources is the famous (in his times) Ramazzini’s book on tradesmen’s diseases through which he concludes that “workmen [...] when they are liberally paid by the piece, are very apt to over-work themselves and to ruin their health and constitution in a few years” (p. 100).<sup>148</sup> At the same time, he proposes a private University system since in universities like Oxford and Cambridge “the greater part of the publick professors have for this many years, given up altogether even the pretence of teaching” (WN, Book V, c. i, § 8: 761).<sup>149</sup> For Smith, “the diligence of the teacher [...] is likely to be proportioned to the motives which he has for exerting it” (WN, Book V, c. i, § 9: 761). For him productivity is increased by

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<sup>148</sup> Bernardino Ramazzini (1633-1714) was an Italian physician and a pioneer in occupational diseases. Smith studied his famous *De Morbis Artificum Diatriba and used many of his observations in the WN [A Treatise of the Diseases of Tradesmen English translation: 1705]*. See *inter alia*: Franco, G. & Franco, F. (2001), ‘Bernardino Ramazzini: The Father of Occupational Medicine’, *Am J Public Health*, 91 (9): 1382

<sup>149</sup> There are many references that illustrate Smith’s views on Oxford in particular. Rae (1895: 20-21) notes that Gibbon, the political historian, “who resided there not long after Smith, tells that his tutor neither gave nor sought to give him more than one lesson, and that the conversation of the common-room, to which as a gentleman commoner he was privileged to listen, never touched any point of literature or scholarship [...] Bentham, a few years after Gibbon, has the same to tell”. Ross (1995: 73) notes that Smith “must have been struck at Balliol, for example, by the lack of commitment to providing instruction in the New Philosophy and Science of Locke and Newton taught at a poor university such as Glasgow, where attention had to be paid to the current interests and needs of society. The practice at Oxford of teaching the ‘exploded system’ of Aristotle and his scholastic commentators seems to have struck him as an intellectual sham”.

material motivation. Essentially, the disruption between (material) inducement and productivity renders him one of the most eminent critics of the institution of apprenticeship:

The institution of long apprenticeship has no tendency to form young people to industry. A journeyman, who works by the piece, is likely to be industrious, because he derives a benefit from every exertion of his industry. *An apprentice is likely to be idle, and almost always is so, because he has no immediate interest to be otherwise* (WN, Book I, c. x, part ii § 14: 139, emphasis added).

Smith seems to believe that apprenticeship is as unproductive as slavery, since “A person who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible” (WN, Book III, c. ii, § 9: 387). He observes that despite the fact that masters generally prefer the service of slaves (to that of free workers) the cost of them is much higher to that of hiring wage-labourers (WN, Book III, c. ii, § 10: 388).

Generally, Smith’s analysis shows that the superstructure is *in toto* influenced and designated by its material determinations. He notes that society’s cultural, religious and kindred bonds are on the whole materially determined. He claims that in less developed countries (rude or pastoral societies in his own terminology) these bonds are extremely powerful and tight. For example, “The Arabian histories seem to be full of genealogies, and there is a history written by a Tartar Khan, which has been translated into several European languages, and which contains scarce anything else” (WN, Book III, c. v, § 16: 421- 422). In his *Theory of Moral Sentiments* he comments on the importance of family’s structure in pastoral communities, since:

an extensive regard to kindred is said to take place among the Tartars, the Arabs, the Turkomans, and I believe, among all other nations who are nearly in the same state of society in which the Scots Highlands were about the beginning of the present century (TMS, Book VI, c. ii, § 12: 223).

Evidently, these bonds are strengthened by the shepherd stage of economic development which presupposes closely defined ties in order to amplify the coherence of such societies which were moveable in their life.

Furthermore, Smith's materialism is connected with a progressive philosophy of history.<sup>150</sup> Smith, as a typical Enlightenment figure, understands the historical process in purely progressive terms.<sup>151</sup> The notion of 'progress' is regarded as a structural element in the Scottish Enlightenment and had shaped the content of the Scottish historical school.<sup>152</sup> *In se*, the concept of progress – together with a historically materialistic methodology – comprised the ontological *raison d' être* of both Smith's economic analysis and of his theory of history and is a central feature of his political economy (see chapter 2). It is indicative that his basic theoretical outline (that of 'stages theory') indicates that each succeeding epoch is related to a more advanced (materially and culturally) state of society than the previous one. Alvey (2003: 4) notes that "Smith repeatedly refers to 'progress', to the 'progress of improvement', to the 'natural progress of improvement', and to the 'natural course of things'". These concepts are connected with the general spirit of the Scottish Enlightenment which was moving against the cyclical perceptions of historical time that were dominant during the Middle Ages and the Renaissance. Smith had adopted the idea of 'the natural course of things' (of free market more broadly) even since his Edinburgh lectures and never altered it.<sup>153</sup>

The notion of 'the progress of improvement' is one of the central and most interesting analytical categories in Smithian work. This concept, in spite of its loose

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<sup>150</sup> The notion of 'progress' is intrinsically incorporated in the philosophy of the Enlightenment. Croce (1921: 244) notes that *progress* "gradually becomes more insistent and familiar, and finally succeeds in supplying a criterion for the judgment of facts, for the conduct of life, for the construction of history".

<sup>151</sup> Bittermann (1940: 734) characterises Smith as a pure 'progressist' since he held that in the history of mankind "economic conditions had improved, despite the stupidities of legislation, as the result of man's innate drives". However, Smith expected that greater progress would be made with the enlightened policy of natural liberty.

<sup>152</sup> For instance Adam Ferguson notes that "of the continual succession of one generation to another; in progressive attainments made by different ages; communicated with additions from age to age, and in periods the farthest advanced, not appearing to have arrived at any necessary limit" (cited in Skinner 1967: 40). For Lord Kames, "the history of man is a delightful subject. A rational enquirer is no less entertained than instructed, in tracing the progress of manners, of laws, of arts, from their birth to their present maturity (Sketches, Book I, Sketch I, § 1: 2-3). Smith seems to regard Kames as the pioneer of the Scottish Enlightenment and pays tribute to him due to his attempts to promote literary studies (Ross 1995: 85). For instance, in an avowal, he notes that 'we must every one of us acknowledge Kames for our master' (Rae 1895: 31; Ross 1995: 85). Smith's WN, as a typical product of the Scottish Enlightenment, covers many sociological, economic and historical topics that are elaborated in Kames' less rigorous *Sketches of the History of Man* (1774).

<sup>153</sup> Smith's early biographer quotes one of his (unpublished) letters: "A great part of these opinions [...] enumerated in this paper is treated of at length in some lectures which I have still by me [...] They have all of them been the constant subject of my lectures since I first taught Mr. Craigie's class the winter I spent in Glasgow, down to this day, without any considerable variation. They had all of them been the subjects which I read at Edinburgh the winter I left it [i.e. 1750-1751]" (Stewart 1793: Section IV, § 25: 322).

enunciations, incorporates in its epistemic ‘hard core’ the ontological outlook that history is characterised by evident progressive trends and that these trends are materially crystallised. The final sentence of his introductory chapter, with the famous paradox of the African king, shows clearly these ontological perspectives.<sup>154</sup> As he notes there:

[and] yet it may be true that the accommodation of an European prince does not always so much exceed that of an industrious and fugal peasant, as the accommodation of the latter exceeds that of an African king, the absolute master of the lives and liberties of ten thousand naked savages (WN, Book I, c. i, § 11: 24).

Through this paradox Smith is able to attain a double goal: firstly, he demonstrates his belief in perpetual progress, and then, he attempts to show the dynamic (and not mechanistic) perception of this progression. It must be noted, however, that for Smith progress is not a boisterous but a gradually placid process. As he puts it:

The progress is frequently so gradual, that at near periods, the improvement is not only sensible, but from the declension either of certain branches of industry, or of certain districts of the country, things which sometimes happen though the country in general be in great prosperity, there frequently arises a suspicion, that the riches and industry of the whole are decaying (WN, Book II, c. iii, § 32: 343-344).<sup>155</sup>

However, Smith’s analysis does not imply that there are no periods of stagnancy or periodical regressions. Despite highlighting the unavoidable character of progress, he cites examples of countries that are either standing still as China (WN, Book I, c. v) or are going backwards like India (WN, Book I, c. v). Smith does not understand history exclusively in progressive trends since there are frequent regressions (see classical Greek and Roman antiquity) which according to him, owe their nature either to the decline of martial spirit or to geographical limitations. For

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<sup>154</sup> On the whole, Smith favours paradoxes and incorporates them early in his *Lectures*. For his early-biographer “Each discourse commonly consisted of several distinct propositions, which [Smith] successively endeavoured to prove and illustrate. These propositions, when announced in general terms, had, from their extent, *not infrequently something of the air of a paradox*” (Stewart 1793, Section I, § 21: 275, emphasis added).

<sup>155</sup> The motif of ‘gradual and tardy progress’ is also illustrated in Millar’s historical accounts and in Hume’s economic texts (Skinner 1967: 43).

these reasons, Smith tries to anticipate and interpret the unintended consequences of economic stagnation, casting doubts about commercial society's maintenance. However, Smith's theory of history combines both progressive and regressive elements.<sup>156</sup> The regressions are the reflection of governmental regulations which cause deviations from 'the natural course of things'.<sup>157</sup> According to Heilbroner (1973: 256) the economic (and moral) decline that is connected with Smith's commercial stage of economic development is the reflection of "the absence of [...] a saving technological or dialectical driving force in place of the frail instrument of 'self-betterment'". Concluding, Smith's philosophy of history may be called a history of a *progress with antithesis* or as Ritchie (1883: 151) observes, "We may call it the struggle for freedom [...] the liberation of man from the domination of nature and fate".

### 3.3 Illustrating theory: the use of narrative history

Smith attempts to understand and interpret – as the title of his *locus classicus* indicates – the nature and the causes of the wealth of nations. Evidently, his theoretical attempt is connected with an analysis of the empirical (and historical) reality of his times. However Smith tries to understand and explicate a world in a transformational state. More specifically, the late eighteenth century was for Great Britain the epoch of merchants, landowners and jobbers and, despite being an almost agrarian country, as Hobsbawm calls it in his *Age of Revolutions*, it produced many industrial goods, it had a coherent banking system and promoted international trade. Heilbroner rightly ([1953] 2000: 99) calls Smith the economist of pre-industrialism. Inevitably, this transformative period in European history had a decisive impact on Smith's economic analysis. The famous pin-maker example, which is the parable of the division of labour, is drawn from his own observations since he himself had "seen

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<sup>156</sup> Evidently, Smith has a progressive view of history. However, in many instances of his work regressions and cyclical anticipations of history make their appearance. These cyclical anticipations are formed under the influence of Machiavelli who Smith regarded as a prominent historian. Croce (1921: 236) notes that "The ancient Oriental idea of the circle in human affairs [...] dominated all the historians of the Renaissance, and above all Machiavelli".

<sup>157</sup> Smith believes that there is a linear interrelation between a violation of 'the natural course of things' and a regression in 'the progress of opulence'. For him any governmental regulation, by reverting the employment of productive labour, diminishes opulence. This interrelationship is a crucial epistemic element of his analysis since it comprises the ontological framework which includes the distinction between theoretical and narrative history.

a small manufactory of this kind” (WN, Book I, c. i, § 3: 15).<sup>158</sup> The essence of his epistemological stance accorded an analytical primacy to observations since from them he deduced his more abstract theoretical schemas. These schemas are abstract in nature, and in Smith’s analysis gain transhistorical significance. Such transhistoricity is crystallised in the schemas underlying ‘the natural order of things’ and influences his conjectural history.<sup>159</sup> This philosophical perception of history is most obvious in the Book III of his WN in which “he tackles the question of the origins of the ‘present establishments’ in Europe through ‘the natural course of things’” (Milonakis 2006: 273).<sup>160</sup>

However Smith’s analysis, despite the use of abstract transhistorical schemas, is also historically sensitive.<sup>161</sup> This sensitivity is a common ontological avowal among Scottish scholars. Skinner (1996: 247) for instance notes that in Hume’s *Essays*:

On the one hand, the reader is reminded of the phenomenon of a ‘diversity of geniuses, climate and soil’, while on the other attention is drawn to the point that the extent to which men apply ‘art, care, and industry’ may vary in one society over time and between different societies at a given point in time.

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<sup>158</sup> Smith had seen such a manufactory in his childhood in the village of Pathhead in Scotland. As his late biographer notes: “In the village could be seen those workmen under 20 capable of making more and better nails, because of their specialization in that task, than the blacksmith, who had to cope with a wide variety of iron-forging tasks” (Ross 1995: 23-24). Generally, Smith moves from a particular observation to the formation of more general views. Hatherington (1983: 505) notes that “as Newton begins Book III of the *Principia* with a list of phenomena (following the laws of reasoning) so Smith begins his *Wealth of Nations* with a list of phenomena. To understand more easily the effects of the division of labour, Smith first considers the manner in which it operates in some particular manufactures. *The often-quoted description of the manufacture of pins follows* [...] Having presented the phenomena, Smith next gives the general principle: the division of labour is seen to be the necessary result of human propensity to exchange one thing for another” (p. 505, emphasis added).

<sup>159</sup> Hodgson (2001: 50) is right in arguing that, “Some use of transhistorical and ahistorical concepts is unavoidable”. More specifically, transhistorical notions are concepts that are held “to a multiplicity of different historical periods, or different types of social formation” (p. 50), while “The term ‘ahistorical’ applies to any concept or theory that is claimed to pertain to *all* possible socio-economic systems” (p. 50).

<sup>160</sup> This book, according to Unwin ([1908] 1971: 43), exhibits “in a large historical field the gradual emergence of those principles which Adam Smith had expounded in the two earlier books of his great treatise”.

<sup>161</sup> Smith’s analysis encapsulates a sense of historical specificity. It is indicative that in his discussion concerning ‘methodological issues’ he espoused a kind of incommensurability among theories noting that “as a historian he has done justice to the views of the old Pythagoreans, the Academics, Peripatic and Stoic sects” (Schliesser 2005: 707). Moreover, in his TMS, he ascribes aesthetic and moral irregularities to the influence of the ‘principles of custom and fashion’. (TMS, Book V c. i & ii). For him, in each historical period the feelings of taste are socially animated. On the issue of historical specificity in economics in general see Hodgson (2001).

Accordingly, there are many instances in Smith's analysis which could be characterised as historically specific. The womb of this dualism lies in Smith's confusion between exoteric and esoteric nature of empirical reality. Truly, he avoids supra-historical statements; and despite the use of some transhistorical theoretical concepts his analysis remains largely historically specific. On the top of this, Smith is critical of the use of universals (such as for example Plato's doctrine of 'universals or species') and of the subsequent epistemological attempts made during the eighteenth century to classify all things into separate and clearly definable categories.<sup>162</sup> In his interesting essay on the *History of Ancient Logics and Metaphysics* he directs his criticism to language issues, but also extends his critical views on both political economy and history. Myers (1975: 291) rightly observes that Smith's criticism of the use of universals "is aimed at the misuse of language to create categories so broad and all-inclusive that they cannot exist in fact". Smith is historically specific and often refers to these constraints that are promoted by 'confirmed habits and prejudices' and affect in each epoch the general spectrum of social relations.<sup>163</sup> As Dixon and Wilson (2006: 264) observe, "It is well known that for Smith, like Hume, moral judgment is situational – what we judge to be right is always context-sensitive". This context-sensitivity is also noted in Stewart's early biography of Smith. Stewart (1793, Section II, § 9: 280) observes that for Smith:

it is impossible [...] to conceive ourselves placed in any situation, whether agreeable or otherwise, without feeling an effect of the same kind with what would be produced by the situation itself [...] [sympathy] arises, not so much from the view of the emotion, as from that of the situation which excites it.

Generally, Smith's historical specificity is registered at many points in his work. Already in the Introduction of his economic *magnum opus* he attempts to underline the importance of this sensitivity. He observes that "Nations tolerably well advanced as to skill, dexterity, and judgment, in the application of labour, have followed very *different plans* in the general conduct or direction of it, and those plans have not all been equally favourable to the greatness of its produce" (WN,

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<sup>162</sup> For instance, Smith, in his *History of Ancient Logics and Metaphysics* informs us that Locke was "that very philosopher who first exposed the ill-grounded foundation of [...] Universals" (*Ancient Logics & Metaphysics*, § 5: 125).

<sup>163</sup> On the other hand, for Walras (1984: 61), a leading member of the Marginalist troika, "a truth long ago demonstrated by the Platonic philosophy is that science does not study corporeal entities but universals of which these entities are manifestations".

Introduction § 7: 11). This specificity is exhibited by the parallel quotations of two phrases concerning the *praxis* of ‘exchange’. In his most famous dictum he observes that

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but their self-love, and never talk to them for our necessities but of their advantages (WN, Book I, c. ii, § 2: 27).

This maxim seems to be a supra-historical statement since it crystallises an abstracted way of economic thinking. However, this dictum has its makeweight since at another point of his WN Smith points out that “the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer” (WN, Book IV, c. viii, § 49: 660). These phrases indicate that the act of exchange, despite being an ontological trait of human nature, is *in actu*, an evident social act which is shaped historically through conflictual interests. Additionally, such a historically specific act, as exchange, gives occasion to a sort of division of labour which is also historically determined. More specifically, Smith notes that the need of exchange, “encourage every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business” (WN, Book I, c. ii, § 3: 28).

*In fine*, the basic notions of the Smithian work, like that of exchange, market, division of labour etc. are historically animated and show Smith’s temporal and spatial sensitivity.<sup>164</sup> The market for instance, that is the foundation stone of the WN, is not presented as something static or abstract but as being inherently dynamic, as a historically and geographically specific analytical construction.<sup>165</sup> The same can be

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<sup>164</sup> Even his controversial theory of prices, despite being a highly abstract theoretical schema, is a representation of a historically specific outline, since in different states of society (in different stages of economic development) each commodity “will represent, or to be equivalent to very different quantities of labour” (WN, Book I, c. xi, part iii, 1st period, § 27: 206), and, of course, very different wages, profits and rents. Blaug (1962: 49) seems to have realised this specificity when he observes that, “Nevertheless the ‘real value’ of effort price of a commodity, is still to be measured by the units of ‘toil and trouble’ that it can purchase in the market at the going wage rate”. Therefore, history attains a central role in Smith’s discussion of value. Fiori (2012: 425) notes that the basic idea is the “fundamental (and not reducible) principles that determine every income change from the ‘rude’ to the ‘advanced’ state of society”.

<sup>165</sup> Smith remarks that with the revolution in water carriage i) the size of the existent markets was augmented while ii) totally new markets came to the fore. He observes that, “As by means of water-carriage, a more extensive market is opened to every sort of industry than what land-carriage alone can



said for the notion of the division of labour which is of pivotal importance in Smithian work. More specifically, as Fiori (2012: 423) observes, “Although the division of labour arises from basic elements of human nature, it does not connote the entire history of mankind, and its appearance takes different historical forms”. In fact, the initial phases of the rude stages involve no division of labour at all (WN, Book II, Introduction, § 1), and when the latter is introduced, it is determined by a diversity of historical conditions; it is limited in a tribe of ‘hunters or shepherds’ and is augmented in agricultural and commercial societies (WN, Book V, c. i, § 1-15). Smith believes that the division of labour depends on the accumulation of capital which is again a specific empirico-historical process. The preconditions of this accumulation are, according to Smith, the fertility of soil, ease of defense and of communication, while the latter provides an opportunity for the export of surpluses (LJ (A) Section IV, § 53: 220). Generally, for Smith, defence, culture, climate, terrain, and even chance, are factors that influence economic performance and social change, and determine the course of economic development. Evidently, these prerequisites of capital accumulation are historically shaped. Therefore, the whole intellectual structure of the WN is sensitive to historical fluctuations and connected with an open appeal to historical evidence.<sup>166</sup>

However, despite the historical sensitivity of his analysis, Smith believes that the mission of science is to find out and typify “the invisible chains which bind together all these disjointed objects” and endeavoured “to introduce order into this chaos of jarring and discordant appearances” (HA, Section II, § 12: 45-46). In the WN Smith proposes a set of abstract (theoretical) formulations in order to systematise these disharmonious appearances. Such an epistemological stance is connected with a deductive spirit which is related to the methodological priority, accorded by Smith to

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afford it; so it is upon the sea-coasts and along the banks of navigable rivers, that industry of every kind, naturally begins to subdivide and improve itself” (WN, Book I, c.iii, § 3: 32). Smith uses historical evidence to illustrate his thinking. For example, in his discussion concerning the development of the Cape of Good Hope and Batavia he observes that, “the Cape of Good Hope is between Europe and every part of the East Indies, Batavia is between the principal countries of the East Indies. It lies upon the most frequented road from Indostan to China and Japan, and is nearly about mid-way upon that road. Almost all ships too that sail between Europe and China touch at Batavia; and it is, over and above all this, the center and principal mart of what is called the country trade of the East Indies” (WN, Book IV, c. vii, 3<sup>rd</sup> Part, § 100: 634).

<sup>166</sup> For instance, the notion of ‘the real price of labour’ despite being a transhistorical concept is determined by historical and geographical circumstances. As Smith notes “The subsistence of the labourer, or the real price of labour [...] is very different upon different occasions; more liberal in a society advancing to opulence than in one that is standing still; and in one that is standing still than in one that is going backwards” (WN, Book I, c. v, § 15: 53, emphasis added).

Newton's analytic-synthetic method.<sup>167</sup> In his most methodological essay, *The Lectures on Rhetoric and Belles Lettres*, Smith notes that every scientist has to lay down certain principles known or proved in the beginning, from whence he accounts several phenomena, connected by the same analytical chain (LRBL, Section II, § 133: 145-146). Essentially, such a (invisible) chain comprises the set of principles that systematise the unity of these phenomena. The subsequent juxtaposition of phenomena amplifies the cohesion of the theoretical outline. More specifically, in his *History of Astronomy*, Smith reviews with accurate historical detail the four discrete 'systems' of Ptolemy, Copernicus, Descartes and Newton, and illustrates the development (and transformation) of their analytical outlines.

Therefore, already from his early writings, Smith had used history (as historical evidence) in order to illustrate the validity of these abstract principles and elucidate his analytical propositions. It is indicative that Hume, in his welcoming comment on the WN, notes that "it has Depth and Solidity and Acuteness, *and is so much illustrated by curious Facts that it must at last take the public attention*" (Correspondence, Letter 150: 186, emphasis added). Evidently, such an illustrative use of history is close to a more narrative form of history, since pure historical material is used to enhance the schemas' interpretative breadth. Moreover, Smith uses history (narratively) to connect his theoretical suppositions. This stance compels Smith to make an extensive use of historical material from an array of historical sources. Some of these referrals are important historical statements and others are not but both illustrate his historical sensitivity *per se*.

The instances of such illustrations are numerous and offer data of economic, social, and political history. For instance, in his famous example of the pin-maker, he remarks that, "The greatest improvement in the productive powers of labour, and the greatest part of the skill, dexterity and with which it is anywhere directed, or applied seem to have been the effects of labour" (WN, Book I, c. i, § 1: 13). The historical example of the pin-maker underlies this supposition since the different stages in the production of a pin are connected with discrete improvements in the division of

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<sup>167</sup> For Schumpeter (1954: 185), "though the WN contained not really novel ideas, and though it cannot rank with Newton's *Principia* or Darwin's *Origin* as an intellectual achievement, it is a great performance all the same and fully deserved its success". For Blaug (1962: 57): "Judged by standards of analytical competence, Smith is not the greatest of eighteenth century economists. But for an acute insight into the nature of the economic process, it would be difficult to find Smith's equal".

labour. For Smith, the case of the historical example of the pin-maker shows explicitly how a broadened division of labour improves the productive powers of labour and sets off the course of economic development.<sup>168</sup>

Smith sketches out an analytical scheme of economic development with a transhistorical character in his WN. He connects the economic development of a country with the easiness of water and land carriage of all kinds. He notes in his *Early Draft* of the WN that “first improvements [...] in arts and industry are always made in those places where the conveniency of water carriage affords the most extensive market to the produce of every sort of labour” (ED, Second Fragment, § 2: 585). Smith uses historical data in order to illustrate this theoretical connection since he notes that “the extent and easiness of this island navigation [e.g. Nile] was probably one of the principal causes of the early improvement of Egypt” (WN, Book I, c. iii, § 6: 35). Moreover, he points out that East Indies and China had developed from ancient times due to their proximity to navigable rivers: “In Bengal the Canges and several other great rivers form a great number of navigable canals in the same manner as the Nile does in Egypt” (WN, Book I, c. iii, § 7: 35). However, there must be a potentiality of navigability of water since “The sea of Tartary is the frozen ocean which admits of no navigation, and though some of the greatest rivers in the world run through that country, they are too great a distance from another, to carry commerce and communication through the greater part of it” (WN, Book I, c. iii, § 8: 36). Smith (WN, Book II, c. v, § 33: 372) concludes that:

the neighborhood of sea coast, and the banks of navigable rivers, are advantageous situations for industry, only because they facilitate the exportation and exchange of such surplus produce for something else which is more in demand there.

In one of the most interesting parts of Book I Smith compares the average profits in town and country, declaring that profits are higher in the latter case. He observes that in a prosperous town the people who have great stocks to employ, frequently cannot get the number of workmen they want, and compete with one

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<sup>168</sup> Smith informs us that “the important business of making a pin is, in this manner, divided into about eighteen distinct operations” (WN, Book I, c. i, § 3: 15). Despite the fact that Smith sought a manufactory of this kind, he cites historical details through indexing the article ‘Epingle’ in the fifth volume of the *Encyclopedie* (1755) which identifies the eighteen discrete operations (Ross 1995: 273).

another in order to get as many as they can. This competition raises labour wages and decreases the profits of the stock (WN, Book I. c. 7, § 7: 107). On the other side, in the remote parts of the country there is not sufficient stock to employ, and workmen compete with one another for available employment. Evidently, such competition pushes labour wages down and raises the profits of stock (p. 107). Generally for Smith, when (historically) free people offer their labour, the natural effect is wage compression. He uses empirical-historical data to illustrate this argument. He compares the wages of sailors and of common labourers (who are fewer) and notes that:

In time of peace, and in the merchant service, the London price is from a guinea to about seven-and-twenty shillings the calendar month. A common labourer in London at the rate of nine or ten shillings a week, may earn the calendar month from forty to five-and-forty shillings (WN, Book I, c. x, § 31: 127).<sup>169</sup>

Furthermore, one of his central theoretical thoughts is crystallised in the relation between wages and profits. He notes that “High wages of labour and high profits of stock, however, are things, perhaps, which scarcely go together” (WN, Book I, c. ix, § 11: 109). This supposition is transhistorical and seems to be a common argument in the commercial stage of economic development. Smith illustrates his syllogism by observing that “The great fortunes so suddenly and so easily acquired in Bengal and other British settlements in East Indies, may satisfy us that, as the wages are very low, so the profits of stock are very high in those ruined countries” (WN, Book I, c. ix, § 13: 111). Generally, for Smith, the size of stock (as the division of labour) is determined by the extent of the market since, “In small towns and county villages, on account of the narrowness of the market trade cannot always be extended as stock extends [...] In great towns, on the contrary, trade can be extended as stock increases, and the credit of a frugal and thriving man increases much faster than his stock” (WN, Book I, c. x, § 38: 130). Smith tries to formulate a theoretical scheme to illustrate stock’s movement. He observes that over-accumulation causes profit to fall

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<sup>169</sup> Methodologically speaking, Smith uses a type of ‘Comparative method’ in order either to exhibit the truthfulness of his abstract reasoning or to develop a totally new line of argument. According to Sen (2010: 50) Smith uses a comparative approach in contrast to transcendentalism. For instance, this aforementioned empirical example illustrates the first instance of his comparative methodology and is moving against transcendentalist thinking.

since the stock accumulated comes at times to be so great, that it can no longer be employed with the initial rate of profit. Essentially, the lowering of profit in the town forces stock to move out to the country, whereby it creates an improved demand for labour and necessarily raises wages (WN, Book I, c. x, part ii, § 26: 144-145). For Smith, the search of higher profits alterates (historically) with the accumulation process and brings about a variety of dynamic changes in prices of both commodities and labour. Essentially, therefore, the diminution of capital stock in old trades lowers labour wages and raises the profits of stock (and subsequently the interest of money). Smith uses historical material to illustrate this. For example, in China, which had long ago acquired the full complement of its riches, the ordinary rate of interest was twelve percent (WN, Book I, c. ix, § 15: 112).

Smith goes further by identifying a theoretical connection between the division of labour and stock's size. Already in his early *Lectures* he had observed that, "The number of hands employed in business depends on *the stored stock in the kingdom*, and in every particular branch on the stored stock of the employers" (LJ (A), Section VI, § 93: 365, emphasis added). Therefore, the division of labour, which is the *sine qua non* of economic development, depends on the stock employed in each productive process.<sup>170</sup> Meanwhile, for Smith, "labour can be more and more subdivided in proportion only as stock is previously more and more accumulated" (WN, Book II, Introduction, § 3: 277).<sup>171</sup> This connection is one of the central theoretical pillars of the WN and, in Smith's view it represents a generalised theoretical proposition. However, the stock which is the crucial variable of this proposition may be accumulated through different (historical) processes: the colonisation of new territories, the drawing of raw materials, the accumulation of precious metals and stones may be some of the sources of this (early) accumulation process. Smith employs historical material to illustrate the different sources of this accumulation processes and uses history as the cloak of his abstract syllogism.

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<sup>170</sup> It must be noted that for Smith, the accumulation of stock naturally leads to the improvement of the productive powers of labour due to the motivation of productive labour. Smith points out in his WN that "The quantity of industry, therefore, not only increases in every country with the increase of the stock which employs it, but, in consequence to that increase, the same quantity of industry produces a much greater quantity of work" (WN, Book II, Introduction, § 4: 277).

<sup>171</sup> Heilbroner (1973: 246) is right to note that in order to enhance his stock, the manufacturer requires two conditions: "(1) he must have accumulated the capital to employ an additional quantity of labour and to purchase the additional machinery needed to employ it, and (2) he must also have available and increased supply of labour itself".

In Book II of the WN, Smith deploys a pre-quantitative theory of money. He notes that the money circulation of every nation is divided into “the circulation of the dealers with one another, and the circulation between the dealers and the consumers” (WN, Book II, c. ii, § 88: 322). The transactions between dealers and consumers are generally carried on by retail and require a very small quantity of money. For Smith, these small sums of money circulate much faster than larger ones. He observes that small quantities of money entail a greater velocity of circulation since “A shilling changes masters more frequently than a guinea; and a halfpenny more frequently than a shilling” (p. 322). He uses historical material to illustrate this while he points out that the increase of paper money (by augmenting money supply) diminishes the real value of the whole currency and augmented the money price of all commodities (WN, Book II, c. ii, § 96: 324). Smith seeks to develop a (theoretical) relation between the quantity and velocity of money noting that the quantity and prices of commodities are connected to the total quantity of money circulated in a country and with the total value of goods produced it.<sup>172</sup> He develops a theoretical conjuncture between them and observes that

The quantity of money [...] must in every country naturally increase as the value of the annual produce increase [since] the value of the consumable goods annually circulated within the society being greater, will require a greater quantity of money to circulate them (WN, Book II, c. iii, § 24: 340).<sup>173</sup>

Smith uses historical material to illustrate his abstract proposition and arrays the Scottish experience of 1759 when the prices of provisions and others commodities increased due to increases of money supply from the circulation of five and ten shilling notes.

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<sup>172</sup> Smith observes that “The quantity of money, therefore, which can be annually employed in any country must be determined by the value of the consumable goods annually circulated within it” (WN, Book II, c. iii, § 23: 339-340). Generally, for Smith, money is simply the wheel of circulation, the great instrument of commerce. He notes in particular that “like all other instruments of trade, though it makes a part and a very valuable part of the capital, makes no part of the revenue of the society to which it belongs” (WN, Book II, c. ii, § 23: 291). It must be noted that Hume is the progenitor of the idea of money neutrality.

<sup>173</sup> The issue of money circulation is a common motif among Scottish scholars. According to Skinner (1996: 242), Hume was the first of the Scottish theorists who stated the famous relationship between changes in money supply and the general price level.

*Ad addendum*, one of the most interesting themes developed in the WN is the connection between the inherent dynamics of a country's economic development and the demand (and price) of labour in this country. According to Smith:

It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labour. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labour are highest (WN, Book I, c. viii, § 22: 87).

And, more sharply, “the proportion between the real recompense of labour in different countries [...] is *naturally* regulated, not by their actual wealth or poverty, but their advancing, stationary, or declining condition” (WN, Book I, c. xi, part iii, 1st period, § 26: 206, emphasis added). Evidently, the word *naturally* gives a purely theoretical and transhistorical backdrop to his argumentation. Smith uses historical evidence to illustrate the interpretative breadth of his argument and notes that despite the fact that England in his times is certainly a much richer country than any part of North America, the wages of labour in North America are much higher than in any part of England (WN, Book I, c. viii, § 22: 87).<sup>174</sup> Smith claims that England's economic condition is more affluent than that of Scotland. This affluence influenced the rate of wages inasmuch as, “At London the wages of the greater part of the different classes of workmen are about double those of the same class at Edinburgh” (WN, Book I, c. x, § 31: 127). Smith uses a variety of historical information to illustrate his point. He observes that in France, a country not altogether so prosperous, “the money price of labour has, since the middle of the last century, been observed to sink gradually with the average money price of corn” (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 20: 218-219), while in China and Indostan, the economic condition is characterised as almost stagnant: “the real price of labour, the real quantities of the necessaries of life which is given to the labourer, it has already been observed is lower [...] than it is through the greater part of Europe” (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 28: 224). He points

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<sup>174</sup> Smith searches to specialise his historical references: “In the province of New York, common labourers earn three shillings a day; ship carpenters, ten shillings and sixpence currency, with a pint of rum worth sixpence sterling, equal in all to six shillings and sixpence sterling; house carpenters and bricklayers, eight shillings currency, equal to four shillings and sixpence sterling; journeymen taylor, five shillings currency, equal to about two shillings and ten pence sterling. These prices are all above the London price; and wages are said to be as high in the other colonies as in New York” (WN, Book I, c. viii, § 22: 87).

out that though the wealth of a country may be great, if this country has been stationary for many years, we must not expect to find the wage of labour very high (WN, Book I, c. viii, § 24: 89). For Smith, the stationary condition of a country compresses the wages of labour below their ‘natural’ level. He uses travellers’ observations to illustrate this interrelation. For instance, Marco Polo, who visited China more than five hundred years previously, “describes its cultivation, industry, and populousness, almost in the same terms in which they are described by travellers in the present time” (WN, Book I, c. viii, § 24: 89).<sup>175</sup>

Therefore, according to Smith, the natural rates of wages are determined by each country’s economic condition since the natural effect of increasing wealth is higher wages, since the demand for labour is dynamically increased. This theoretical scheme attains in the WN an ‘assuming’ and transhistorical content. However, its analytical adequacy is historically moderated by governmental actions which directly affect the real price of labour. More specifically, police regulations (as Smith used to call them) first, restrain the competition in some employments to a smaller number than would otherwise be the case, second, increase the competition in others beyond what it would naturally be and, third, obstruct the free mobility of labour and stock, both from employment to employment, and from place to place (WN, Book I, c. x, part ii § 1: 135). The major impact of all these regulations is the creation of obstacles in the way of free competition and of ‘the natural order of things’.<sup>176</sup> He believes that

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<sup>175</sup> It must be noted that Smith had no access to the official archives of such remote (and rude) countries as China, East India, North & South America. Therefore, he made use of travellers’ notes from which he had attempted to glean out facts of economic, social, and political history. For Great Britain (and to a lesser degree for France) whose official registrations were accessible to him, he used them as authenticated historical material. For France, the necessary official data were offered to him by his friend Turgot who became Minister of Economics in 1774. However, this preference for official archives does not render travellers’ notes of secondary importance. Contrary to Rashid’s (1990) belief, these notes give Smith the opportunity to open up his perspective all over the known world of his epoch. Stewart’s (1793, Section II, § 46: 293) observation is illustrative our view: “the detached facts which travels and voyages afford us, may frequently serve as land-marks to our own speculations”. More generally, Smith, as Ross (1995: 169) informs us, “had been impressed with the comparative ethnographic data accumulating in his time through the efforts of European travellers to record their experience of the aboriginal people they met, especially in America and Africa”. Essentially, the historiography of the Enlightenment, as Croce (1921: ch. 5) rightly described it, is connected with the indexing of travellers’ notes. Croce (1921: 255) notes that “A beginning was made with the use of the material discovered, transported, and accumulated by explorers and travellers from the Renaissance onward”, and, “India and China attracted attention, both on account of their antiquity and of the high grade of civilization to which they had attained”.

<sup>176</sup> Smith believes that the acquaintance with free competition is a necessary precondition to attain ‘the natural course of things’ by directing funds to productive employments and by promoting a generalised economic development. He notes that when competition arises between different capitals, “the owner of the one endeavoring to get possession of that employment which is occurred by another. But upon



the institution of apprenticeship restrains competition in a dual way: firstly, directly through the limitation of the number of apprentices and then, indirectly through a long term of apprenticeship, which by increasing the expence of education boxes out the available apprentices. Smith uses corporate bye laws and official statutes to illustrate the veracity of his abstract syllogisms. More specifically, he notes that:

In Sheffield no master cutler can have more than one apprentice at a time, by a bye-law of the corporation. In Norfolk and Norwich no master weaver can have more than two apprentices, under pain of forfeiting five pounds a month to the king [...] No master hatter can have more than two apprentices anywhere in England, or in the English plantations (WN, Book I, c. x, part ii § 6: 136).

Smith illustrates the lengthening of the time of apprenticeship by the 5<sup>th</sup> enactment of Elizabeth (1562) through which “it was enacted, that no person should for the future exercise any trade, craft, or mystery at that time exercised in England, unless he had previously served to it an apprenticeship of seven years at least” (WN, Book I, c. x, part ii § 8: 137).<sup>177</sup> Smith believes that an important obstacle to the free circulation of labour was the institution of *Poor Laws*. He presents a short history of this institution in order to illustrate this (historiographically) interesting note.<sup>178</sup> His concluding comment is indicative of this illustration:

the very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate (WN, Book I, c. x, part ii, § 58: 156).

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most occasions he can hope to juggle that other of this employment, by no other means but by dealing upon more reasonable terms. He must not only sell what he deals in somewhat cheaper, but in order to get it to sell, he must sometimes too buy it dearer” (WN, Book II, c. iv, § 8: 353). Evidently, as the competition increases, the demand for productive labour and the funds that are destined for maintaining it are growing faster and faster.

<sup>177</sup> Smith in a typical historian’s fashion informs us that the duration of apprenticeships is shorter in France (WN, Book I, c. x, part ii, § 10: five years) and in Scotland (WN, Book I, c. x, part ii, § 11: three years).

<sup>178</sup> According to Rashid (1990: 23), Smith’s entire presentation of *Poor Laws* is based on Richard Burn’s *History of the Poor Laws*. It must be noted that Smith quoted freely from Burn’s *History* and called him a ‘very intelligent author’. The *History of the Poor Laws* (1764) was published after the author’s death by his son, and was an update of William Blackstone’s *Commentaries on the Laws of England*, [see: Hugh, C. (1911), lemma: “Burn, Richard”, *Encyclopedia Britannica*, Cambridge University Press]

Generally Smith, believes that the price of labour rises in ‘cheap’ and declines in ‘dearer’ periods since ‘cheap’ years tend to augment the proportion of independent workmen to journeymen and servants of all kinds, and ‘dear’ years to diminish it (WN, Book I, c. viii, § 48: 102). He uses historical material in the form of the work of Messance:<sup>179</sup>

to show that poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon those different occasions in three different manufactures; one coarse woollens carried on at Elbeuf; one of linen, and another of silk, both which extend through the whole generality of Rouen (WN, Book I, c. viii, § 49: 102).

However, he cites another historical example which does not validate this theoretical supposition. He points out that in a Scottish linen manufacture (and in a woollen manufacture in Yorkshire) this connection between cheapness and quantity of value is neither obvious nor self-evident. For instance in 1740 (a year of evident scarcity), “both manufactures, indeed, appeared to have declined very considerably. But in 1756, another year of great scarcity, the Scotch manufacture made more than ordinary advances” (WN, Book I, c. viii, § 50: 102). Evidently, this situation runs against the aforementioned analytical scheme. Substantially, this paradigm reflects the influence of historical circumstances which affect the demand of these products and limits the interpretative breadth of the theoretical. Smith names as expressions of these circumstances the occasions of peace or war; the prosperity or decline of other rival manufactures; and the good or bad humor of their principal customers (WN, Book I, c. viii, § 51: 103). Easily, in these historical conditions, history becomes an organic element of theorising, setting epistemological limits to theory’s abstractness and universality.

### **3.4 Theoretical history: stages of economic development**

Stages theory is a central epistemological motif among the Scottish historical school. For instance one of its leading members, the earliest sociologist, Adam Ferguson, unfolded in his essay on *The History of Civil Society* a three stages theory

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<sup>179</sup> M. Messance was a French demographer and chronicler. His main work is the *Nouvelles recherches sur la population de la France* (Lyons, 1788). Landes (2003: 326) characterises Messance as a perceptive demographer. According to his late-biographer Smith considered Messance’s study as ‘the most judicious of them all’ (Ross 1995: 233).

which collapses the first two of Smith's stages into one. Moreover, a form of stadial theory was also adopted (and developed) by various eighteenth-century authors such as John Millar and William Robertson. Accordingly, Smith believes that Robertson "had borrowed elements of this four-stage theory from him" (Ross 1995: 107). Meek (1976: 227) notes that, though Smith was not the first to use a stage theory there were other precursors – principally Grotius and Montesquieu – he uses the four stages theme in his *Lectures* even before 1750. According to Stewart ([1793] 1829: 10), Smith had followed the plan that seems to have been suggested by Montesquieu, "endeavouring to trace the gradual progress of jurisprudence, both public and private, from the rudest to the most refined ages and to point out the effect of those arts which contribute to subsistence, and to the accumulation of property, in producing correspondent improvements or alterations in law and government". On the other hand, Pocock (2006: 280) notes that, "This scheme was not a Scottish invention, although Smith did much to promote it and made important contributions to it; it seems to have arisen from diverse sources and been assembled in scientific form through the work of a diversity of authors". It must be pointed out that Montesquieu and Giambattista Vico, through his *Prinipi d' una scienza nuova* (1725), promoted a totally different theory of history to that of the Renaissance and influenced the epistemology of the Scottish historical school (Hodgson 2001: 43).

Generally, in the classical (as one may call it) philology, Smith's economic history is identified with his famous *stages theory*. This philology identifies the epistemological framework of *stages theory* as the *leitmotif* of Smith's views on history. Smith's stages theory is connected with his inherently evolutionary stance, and in the WN it took the form of a *theory of economic development* which embodied the idea of some 'natural' or 'normal' movement through a succession of different modes of subsistence (Meek 1976: 225).<sup>180</sup> Essentially, this predefined process of

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<sup>180</sup> A stages theory is also elaborated in Mill's *Principles of Political Economy* (see Chapter 5) and in Marx's well-known passage in the Preface to his *Contribution to the Critique of Political Economy* (1859). Marx's stages theory is seated on the concept of the mode of production. In his own words: "In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The material mode of production of material life conditions the general process of social, political and intellectual life [...] At a certain stage of development, the material productive forces of society come into conflict with the existing relations of property relations within the framework of which they operated hitherto. From

economic advancement “depended on the satisfaction of certain physical preconditions, such as fertility of the soil and access to good communications” (Skinner 1996: 83). Such an epistemological framework impelled Smith to investigate the emergence, evolution, decline and transformation of institutions and structures through a static approach. Smith refers explicitly to the four stages through which history proceeds early in his *Lectures*. He notes that “There are four distinct states which mankind passes thro:- 1<sup>st</sup>, the Age of Hunters; 2<sup>dly</sup>, the Age of Shepherds; 3<sup>dly</sup>, the Age of Agriculture; and 4<sup>thly</sup>, the Age of Commerce” (LJ (A), Section I, § 27: 14).<sup>181</sup> Naturally therefore, this argument has made many of his leading commentators believe that the commercial stage of economic development is identified as ‘the end of history’.<sup>182</sup> However, apart from the rightly observed Smith’s optimism – with regard to the fate of commercial capitalism – his views had not to be thought as simplistic and mechanistic. Coats (1975: 232) is right in arguing that Smith (unlike the historians of German and British historical schools) “did not visualize his ‘stages’ of development in a narrow, deterministic fashion”. A typical quote from his WN suffices to illustrate his view:

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forms of development of the productive forces those relations turn into their fetters. Then begins an era of social revolution. The change in the economic foundation leads sooner or later to the transformation of the whole immense superstructure” [Marx (1859) 1970: 20-21].

<sup>181</sup> Smith maps this passing by noting that “If we should suppose 10 or 12 persons of different sexes settled in an uninhabited island, the first method they would fall upon for their subsistence would be to support themselves by the wild fruits and wild animals which the country afforded [...] This is the age of hunters. In process of time, as their numbers multiplied, they would find the chase too precarious for their support [...] The contrivance they would most naturally think of would be to tame some of those wild animals they caught, and by affording them better food than what they could get elsewhere they would induce them to continue about their land themselves and multiply their kind. Hence would arise the age of shepherds. They would more probably begin first by multiplying animals then vegetables, as less skill and observation would be required [...] We find accordingly that in almost all countries the age of shepherds preceded that of agriculture [...] But when a society becomes numerous they would find a difficulty in supporting themselves by herds and flocks. Then they would naturally turn themselves to the cultivation of land and the raising of such plants and trees as produced nourishment for them [...] And by this means they would gradually advance into the Age of Agriculture. As society was farther improved, the several arts, which at first would be exercised by each individual as far as was necessary for his welfare, would be separated; some persons would cultivate one and others, as they severally inclined. They would exchange with one another what they produced more than was necessary for their support, and get in exchange for them the commodities they stood in need of and did not produce themselves. This exchange of commodities extends in time not only betwixt the individuals of the same society but betwixt those of different nations [...] Thus at last the Age of commerce arises” (LJ (A), Section I, § 27-32: 14-16).

<sup>182</sup> For instance Alvey (2003: 2) observes that “there appears to be a teleological process in history as well: after considerable historical evolution, the ‘divine’ plan is revealed in the emergence of commercial society” and; “Smith’s theory is also teleological in the sense that the historical process seems to produce inevitably a society that completes the path of history; once history reaches a certain stage this society is also impregnable”. And, for Milonakis and Fine (2009: 53) “For, two hundred years before Fukuyama put forward his (now discarded) theory of the end of history or the triumph of capitalism, Smith takes a similar view”.

When the German and Scythian nations over-ran the western provinces of the Roman empire, the confusions which followed so great a revolution lasted for several centuries. The rapine and violence which the barbarians exercised against the antient inhabitants, interrupted the commerce between the towns and the country. The towns were deserted, and the country was left uncultivated, and the western provinces of Europe, which had enjoyed a considerable degree of opulence under the Roman empire, sunk into the lowest state of poverty and barbarism (WN, Book III, c. ii, § 1: 381).

Therefore, Skinner (1975: 159) rightly observes that in Smith's mind there are frequent steps backward. These steps are related to specific historical regressions (that are moving against 'the natural course of things') and are connected with a pessimistic outlook which promotes a (frequently typified) cyclical view of history.<sup>183</sup>

According to Smith's stadial theory, each stage is characterised by its own institutions, structures etc. ('coinage', 'laws', 'instruments of commerce'). Despite this differentiation, in each stage, Smith's theoretical and abstracted notions (such as 'exchange', 'division of labour' or 'market') gain different (historical) forms.<sup>184</sup> Moreover, as we are advancing from one stage of economic development to the next (as 'the progress of improvement' is set in movement) the institutional framework is transformed and sets the scene for the emergence of totally new institutions. Smith had not proposed a coherent story of this transformation but there are scattered notes in his work that are sufficient to illustrate his thoughts on this matter.

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<sup>183</sup> As already noted in section 2 of this chapter Smith is a typical progressivist philosopher. However, he believes that progress is in many instances violated. Evidently, therefore, Heilbroner (1973: 243) rightly observes that in the WN we are faced "with the deeply pessimistic prognosis of an evolutionary trend in which both decline and decay attend- material decline awaiting at the terminus of the economic journey, moral decay suffered by society in the course of its journeying".

<sup>184</sup> Smith is careful to typify these differentiations: "In the rude ages of the society, cattle are said to have been the common instrument of commerce [...] yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them" (WN, Book I, c. iv, § 3: 38) and continues as an economic historian to argue that "Salt is said to be the common instrument of commerce and exchanges in Abyssinia; a species of shells in some parts of the coast of India; dried cod at New Foundland; tobacco in Virginia; sugar in some of our West India colonies; hides and leathers in some other countries" (p. 38); "The Romans are said to have had nothing but copper money till within five years before the first Punic War, when they first began to coin silver" (WN, Book I, c. v, § 24: 56) and, "the northern nations who established themselves upon the ruins of the Roman empire, seem to have had silver money from the first beginnings of their settlement" (WN, Book I, c. v, § 25: 56). From the fall of the Roman empire, till the late eighteenth century, silver was regarded as the most usual instrument of commerce, "In England, therefore, and for the same reason I believe, in all other modern nations of Europe, all accounts are kept and the value of all goods and of all estates generally computed in silver" (WN, Book I, c. v, § 25: 57).

He notes that in the rude stages of economic development there is no accumulation at all, as:

Every man endeavours to supply by his own industry his own occasional wants as they occur. When he is hungry, he goes to the forest to hunt; when his coat is worn out, he cloaths himself with the skin of the first large animal he kills; and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are nearest it (WN, Book II, Introduction, § 1: 276).

In this stage of economic development, which is characterised as ‘the lowest and rudest stage’ of societal organisation, the dominant activities are taken to be hunting, fishing and gathering. Evidently, in these economic and social conditions there would be no magistrate and no rules of justice since “disputes between different members of the community would be minor” (Skinner 1996: 80). Essentially, the denotative feature of this stage is that “Universal poverty establishes there universal equality” and “There is therefore little or no authority or subordination in this period of society” (WN, Book V, c. i, § 7: 693).

The domestication of animals through *the pastoral stage* of economic development gave rise to a distinct form of wealth which was based on inequality of fortune and which altered the relations of both power and dependence. Smith identifies this stage with “a more advanced state of society, such as we find it among the Tartars and Arabs” (WN, Book V, c. i, § 3: 690). Although these societies do not have a fixed habitation, they are characterised by an early introduction of both institutions and property rights. Smith notes in his later *Lectures* that:

The appropriation of herds and flocks which introduced an inequality of fortune was that which first gave rise to regular government. Till there be property there can be no government, the very end of which is to secure wealth and defend the rich from the poor (LJ (B), § 20: 404).

He exemplifies the emergence of government in purely material (economic) terms and identifies it with specific class interests which in:

the second period of society, that of shepherds, admits of very great inequalities of fortune, and there is no period in which the superiority of

fortune gives so great authority to those who possess it. *There is no period accordingly in which authority and subordination are more perfectly established* (WN, Book V, c. i, § 7: 693, emphasis added).

Therefore, the introduction of property rights gave rise not only to a pattern of authority and subordination but also to government. According to Smith, property and (civil) government are *in inteso* depending on one another. He believes that the preservation of property (and inequality of possession) must always vary with the form of government (LJ (B), § 11: 501).

In the *farming stage* of economic development, the dominant mode of subsistence is naturally lands' tillage. This mode implies differentiated property rights which enhances the authority of the dominant class and institutionalises this authority through a more relaxed political administration than before. However, in the lower level of this stage, that of the allodial system, "the vassal is directly dependant on the owner of the land; a fact which served to explain the great power and the territorial jurisdictions of the feudal lords" (Skinner 1965: 10).<sup>185</sup> In the allodial period the institutional framework of the pastoral stage is still working, but there are also the seeds of a higher form of economic development.<sup>186</sup> This sub-period of the *farming stage* is identified with a gradual transformation in property relations and with identical relations of dependence.<sup>187</sup> However, the necessity of military service impelled lords to grant long leases "for a term of years, and then in the form which gave security to the tenant's family and ultimately to his posterity" (Skinner 1975: 161). These leases are connected with the emergence of the feudal period in the farming stage of economic development. Despite the fact that the feudal sub-period is 'a higher form of agrarian economy', it had its limitations which are crystallised in its instable political institutions. Smith illustrates the political instability of the Middle Ages as the decisive effect of the general economic stagnancy in Western Europe:

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<sup>185</sup> According to Campbell and Skinner (1976: 14) "The third economic stage is perhaps the most complicated of Smith's four-fold classification at least in the sense that it seems to have a lower, middle and upper phase". For instance, the feudal system consists in a higher form of agrarian economy than that of the allodial which is an early expression of the farming stage.

<sup>186</sup> Skinner (1975: 159-160, emphasis added) puts it eloquently: "we move in effect from a developed version of one economic stage to a primitive version of another; from the state of pasture to that of 'agriculture' which features a settled abode property in land, and some form of rudimentary tillage".

<sup>187</sup> According to Smith observes that "In those disorderly times, every great landlord was a sort of petty prince. His tenants were his subjects. He was their judge, and in some respects their legislator in peace, and their leader in war. He made war according to his own discretion, frequently against his neighbours, and sometimes against his sovereign" (WN, Book III, c. ii, § 3: 383).

The authority of government still continued to be, as before, too weak in the head and too strong in the inferior members, and the excessive strength of the inferior members was the cause of the weakness of the head. After the institution of the feudal subordination, the king was incapable of restraining the violence of the great lords as before. They still continued to make war according to their own discretion, almost continually upon one another, and very frequently upon the king, *and the open country still continued to be a scene of violence, rapine, and disorder* (WN, Book III, c. iv, § 9: 417-418, emphasis added).

In the *commercial* stage of economic development, wealth was diffused among the members of the community. In this stage, according to Smith, the direct political dependence was eliminated and new more explicit and more democratic institutions were brought to the fore. The commercial stage is connected with economic development since commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals. Therefore, “A regular government was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one, any more than in the other” (WN, Book III, c. iv, § 15: 504). The commercial stage of economic development is connected with new institutional framework and the tendency ‘of bettering our condition’ (by being ensured) provided that gains to country and town are both mutual and reciprocal.

Smith’s stages theory is not independent from historical facts. Essentially, his historical sensitivity impels him to use the historical element (in all its possible forms: economic, social, political, and cultural) as an integral part of his theoretical analysis. The great majority of his theoretical schemas encapsulate in their ‘hard core’ the dynamic variations of historical time. His ‘progressive’ view of historical time and his historical workmanship comprise an organic part of his abstract formulations.

For instance, one of the first theoretical propositions in the very first chapter of Book I highlights the influence of historical time. He notes that, “The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour” since it reduces every man’s business to a simple operation (WN, Book I, c. i, § 4: 15). Evidently, this



proposition, despite its transhistorical content, is ontologically seated on the impact of historical time, inasmuch as the emergence, the functioning, and evolution of the division of labour, which is growing up through different stages, is a historical phenomenon. For Smith, the dialectical relation between the division of labour and the productive powers of labour lies behind economic development. For him the invention of greater machinery which enhances labour productivity and enables one to do the work of many is a function of the division of labour (WN, Book I, c. i, § 5: 17). According to Smith, “the intention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour” (WN, Book I, c. i, § 8: 19-20).<sup>188</sup>

For Smith (WN, Book II, c. iii, § 32: 343), the productive powers of the same number of labourers cannot be increased, “but in consequence either of some addition and improvement to those machines and instruments which facilitate and abridge labour; or of a more proper division and distribution of employment”. For him, the division of labour is a function of market demand. As he put it:

the increase of demand, besides, though in the beginning it may sometimes raise the price of goods, never fails to lower it in the long run. It encourages production, and thereby increases the competition of the producers, who, in order to undersell one another, have recourse to new divisions of labour and new improvement of art, which might never otherwise been thought of (WN, Book V, c. i, 3<sup>rd</sup> Part, § 26: 748).

And more explicitly, “the degree to which the division of labour can be introduced into any manufacture *is necessarily regulated, it has already been shown, by the extent of the market*” (WN, Book IV, c. ix, § 41: 680, emphasis added). According to Smith, the improvement in the production process (which renders consumption cheaper) provides in the long run a greater scope for the subdivision of labour. Therefore, the division of labour is the underlying force for the spread of technology and the improvement of productivity, and is the *sine qua non* of economic development. The latter is totally dependent on the size of the market. Smith observes that, as the power of exchange gives occasion to the division of labour, so the extent

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<sup>188</sup> For instance, in the Book II of the WN Smith observes that “as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging those operations” (WN, Book II, Introduction, § 3: 277).

of this division is always influenced and determined by the extent of the market. This is how Smith puts it:

the perfection of manufacturing industry, it must be remembered, depends altogether upon the division of labour; and the degree to which the division of labour can be introduced into any manufacture, *is necessarily regulated* [...] *by the extent of the market* (WN, Book IV, c. ix, § 41: 680, emphasis added).

Smith arrays historical evidence to show the market's influence on the breadth of the division of labour. He notes that in the Highlands of Scotland where there is no market at all, "every farmer must be butcher, baker, and brewer for his own family" (WN, Book I, c.iii, § 2: 31). On the other hand, he notes in his early lectures that "A merchant in Glasgow or Aberdeen who deals in linen will have in his ware-house, Irish, Scots, and Hamburg linens, but at London there are separate dealers in each of these" (LJ (A), Section VI, § 64: 355).

As Milonakis & Fine (2009: 50) rightly point out, "the commercial stage of society enables a growing division of labour because of the extent of the market through which the underlying motive of self-interest can be expressed through productivity increase". Essentially therefore, according to Smith, a broader (historical, social, political, and cultural) framework determines economic variables. His theoretical analysis is historically animated since the notion of 'the extent of the market' is determined both historically and socially. The extent of the market is the decisive causal factor determining the intensity of the division of labour and not *vice versa*. History, as historical time then, is organically subsumed in Smith's theoretical syllogisms and constitutes a central element of his abstract political economy.

This organic subsumption is used in his analysis of stages theory and of the transition from one stage of economic development to the next. The famous smithian notion of 'the mode subsistence' is the theoretical construction in which historical change is masterfully encapsulated.<sup>189</sup> This concept seems to be transformed epistemologically into the schema of relative values (prices) with which Smith attempts to systematise the fermentations that lie behind any historical change. He

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<sup>189</sup> Smith does not offer an explicit definition of the 'mode of subsistence' but we can infer it as meaning this amount of food which "is cheapest and most abundant" for poor people (WN, Book I, c. xi, part iii, 1st period, § 29: 207).

notes that the relative prices of bread and butcher's meat (which are crucial to people's subsistence) "are very different in the different periods" (WN, Book I, c. xi, part i, § 7: 164). For example, in the earliest stages of economic development (that of *hunting and pastoral stages*, according to Smith's terminology) when cultivation was extremely slender "there is more butchers' meat than bread, and bread, therefore, is the food for which there is the greatest competition, and which consequently brings the greatest price" (p. 164).<sup>190</sup> The plentitude of uncultivated lands in this stage of economic development renders cattle's reproduction a relatively easy task and pushes society to enter into the *pasturing* level of its economic development and societal organisation. Generally, in the rude (hunting and pastoral) stages of economic development, the relative value (price) of corn is sufficiently higher to (almost) all kinds of meat. These (meat) commodities "would purchase or represent a much smaller quantity of labour than in times of more opulence and improvement" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 25: 205).<sup>191</sup> Evidently, in a naturally fertile but almost uncultivated country, cattle, poultry, game of all kinds, etc. could be acquired with a relatively small quantity of labour and weariness. Smith observes that in colonies, mainly in the regions of South America, animals are "of so little value that even horses were allowed to run wild in the woods without any owner thinking it worthwhile to claim them" (WN, Book I, c. xi, § 4: 240). This easy acquaintance renders their cost of production (and consequently their price) extremely low.<sup>192</sup> In

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<sup>190</sup> Smith illustrates these primitive conditions (in the rude stage of economic development) with references to South America which, for him, was in the hunting stage of economic development. He uses Antonio de Ulloa's observations: "four reals, one-and-twenty pence halfpenny sterling, was, forty or fifty years ago, the ordinary price of an ox, chosen from a herd of two or three hundred [...] An ox, there, he says, costs little more than the labour of catching him" (WN, Book I, c. xi, part i, § 7: 164). Antonio de Ulloa (1716-1795) was an explorer, astronomer and administrator of Louisiana from 1766 to 1768. See *inter alia*: Grieves W. & McGuire J. (2008), *Louisiana Governors: Rulers, Rascals, and Reformers*, University Press of Mississippi, Jackson.

<sup>191</sup> Smith cites Ulloa's and Byron's references: "one-and-twenty pence halfpenny sterling, however, we are told by Ulloa was [...] at Buenos Ayres, the price of an ox chosen from a herd of three or four hundred. Sixteen shillings sterling we are told by Mr. Byron was the price of a good horse in the capital of Chili" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 25: 205). [John Byron (1723-1786) was a Royal Navy officer. He was a spirited explorer, known as Foul-weather Jack because of his frequent encounters with bad weather at sea. See: James Gambier, lemma: 'Byron, Baron', § 2: pp. CAD-CAE, in Ed. Lodge (1832) *The Genealogy of the Existing British Peerage, with brief sketches of the Family histories of the Nobility*, Saunders and Otley, London.

<sup>192</sup> For example, in South America, according to Kalm's registrations: "they make scarce any manure for their corn fields [...] but when one piece of ground has been exhausted by continual cropping, they clear and cultivate another piece of fresh land; and when that is exhausted, proceed to a third. Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-starved; having long ago extirpated almost all the annual grasses by cropping them to early in the spring, before they had time to form their flowers, or to shed their seeds" (WN, Book I, c. xi, § 4: 240-241). Pehr Kalm (1716-1779) was a Swedish-Finnish explorer, botanist, naturalist, and agricultural

these stages of economic development animals' wool is much dearer than their meat. Smith notes that, as Hume acutely observed, in Saxon times (which are connected with the pastoral stage of economic development), "the fleece was estimated at two-fifths of the value of the whole sheep" (WN, Book I, c. xi, § 6: 247).<sup>193</sup>

Essentially, the extremely low cost of pasturage is associated with short quantities of bread. This shortage increases corn's price and renders its cultivation an extremely profitable process. This profitability agitates country's inhabitants to start to cultivate (to exhaustion) the most fertile lands after legal changes in property rights. The intense competition among producers promotes the general cultivation of corn over the whole dominion of the country reaching its less fertile parts. This promotion would bring about vast quantities of corn, signaling the *farming* stage of economic development. This transition is crystallised in the relative prices (values) of these products, since the butcher's meat becomes dearer than bread. Smith notes that in the *farming stage*, "in consequence of the extension of agriculture, the land of every country produces much greater quantity of vegetable than of animal food" (WN, Book I, c. xi, part iii, 1st period, § 29: 206-207).<sup>194</sup> Smith observes that, in the course of the progress of improvement, "cattle, poultry, game of all kinds, the useful fossils and minerals of the earth naturally grew dearer" (WN, Book I, c. xi, § 3: 234).<sup>195</sup> Such an alteration in the relative prices brings about (historical) situations in which, "the rent and the profit of grass are much superior to what can be made by corn" (WN, Book I, c. xi, part i, § 10: 165). If these situations become generalised, the rent and the profit of corn would regulate the rent and the profit of pasturage. This regulation is, in

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economist. See: *American Journeys*, Wisconsin Historical Society: <http://www.americanjourneys.org/aj-117a/summary/index.asp>.

<sup>193</sup> Smith arrays historical material to illustrate this. He observes that in some parts of Spain, which are generally in their rude state of economic development, "the sheep is frequently killed merely for the sake of the fleece and the tallow. The carcass is often left to rot upon the ground, or to be devoured by beasts and birds of prey [...] If this sometimes happens even in Spain, it happens almost constantly in Chili, at Buenos Ayres, and in many other parts of Spanish America, where the horned cattle are almost constantly killed merely for the sake of the hide and the tallow" (WN, Book I, c. xi, § 6: 247).

<sup>194</sup> Smith attempts to clarify this situation. He notes that, "In almost every part of Great Britain a pound of the best butcher's meat is, in the present times, generally worth more than two pounds of the best white bread; and in the plentiful years it is sometimes worth three or four pounds" (WN, Book I, c. xi, part i, § 8: 165).

<sup>195</sup> "The increasing abundance of food, in consequence of increasing improvement and cultivation, must necessarily increase the demand for every part of the produce of land which is not food, and which can be applied either to use or to ornament" (WN, Book I, c. xi, part iii, § 1: 193). Smith is explicit in his statement that the demand of superfluities increases in times of opulence and prosperity and decreases in that of stagnancy or depression. He observes that, "their real price [...] is likely to rise with the wealth and improvement of the country, and to fall with its poverty and depression" (WN, Book I, c. xi, § 19: 254).

Smith's mind, accomplished through an extended production of cattle's food which renders the cost of their breeding cheaper and cheaper. The physical limits of a general transformation of cultivation are attained, "when the price of cattle for example, rises so high that it is as profitable to cultivate land in order to raise food for them, as in order to raise food for men, it cannot well go higher" (WN, Book I, c. xi, § 2: 237). For Smith, these limits are pushed by direct technological innovations which increase labour productivity. His lengthy comment is indicative of his empiricism which is intermingled with his theoretical understanding of things:

The extension of improvement and cultivation, as it necessarily rises more or less, in proportion to the price of corn, that of every sort of animal food, so it as necessarily lowers that of, I believe, every sort of vegetable food. It raises the price of animal food; because a great land which produces it, being rendered fit for producing corn must afford to the landlord and farmer the rent and profit of corn land. It lowers the price of vegetable food; because a great part of the land which produces it, being rendered fit for producing corn must afford to the landlord and farmer the rent and profit of corn land. It lowers the price of vegetable food; because by increasing the fertility of the land, it increases its abundance. The improvement of agriculture too introduces many sorts of vegetable food, which, requiring less land and more labour than corn, come much cheaper to market (WN, Book I, c. xi, § 10: 259).

In Europe, mainly in England, this transformation was achieved through a twin revolution: firstly the 'agricultural revolution' of the seventeenth century (the shift in both seeds and cultivating methods) which augmented meat's production with a parallel decrease of vegetables' prices (due to the increased produce of turnips, carrots, cabbages and other expedients);<sup>196</sup> and, secondly, the generalised 'revolution in transportations' which provided Europe with many foreign expedients (such as Indian corn). However, the adoption of new productive techniques and the adaptation of relative prices is not an automatic and mechanistic process, since traces of previous stages of societal organisation function as obstacles to this adaption. Smith illustrates these limitations by noting that they refer:

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<sup>196</sup> Smith observes that, "many sorts of vegetable food, besides, which in the rude state of agriculture are confined to the kitchen garden, and raised only by spade, come [...] to be introduced into common fields, and to be raised by the plough: such as turnips, carrots, cabbages etc." (WN, Book I, c. xi, § 10: 259).

first, to the poverty of the tenants, to their not having yet had time to acquire a stock of cattle sufficient to cultivate their lands more completely, the same rise of price which would render it advantageous for them to maintain a greater stock, rendering it more difficult for them to acquire it; and secondly, to their not having yet had time to put their lands in condition to maintain this stock properly, supposing they were capable of acquiring it (WN, Book I, c. xi, § 3: 239).

The end result of this dynamic process is that in London's market, "the price of butcher's meat in proportion to the price of bread is a good deal lower in the present times, than it was in the beginning of the last century" (Book I, c. xi, part i, § 15: 167).<sup>197</sup>

*In fine*, Smith concludes that when the innovative cultivating methods become generalised, the vegetable food will become much cheaper and therefore accessible to more people. He uses historical examples to support his belief. He notes that between the mid-fourteenth century and the first decades of the sixteenth century, "the ordinary or average price of wheat, seems to have sunk gradually to about one half of its price; so as at last to have fallen to about two ounces of silver, Tower weight, equal to about ten shillings of our present money" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 8: 197).<sup>198</sup>

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<sup>197</sup> Smith illustrates this situation by using three different historical sources: a) a Birch's study about the *Life of Henry Prince of Wales* edited in London in 1760, b) an official 1761-1764 Report which inquired the causes of the *High Price of Provisions in England* and c) a *verbal martyr* of a Virginian merchant. He indexed the price of butcher's meat that was commonly paid by Henry in one of his dinners: "the four quarters of an ox weighting six hundred pounds usually cost him nine pounds ten shillings, or thereabout, that is, thirty-one shillings and eight pence per hundred pounds weight" (WN, Book I, c. xi, part i, § 16: 167). According to Henry's list "the choice pieces could not have been sold by retail for less than 4 ½ d. or 5 d. a pound" (WN, Book I, c. xi, part i, § 18: 168). In 1764's Enquiry "the choices pieces of the best beef to be to the consumer 4d. and 4 ¼ d. the pound; and the coarse pieces in general to be from seven farthing to 2 ½ d. and 2 ¾ d." (WN, Book I, c. xi, part i, § 19: 168). Smith's comment is indicative; "But even this high price [e.g. that of 1764] is still a good deal cheaper than what we can well suppose the ordinary retail price to have been in the time of prince Henry (p. 168). According to merchant's memoir, "in March 1763, he had victualed his ships for twenty-four or twenty five shillings the hundred weight of beef, which he considered as the ordinary price; whereas, in that dear year, he had paid twenty seven shillings for the same weight and sort. This high price in 1764, is however, four shillings and eight-pence cheaper than the ordinary price paid by prince Henry" (WN, Book I, c. xi, part i, § 17: 168). All these show that Smith, despite his historiographical shortcomings, he had attempted to index and evaluate every historical reference that was related to his abstract analysis. [Thomas Birch (1705-1766) was a British historian and biographer, see: William Prideaux Courtney in *Dictionary of National Biography*, 1885-1900, vol I.]

<sup>198</sup> He uses historical material from France to show the transhistorical character of this ascertainment. Smith notes that in France according to Dupre de St. Maur and C.J. Herbert, "the average price of grain [...] was much lower in the end of the fifteenth and beginning of the sixteenth century, than in the two preceding" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 13: 198).

This abundance of food feeds the great majority of people and impels society to enter into its *commercial* stage of economic development. In this stage of societal organisation, meats of all kinds (and other luxurious goods) become even dearer, impelling producers to prefer the production of these more expensive products.<sup>199</sup> This inclination augments the extent of the market and underpins a generalised extension of the division of labour.

Evidently, this schema of relative prices confirms Smith's stages theory by showing that changes in market prices (values) are the crystallisation of some historical change. As in neoclassicists and in Douglass North, the increase in relative prices is the impulse to both cultivation and improvement of lands. Smith notes that:

from the high or low money price of some sorts of goods in proportion to that of others, we can infer with a degree of probability that approaches almost to certainty, that it was rich or poor that the greater part of its lands were improved or unimproved, and that it was either in a more or barbarous state, or in a more or less civilized one (WN, Book I, c. xi, § 3: 257).

Smith attempts to sketch out an abstract theoretical scheme of societal transformation but does not provide a causal connection to explain the transition from stage to stage. The motif of relative prices and which is seated on the 'mode of subsistence' is an ingenious formulation with analytical shortcomings. The repeated use of the word 'necessarily' shows the 'theoretical' background of his analysis. The absence of a causal factor renders his argumentation neither technical nor mechanical in its epistemology. For instance, his direct appeal to history ('agrarian revolution', 'navigation' etc.) renders his theoretical schema historically animated. Two points are worth emphasising here; first that between the transition from one stage of economic development to the next there are 'transitional' periods which "cannot be removed but by a long course of frugality and industry; and half a century or a century more, perhaps, must pass away before the old system, which is wearing out gradually, can be completely abolished through all the different parts of the country" (WN, Book I,

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<sup>199</sup> For instance, milk, in the rude stages of economic development, was extremely cheap since every individual farmer had his own personal dairy. Following 'the progress of economic development' and the (regular) diminution in the number of cottagers, due to the urbanization process, its price became higher impelling Smith to point out that "the price at last gets so high that it becomes worthwhile to employ some of the most fertile and best cultivated land, in feeding cattle merely for the purpose of the dairy" (WN, Book I, c. xi, § 11: 244).

c. xi, § 3: 239).<sup>200</sup> This observation is connected with Smith's anticipation of economic past and shows off a multi-layered systematisation of historical time.<sup>201</sup> For Smith in each stage of societal organisation there remain surviving structures, practices, habits and customs of previous stages which influence the functioning of this organisation. For example, the customs of merchants established in the barbarous times of Europe had given to them extraordinary privileges in the commercial stage of economic development (WN, Book II, c. ii, § 67: 309).<sup>202</sup>

Secondly, Smith's stages theory implies a schema of 'uneven' economic development among different nations since some of them (England and South America for example) are much wealthier than others.<sup>203</sup> The motif of 'uneven' economic development is revealed in his discussion of feudalism when he notes that the seeds of it were still subsisting in the Eastern part of Europe, Russia, Poland, Hungary, Bohemia, Moravia and other parts of Germany and, "it is only in the western and south-western provinces of Europe, that it has gradually been abolished together" (WN, Book III, c. ii, § 8: 387).<sup>204</sup>

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<sup>200</sup> Smith arrays a variety of historical evidence to illustrate this. An interesting example is gleaned from post-Homeric Greece. He notes that the ancient little republics that had emerged after the Trojan war had as a great accomplishment of their education music and dancing *which were the great amusements of their antecedents* (WN, Book V, c. i, § 40: 776, emphasis added).

<sup>201</sup> For Skinner (2000: 23) this understanding underlines that, "he was not directly concerned with the problem of equilibrium". In spite of his shortsighted loyalty to the market mechanism, Smith was not an autistic adherent of a kind of a-historical equilibrium analysis similar to that of neoclassical microeconomic theory.

<sup>202</sup> For example, the *law of primogeniture*, which was introduced in the Middle Ages, as a 'valve' of security from aggressive neighbours, is still there in Smith's times and continued, "to be respected, and as of all institutions it is the fittest to support the pride of family distinctions, it is likely to endure for many centuries" (WN, Book III, c. ii, § 4: 384). In reality, behind the *law of primogeniture* lies the anxiety if landlords to keep their land united. Moreover, the institution of *entails*, established when great landed estates were a sort of principality, may not be totally unreasonable, "as they ensured the security of thousands from being endangered by the caprice or extravagance of one man" (WN, Book III, c. ii, § 6: 384). In Smith's times, however, "when small as well as great estates derive their security from the laws of their country, nothing can be more completely absurd" (p. 384). In his *Lectures* Smith observes that it was altogether "absurd to suppose that our ancestors who lived 500 years ago should have had the power of disposing of all lands at this time" (LJ (A), Section I, § 164: 69).

<sup>203</sup> Smith cites as typical examples of unequal economic development France and Spain. He quotes Emperor's Charles V observation that, "everything abounded in France but [...] everything was wanting in Spain" (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 25: 220). For Smith the causes of 'uneven' economic development of countries like China, Indostan, Spain etc. were in the warps of governmental actions. Smith's superficial reading is animated by his inability to understand the class structure of the international division of labour which was infantile in his times. Such contradictory views owe their persistence to Smith's failing to discern the 'esoteric from the exoteric' nature of social reality and to his inclination to take some untheoretical observations as pure theoretical syllogising.

<sup>204</sup> It must be noted that uneven economic development was not confined to the commercial stage of economic development. Smith notes that even in the period of Classical Antiquity and in the Middle



Generally, therefore, the Smithian ‘transformational process’ (as every theoretical notion in Smithian work) is seated on a twofold ontological framework; first, is the idea of incessant material progress and, second, the fundamental necessity of biological reproduction which is the existential cornerstone of this process. However, despite progress as the general course of things, there are many historical instances where material progress is retarded. These periodical regressions (as had been already pointed out) are the product either of historical accidents or of policy regulations.<sup>205</sup> These discontinuities are illustrated through a more narrative way of ‘historicising’, which moves against the ‘theoretical’ context of his abstract schemas. Generally in Smith, a ‘theoretical’ historicising is used to express ‘the progress of improvement’ through freedom’s gradual conquest; while a more ‘narrative’ historicising is used to illustrate the consequences of administration actions, which in the WN are arrayed narratively, through a (more) descriptive political history. On the top of the administrative actions’ negative consequences, an influential role in the determination of historical facts is accorded to the role of *contingency*.<sup>206</sup> Therefore, we can discern in the WN, a type of dialectical conflict between Smith’s ‘theoretical’ history, encapsulated in the concepts of ‘the natural course of things’ (and ‘the natural progress of opulence’), and his ‘narrative’ history which ascribes important role to the influence of both state’s regulation and contingency in the process of ‘the natural course of things’. This differentiation is of prime importance for the understanding of both Smith’s philosophy of science and his economic theory.

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Ages, even within the narrow circle of the commerce, some countries were opulent and industrious while some others were not (WN, Book III, c. ii, § 8: 387).

<sup>205</sup> Smith cites numerous examples of such distorting regulations. The WN includes an anthology of erroneous governmental actions. *Exempli gratia*, the regulations that diminished the price of wool by the 14<sup>th</sup> enactment of Charles II in 1662, “would in [...] circumstances of the country have been the most destructive regulation which could well have been thought of. It would not only have reduced the actual value of the land; of the kingdom, but by reducing the price of the most important species of small cattle, it would have retarded very much its subsequent development” (WN, Book I, c. xi, §12: 252).

<sup>206</sup> Smith seems to understand the importance of *accident* in history. For example, the price of corn could rise due to accidental situations not related to human handling. Its high price during the period between 1764 and 1776 is the end result of bad harvests. However, according to Smith, this increase “seems evidently to have been the effect of the extraordinary unfavourableness of the seasons, and ought therefore to be regarded, not as a permanent, but as a *transitory* and *occasional* event” (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 17: 217). This view is pushed to its *in extremis* by the post-modern historiography which promotes the view that *accident* is a decisive element in historical processes. The theory of history that is connected with this view is named as the ‘history of Cleopatra’s nose’ and “is, by large, a chapter of accidents, a series of events determined by chance coincidences” (Carr 1990: 98).

Smith's theoretical history has the following features: firstly, human nature (which is comprised in the ontological framework of his theoretical history) although not necessarily the precise counterpart of physical nature, exhibits certain uniformities, since "both of them exhibit coherent, uniform, and constant principles, but in the former, with respect to the latter, these principles are sometimes conflictual" (Fiori 2012: 427).<sup>207</sup> Secondly, the intrinsic propensity of 'bettering our material condition' prevails over prodigality and misconduct and explains (theoretically) the general tendency of moving towards 'the natural course of things' (namely economic advancement and social development). For Smith, recent economic history of the Western societies (and mainly that of Britain) illustrates this tendency. Essentially, this propensity is 'the engine of history' as it drives humans to bring about savings at the individual level and capital accumulation at the aggregate level. All these render progress a 'gradual' but continual process in which progress, despite not being ever sensible for some, is in general uninterrupted.<sup>208</sup> Smith's sharpness is made explicit in the following comment: "though the profusion of government must, undoubtedly, have retarded the natural progress of England towards wealth and improvement, it has not been able to stop it" (WN, Book II, c. iii, § 36: 345).

Substantially, his 'outline of economic history' is crystallised in the following observation, which can be characterised as the *leitmotif* of his 'theoretical history':

According to the natural course of things, therefore, the greater part of the capital of every growing society, is first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is so very natural, that in every society that had any territory, it has always, I believe, been in some degree observed (WN, Book III, c. i, § 8: 380).

For Smith, any intervention in the use of capitals gives an artificial direction to industry and is unlikely to be of any (economic) advantage:

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<sup>207</sup> These principles comprise in the ontological framework from which Smith had attempted to systematise the 'chaos of jarring appearances' (HA, Section II, § 10: 43). Pocock (2006: 275) observes that, "Human nature furnished the philosopher with certain fixed propensities of behaviour, which might be used in clarifying and explaining the extraordinary diversities of conduct in which humans found themselves engaging".

<sup>208</sup> Smith's comments are indicative of this 'gradualist' process. He notes in particular that "To form a right judgment of it indeed, we must compare the state of the country at periods distant from one another" (WN, Book II, c. iii, § 36: 345). Smith elaborates historical material to illustrate this: "The annual produce of the land and labour of England [...] is certainly much greater than it was, a little more than a century ago, at the restoration of Charles II" (WN, Book II, c. iii, § 33: 344).

But though this natural order of things must have taken place in some degree in every such society, it has, in all the modern states of Europe, been in many respects, entirely *inverted*. The foreign commerce of some of their cities has introduced all their finer manufactures, or such as were fit for distant sale; and manufactures and foreign commerce together, have given birth to the principal improvements of agriculture. The manners and customs which the nature of their original government introduced, and which remained after that government was greatly altered, *necessarily forced them into this unnatural and retrograde order* (WN, Book III, c. i, § 9: 380, emphasis added).

This is why political economy ought not force or allure a greater share of the capital of a country than would naturally flow into them of its own accord (WN, Book II, c. v, § 31: 372). His introductory comment in his Book III is indicative of his epistemic choices and is worth of quoting *in verbatim*:

Had human institutions, therefore, never disturbed the natural course of things, the progressive wealth and increase of the towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory or country (WN, Book III, c. i, § 4: 378).

Therefore, his theoretical argument has a third feature; History, contingencies, legal institutions, customs and specific interests all play a role in the evolution of ‘the natural course of things’ and influence our understanding of economic variations. Fiori (2012: 428) observes that in Smith’s ‘theory of economic history’ “‘natural’ tendencies and ‘unnatural’ processes often work at the same time, and all this modifies the Newtonian perspectives in human sciences”. Therefore, his argument, despite its generic and transhistorical traits, is open to historical particularity, since there are open variations in ‘the natural course of things’. Essentially, therefore, as Ross (1995: xix) observes, Smith’s (theoretical) economic history is highly interacting and intermingling with narrative political history.

However, such an abstract argument, despite being a generic framework of the ‘history of economic development’, does not offer either a vigorous or rigorous ‘theory of history’ of commercial capitalism, since it attributes every variation from ‘the natural progress of opulence’ either to policy regulations or to accidental reasons. Smith’s analysis seems to be over-simplistic in this respect since he connects

economic development with the acquaintance of perfect liberty and economic regression with state's intervention.<sup>209</sup> For instance, Book III of his WN, despite offering a condensed economic history of Europe, from the fall of the Roman empire until the eighteenth century, attributes the slow (according to Smith) economic progress of Europe to the direct consequence of extreme policy regulations, enactment of special economic interests, wars, famines, political events, etc. The landmark in Smith's narration is that property rights that had emerged and were legislated during the allodial period (e.g. law of primogeniture, entails etc.), hindered agricultural improvements and disordered 'the natural course of things' since they blot out general cultivation and "the great proprietor was sufficiently employed in defending his own territories [...] He had no leisure to attend to the cultivation and improvement of land" (WN, Book III, c. ii, § 7: 385).<sup>210</sup> Therefore, such 'enacted property rights' moved

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<sup>209</sup> The essence of the argument of 'the natural progress of opulence' could be summarised as follows: Smith believes, having been highly influenced by Physiocrats, that the capital that is employed in agriculture puts into motion the greatest quantity of productive labour while, "After agriculture, the capital employed in manufactures puts into motion the greatest quantity of productive labour, and adds the greatest value to the annual produce. That which is employed in the trade of exportation has the least effect of any of the three" (WN, Book II, c. v, § 19: 366). For him a country that does not have sufficient capital to set in motion all these purposes "has not arrived at that degree of opulence for which it seems naturally destined" (WN, Book II, c. v, § 20: 366). He illustrates this position by citing the historical examples of China, Egypt, and Indostan which despite being the wealthiest countries of antiquity had not developed their commerce. More specifically he notes that, "Even those three countries, the wealthiest, according all accounts, that ever were in the world, are chiefly renowned for their superiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. *The antient Egyptians had a superstitious antipathy to the sea; a superstition nearly of the same kind prevails among the Indians; and the Chinese have never excelled in foreign commerce*" (WN, Book II, c. v, § 22: 367, emphasis added). *Ad addendum*, "The Chinese have little respect for foreign trade. Your beggarly commerce! was the language in which the Mandarins of Pekin used to talk to Mr. De Lange, the Russian envoy, concerning it" (WN, Book IV, c. ix, § 40: 680). Smith had gleaned out this citation from the *Journal* of Mr. De Lange in J. Bell (1763), *Travels from the St. Petersburg in Russia to divert parts of Asia*, vol. ii, c. viii: 258. However, despite of these priorities, the role of trade is crucial in determining the progress of opulence since, "in order to render the produce both as great and as valuable as possible, it is necessary to procure to it as extensive market as possible" (WN, Book V, c. i, 3<sup>rd</sup> Part, § 17: 730).

<sup>210</sup> Smith identifies the allodial period *per se*, which preceded that of feudalism, with the lowest phase of 'farming' stage of economic development since allodial institutions (and its subsequent property rights) prevented the natural progress of opulence. According to Smith's analysis, the allodial system was connected with patriarchal and not with feudal bonds. He notes in his *Lectures*: "The slave or villain who cultivated the land cultivated it entirely for his master; whatever it produced over and above his maintenance belonged to the landlord" (LJ (A), Section III, § 112: 185) and; "if great improvements are seldom expected from great proprietors, they are least of all to be expected when they employ slaves for their workmen" (WN, Book III, c. ii, § 9: 387). The same condition stood for merchants who, despite their freer condition, were subjected to a variety of oppressive laws and, as a result, "they could never amass that degree of stock which is necessary for making the division of labour and improving manufactures" (LJ (B), § 302: 527). Smith calls these laws absurd, since they retarded 'the progress of improvement'. For him, the feudal system of production had been connected with "political instability, unjust and inefficient structure of property rights, precarious land-lease forms, arbitrary public services and taxes, and regulatory public policy" (Kim 2009: 55). The institution of long-leases of the mid of

against ‘the natural law’ and contrary to nature, reason, and justice” (LJ (A), Section I, § 115: 49). Smith is extremely vitriolic against landlords’ audacity and indolence by referring to these leases which “prescribe to the tenant a certain mode of cultivation, and a certain succession of crops during the continuance of the lease” (WN, Book V, c. ii, part II, § 13: 831). Essentially therefore, such legal (political) status and customs, by giving no incentive to people to be industrious, checked the desire of the producers ‘to better their condition’ and obstructed the general economic progress of the country.<sup>211</sup> All these violent regulations (the servile status, laws of primogeniture and entails, short and tight leases, taxes etc.) apart from retarding liberty and disrupting competition, distorted ‘the natural course of things’ and diminished opulence.<sup>212</sup> For Smith, the ‘natural course of things’ is initially animated by the development of agriculture which is the cornerstone of economic development. Contrary to this, the lesser oppression of merchants (in comparison to that of tenants) gave them the opportunity to develop their activities much faster and safer. Evidently, this historical condition retarded ‘the natural course of things’ (which entailed the inverse order of

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sixteenth century “gave security to the tenant’s family and ultimately to his posterity” (Skinner 1996: 86).

<sup>211</sup> For instance, the servile status of servants that emerged after the fall of the Roman empire, left them with little incentive to produce more than a minimum for subsistence. They had no incentive either to being more productive or to employ any improvement in their farming techniques (Brewer 2008: 18). Smith, already from his *Lectures*, observes that “By the feudal law, the lord had an absolute sway over his vassals. In peace he was the administrator of justice, and they were obliged to follow him in war” (LJ (B), § 141: 454). Indeed, in spite of the limitations of their social status, many customs which were rooted in villanage (which bound farmers to perform a great number of services to the landlord) subjected tenants to many vexations. Moreover, “Another embarrassment was that the feudal lords sometimes allowed the king to levy subsidies from their tenants, *which greatly discouraged their industry*” (LJ (B), § 294: 524). All these show that both the extravagances of governments and landlords’ short sightness affected the potential improvements in agriculture and violated ‘the natural course of things’. Smith used an array of historical references to evince this point of view. For example “In Scotland the abolition of all services [...] has in the course of a few years very much altered for the condition of the yeomanry of that country” (WN, Book III, c. ii, § 17: 393).

<sup>212</sup> Book III of the WN tries to systematise the transition from the ‘feudal’ to the ‘commercial’ stage of economic development. In his attempt Smith argues that, when the German and Scythian nations – which were in their ‘shepherd’ stage of economic development – “over-ran the western provinces of the Roman empire, the confusions which followed this invasion *cause the interruption of the existing commerce between the towns and the country*” (WN, Book III, c. ii, § 1: 381, emphasis added). In his *Lectures* Smith informs us that, “the country was infested by robbers and banditti, so that the cities soon became deserted, for unless there be a free communication betwixt the country and the town to carry out the manufactures and import provisions, no town can subsist” (LJ (A), Section IV, § 117: 245); and concludes that these incursions cause the sunk of these territories “into the lowest state of poverty and barbarism” (WN, Book III, c. ii, § 1: 382). At this point, Smith makes an interesting historiographical comment. He notes that despite the fact that historians give but an imperfect account of these disturbances, “we find by our old ballads and poems that they made very frequent incursions” (LJ (A), Section IV, § 118: 245). As will be indicated in the last section of the present essay, Smith, despite not being a professional historian, made a variety of historiographical comments that are extremely interesting for the systematisation of a modern economic history of the European continent.

development) and distorted ‘the natural progress of opulence’, which, according to Smith’s account, is identified with the initial development of agriculture and not that of manufacture and commerce.<sup>213</sup> The greater safety of towns gave to manufacturers and traders a freer opportunity to try ‘to better their condition’. The ellipse of security in the country had as an effect that industry, “which aims at something more than necessary subsistence” was established in towns long before it was commonly practiced by the occupiers of land in the country (WN, Book III, c. iii, § 12: 405). And, what is more, “Whatever stock [...] accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities, as the only sanctuaries in which it could be secured to the person that acquired it” (p. 405).<sup>214</sup> According to Smith, the inability of the central government to ensure a general sense of security to the farmers (together with the indolence and inhumanity of lords) was the decisive factor in the non-improvement of lands in the countryside.<sup>215</sup> Contrary to this, safety and liberty in towns (which were legally prescribed) were favourable for ‘their progress of opulence’. This was the main reason for the early development of the mediaeval cities and that agriculture did not sufficiently progress during the Middle Ages.<sup>216</sup> The obtuseness and prodigal disposition of proprietors and the idle character of their retainers (together with the terror suffered by the tenants due to the

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<sup>213</sup> As has already been indicated, Smith believes that economic development presupposes the direct separation of agriculture and manufacturing and their assignment to country and town respectively (Brenner 1977: 33). However, the history of Europe followed the inverse order and the absolute sovereign assisted merchants and manufacturers since “Mutual interest [...] disposed them to support the king, and the king to support them against the lords. They were the enemies of his enemies, and it was his interest to render them as secure and independent as those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws of their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a sort of military service, he gave them all the means of security and independency of the barons which it was in his power to bestow” (WN, Book III, c. iii, § 8: 402).

<sup>214</sup> The issues of security, certainty and justice are of crucial importance for the development of ‘the progress of improvement’. Stewart noted that the leading object of Smith’s speculation was “to demonstrate, that the most effectual plan for advancing a people to greatness, *is to maintain that order of things which nature has pointed out*” (1793, Section IV, § 13: 315). Smith was explicit in his *Lectures* that “where there is no supreme legislative power nor judge to settle differences, we may always expect uncertainty and irregularity” (LJ (B), § 339: 545).

<sup>215</sup> Smith notes in his *Lectures* that “this government was not at all cut out for maintaining civil government, or Police. The king had property in the land superior indeed to what others had, but not so greatly superior as that they had any considerable power over them. *The only person who had any command in the remoter parts of the kingdom was the superior or lord*” (LJ (A), Section I, § 128: 54, emphasis added).

<sup>216</sup> Some manufactures developed out of ‘the natural course of things’, like the great commercial cities of Italy (Venice, Florence etc.) while others were (later of course) the natural products of the offspring of agricultural development. Smith (WN, Book III, c. iii, § 20: 408) notes that: “In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offspring of agriculture”.

oppressive behaviour of their lords) comprised decisive obstacles to any productive employment of country's revenue. Evidently then, such obstacles violated 'the natural progress of opulence'.<sup>217</sup> Therefore, lords (due to sovereign's inability) destroyed the security of property, ruptured the 'natural law' and finally violated 'the natural course of things'. It was the commerce of luxury goods that had broken down these practices and finally brought back 'the natural course of things'.<sup>218</sup> Substantially therefore, Smith narrates the 'short' economic history of Europe, noticing at the same time that, "foreign trade developed in an anomalous way, inverting 'the natural order of things', according to which this kind of commerce would have been the last sector to increase after agriculture and manufacture, and in consequence of their exchange relations" (Fiori 2012: 427).<sup>219</sup> Essentially, therefore, Book III of the WN, which according to Unwin ([1908] 1971: 43) contains "the best piece of economic history that has yet been written", crystallises how real history matters and shows in general the reversing of 'the natural course of things' despite the natural (prevalent) inclination to improve the condition of mankind.<sup>220</sup>

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<sup>217</sup> There were two reasons for this condition: Firstly, in the remoter parts of the kingdom each lord was 'a sort of petty prince' who made war according to his own discretion against other lords and 'sometimes against his sovereign' and, secondly, where land was a means not only of subsistence but also of 'power', the lords, having appropriated the land, wished to perpetuate this position (Alvey 2003: 7).

<sup>218</sup> This process of advanced commerce had destroyed the property rights both in feudal and ecclesiastic estates. Smith is explicit: "The gradual improvement of arts, manufactures, and commerce, the same causes which destroyed the power of great barons, destroyed in the same manner, through the greater part of Europe, the whole temporal power of the clergy" (WN, Book V, c. i, § 25: 803). He notes that clergy encouraged the relaxation over their villeins as "They saw too perhaps that their lands were but very ill cultivated when under the management of these villains. They therefore thought it would be more for their own advantage to emancipate their villains and enter into an agreement with them with regard to the cultivation of their lands. In this manner slavery came to be abolished" (LJ (A), Section III, § 121: 189). Brenner gleans out the early seeds of capitalist development in commerce. He believes, contrary to Dobb's classical analysis, that "the market, and most notably the pressure arising from commerce that is *external* in origin, is the main lever in disintegrating the *internal* structures of feudal society" (Milonakis and Fine 2009: 53).

<sup>219</sup> Smith's conclusion is indicative of this inverted process: "It is thus that through the greater part of Europe the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation of the country" (WN, Book III, c. iv, § 18: 422).

<sup>220</sup> Smith is explicit in his view that modern Europe had followed 'an inverted course of economic development'. He notes that this 'course' had been both slow and uncertain. He elaborates the comparative method to illustrate the differences between 'the natural' and 'the inverted' course of economic development: "Compare the slow progress of those European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of [...] North American colonies, of which the wealth is founded altogether in agriculture" (WN, Book III, c. iv, § 19: 422). Smith believes that, contrary to Europe (and Britain particularly), the economy of North America had followed 'the natural course of things' and this is why it is connected with improved lands and cultivation. It must be noted that the case of North America became, according to Ross (1995: 250), "the major case study for the unfolding of Smith's theory of free market, and the most urgent point for the application of the theory".

For Smith, the sovereign (contrary to that which had emerged during the Middle Ages) has to encourage the propensity of *all* its inhabitants to exert their ability ‘to better their condition’. He points out that the state does not have to ensure (through enactments) the interests of specific classes of people since everyone has the ability ‘to better his condition’ and knows his interests better than anyone else. Smith believes that if everyone is free (and together secure) to search for his welfare, he would eventually contribute to the general well-being of society. However, if the government supports the interests of specific ranks of people (like that of merchants’ in the *mercantilist period*) and constraints that of others (like that of tenants’ in the *feudal period*), then this restriction of freedom would produce violations of ‘the natural progress of opulence’. Such support prevents the *body politic* from freely exerting his attitude ‘to better his condition’. It must be noted that for Smith ‘the natural progress of opulence’ is unintended with regard to agents’ preferences and behaviour. For example, the transition from feudalism to commercial capitalism was an unintended process carried out by the European *body politic*. In Smith’s own words: “A revolution of the greatest importance to the public happiness was in this manner brought about by two different orders of people, *who had the least intention to serve the publick*. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about” (WN, Book III, c. iv, § 17: 422). According to Raphael and Skinner (1980: 3), “the overall results of individual actions were not necessarily intended by any of them”; and “The objectives may be rationally selected, but it was an important part of the argument that individual men are rarely if ever aware that the results attained go far beyond their original intentions” (Skinner 1967: 43). For Smith, the development of productive forces can be seen as the result of a whole mass of individual and selfish activities (p. 43). Smith had believed that this development (which is crucial of nation’s wealth) is *in toto* unintentional to every agent of economic process. Essentially therefore, these unintended effects are connected with the most famous notion of the smithian work, that of *the invisible hand*, which crystallises the direct connection between private interests and public welfare. His lengthy comment is worth of quoting in full: “The produce of the soil



maintains at all times nearly the number of inhabitants which it is capable of maintaining. The rich only select from the heap what is most precious and agreeable. They consume little more than the poor, and in spite of their natural selfishness and rapacity, though they mean only their own conveniency, though the sole end which they propose from the labour of the thousands whom they employ, be the gratification of their own vain and insatiable desires, they divide with the poor the produce of their improvements. They are led by an *invisible hand* to make nearly the same distribution of the of the necessities of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advances the interest of the society, and afford means to the multiplication of the species” (TMS, Book IV, c. i, § 10-11: 184-185). For Smith, the invisible hand is equated with the operation of the market mechanism within the narrow limits of commutative justice. Essentially therefore, the individual search (for the highest returns) coincides with the greatest support provided to both domestic industry and public interest.<sup>221</sup>

Smith notes that:

The principal attention of the sovereign ought to be to encourage, by every means of his power, the attention both of the landlord and of the farmer; by allowing both to pursue their own interest in their own way, and according to their own judgment; by giving both the most perfect security that they shall enjoy the full recompence of their industry; and by procuring to both the most extensive market for every part of their produce (WN, Book V, c. ii, part II, § 18: 833).

He believes that the ‘paradigm’ of Great Britain, the wealthiest country of his times, shows that, “its industry is perfectly secure; and though it is far from being perfectly free, it is as free or freer than in any other part of Europe” (WN, Book IV, c. v, § 44: 540). Smith’s political economy, has secured merchants’ special interests since the conditions of perfect liberty, security, and perpetual progress are necessary for capitalist advancement. However, Smith’s humanism impels him to believe that these conditions would, in the long run, secure the interests of every agent.

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<sup>221</sup> Generally Smith employs a type of ‘unintended consequences of action’ in the majority of his texts. This phrase originates in Merton’s study. See: R. Merton (1926), “The Unintended Consequences of Purposive Social Action”, *American Sociological Review*, 1 (6): 894-904.

### 3.5 Smith's empiricism: a critique

Mirowski (1988: 191) rightly argues that the identification of 'facts' is not independent of the theory and the activities of the theorist. Smith arrays some empirically defined statements – such as the pin-maker or the philosopher & porter examples – which are organically linked to his grand theoretical programme. Generally Smith, as Thomson (1965: 219) observes, “speaks of himself occasionally as an empiricist”. Evidently, the philosophy of empiricism was bequeathed in political economy through Locke whose “philosophy served as the basis for all the ideas of the whole of subsequent English political economy” ([1863] 1951: 151). According to Ilyenkov (1982: 181):

The fact, however, that classical political economy was linked up, in its conscious methodological convictions, with Locke's philosophy, made itself felt directly, and in a very instructive form. As a result, theoretical investigation of facts proper was continually interlaced with simple uncritical reproduction of empirical conceptions.

For Ilyenkov, “This is most clearly seen in the work of Adam Smith” (p. 181). Generally, Smith had attempted to construct a theory, grounded in immediate observation and evidence and then abstracting general systematic changes (MacFie 1967: 13). Evidently, therefore, the empirical element consists in a structural element of his political economy. Though he had been dissatisfied with the empiricism of Bacon, Hobbes and Locke, Smith is characterised by an inborn empirical tendency. In principle, in many points of his work, this tendency is transformed into a type of crude empiricism. An instance of this empiricism is elevated in Smith's failing in understanding why 'more labour is exchanged for less labour'. This failing is rooted in his inability to perceive the specific development of capital in the capitalist mode of production. Smith's empiricism had prevented him from reaching a consistent and solid theoretical system of the abstract and general foundations of the bourgeois system. Evidently the epistemology of empiricism was *in toto* incapable of coping with the attempt of constructing a theoretical schema of economic reality since, “the actual economic reality was a most complex interlacing of bourgeois capitalist forms of property with the feudal ones” (Ilyenkov 1982: 179). Essentially, Smith was inflicted by the Lockean Vice of ignoring the distinction between theoretical

abstraction and simple empirical analysis. Naturally, therefore, the theoretical investigation of facts gives way to their purely empirical description.

In Smithian work, in a variety of instances, as Marx eloquently notes ([1863] 1951: 153), “Crass empiricism turns into false metaphysics, scholasticism, which toils painfully to deduce undeniable empirical phenomena by simple formal abstraction”. Smith’s lack of theoretical understanding needed to convert factual data into theoretical outlining and remained one of the main *infirmi* of his voluminous work. More specifically, Smith’s scholasticism, which is referred to by Marx, is astonishingly elevated in his presentation of *in extenso* empirical observations as self-regulated theoretical schemas. In addition, Smith’s empiricism had pushed him to pluck the methodologically interesting relation between theoretical and narrative history *in extremis*. In many instances, the non-confrontation of historical facts with his abstracted scheme is regarded as a variation of ‘the natural course of things’ due to governmental administration.

Smith in many points of his work elaborates factual data and personal observations as self-evident theoretical arguments. Many such statements may be full of historical interest, but in theoretical terms they have little, if any, relevance to his general analytical intention: *to typify the nature and the causes of the opulence of different nations*. Frequently, his more abstract theoretical concepts (such as labour theory, division of labour, theory of prices etc.) are intermingled with historical data and diversified observations, and turn his abstract analysis into a simplistic version of empiricism. Essentially, such empiricism is illustrated by the frequent use of words and phrases ‘observation’, ‘it seems’, ‘I have been said’, ‘I have heard’, etc. Accordingly, at some points, the methodological intermingling of induction with his comparative method amount to a direct substitution for theoretical reasoning.<sup>222</sup> There is a variety of instances in the WN in which historical narrative and simple empiricism are functioning as pure theoretical reasoning.

A typical example in which history (or untheoretical observations) is used as a substitute for pure theoretical reasoning can be found in Smith’s famous discussion of

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<sup>222</sup> For instance, in his attempt to prove his statement that, “Rent, accordingly, seems at the greater part of mines to have but a small share in the price of the coarse, and a still smaller in that of the precious metals” (WN, Book I, c. xi, part ii, § 23: 186), he compares the tax of silver to that of tin that was paid to the Duke of Cornwall and concludes that “the residue which remains to the proprietor, is greater it seems in the coarse than in the precious metal” (WN, Book I, c. xi, part ii, § 25: 187).

the total value of goods that are stocked in a country. He notes that the natural proportion between the real value of two commodities “is not necessarily the same as that between the quantities of them which are commonly in the market” (WN, Book I, c. xi, part iii, § 4: 229). Smith observes that “the quantity of silver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a certain quantity of gold is to that of an equal quantity of silver” (Book I, c. xi, part iii, § 5: 230). Essentially, Smith deduces from an empirical observation that the whole quantity of any cheap commodity (that is brought into a typical market) is not only greater, but of greater value than the whole quantity of any dear commodity since, “there are so many purchasers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value can commonly be disposed of” (p. 230). In this case, Smith deduces a generalised theoretical argument from an implicit empirical observation (the phrase ‘not necessarily’ illustrates his analytical uncertainty) about the proportion of a cheap and a dear commodity in an empirically defined market.

Additionally, as has already been noted, Smith frequently points out that there is a *limit* below which labourers’ reproduction is practically impossible. At the same time, he observes the extremely high child mortality, the low living standards of workmen and the low real price of labour. These observations impel him to note that the wage of labour (the *wage fund* in Ricardian terms) does not adapt to the price of the means of subsistence. He notes that, “there are many plain symptoms that the wages of labour are no-where regulated by this lowest rate which is consistent with common humanity” (WN, Book I, c. viii, § 28: 91). This supposition is not related to any theoretical analysis, but is seated on empirical observations. In this analytical attempt, historical narration or empirical observation substitutes for abstract theoretical reasoning. There are many instances that prove the a-theoretical character of this compilation. Firstly, Smith discerns summer and winter wages, and notes that (despite the fact that expenses are higher in winter) wages in summer are higher.<sup>223</sup> Secondly, he observes that the high rise in the price of provisions “has not in many parts of the kingdom been accompanied with any sensible rise in the money price of labour”

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<sup>223</sup> Smith illustrated, historically, this point by noting that, “In almost every part of Great Britain there is a distinction, even in the lowest species of labour, between summer and winter wages. Summer wages are always highest. But on account of the extraordinary expense of fuel, the maintenance of a family is most expensive in winter” (WN, Book I, c. viii, § 29: 91).

(WN, Book I, c. viii, § 30: 92). Thirdly, as he put it, “As the price of provisions varies from year to year than the wages of labour, so, on the other hand, the wages of labour vary more from place to place than the price of provisions” (WN, Book I, c. viii, § 31: 92).<sup>224</sup> Lastly, for Smith, “the variations in the price of labour, not only do not correspond either in place or time with those in the price of provisions, but they are frequently quite opposite” (WN, Book I, c. viii, § 32: 93). All these show that Smith dresses his empiricism in transhistorical clothing equating it to pure analytical theorising.

Moreover, in his interesting attempt to formulate the reasons for the inequalities in the price of labour, he uses his observations (and some interspersed historical references) as plain theoretical suppositions. This is connected with the fact that “he was unable to demonstrate how a labour theory of value can work in a capitalist economy” (Theocarakis 2010: 12). More specifically, Smith notes that “the wages of labour vary with the ease of hardship, the cleanliness or dirtiness, the honorableness or dishonorableness of the employment” (WN, Book I, c. x, § 2: 116). He identifies, empirically again, this factor with the employment of public executer and that of the keeper of a tavern who “is never master of his own house and who is exposed to the brutality of every drunkard, exercises neither a very agreeable nor a very creditable business” (WN, Book I, c. x, § 4: 118). Secondly, he observes that the wages of labour vary according to the easiness and cheapness and the difficulty and expense of learning the business (WN, Book I, c. x, § 5: 118). Thirdly, he points out that, “the wages of labour in different occupations vary with the constancy or inconstancy of employment” (Book I, c. x, § 11: 120). However, Smith does not incorporate these observations into a solid theoretical framework but simply arrays roughly the prices of labour of many discrete employments. *Ad addendum*, he sets down that, “the wages of labour vary according to the small or great trust which must be reposed in the workman” (WN, Book I, c. x, § 17: 122). Finally, he notes that “the wages of labour in different employments vary according to probability or improbability of success in them” (WN, Book I, c. x, § 21: 122).

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<sup>224</sup> Smith highlights this by noting that, “The prices of bread and butcher’s meat are generally the same or very nearly the same through the greater part of the united kingdom” and “the wages of labour in a great town and its neighborhood are frequently a fourth, or a fifth part, twenty or five and twenty per cent higher than at a few miles distance” (WN, Book I, c. viii, § 31: 92).

However, the influence of these factors (in the different prices of labour) is carried out when a set of (particular) pre-conditions is not in place. Smith's contradiction between transcendentalism and empiricism impels him to develop a *ceteris paribus* static analysis. His comment is worth citing *in verbatim*:

First, the employments, must be well known and long established in the neighborhood; secondly, they must be in their ordinary, or what may be called their natural state; and thirdly they must be the sole or principal employments of those who occupy them (WN, Book I, c. x, § 40: 131).

Evidently, all these conditions represent pure empirical observations but are presented by Smith as containing a transhistorical hermeneutic property. The first of these premises is an a-theoretical qualification since the 'acknowledgeability' of an employment is a matter of general dispute. The second is an a-historical statement inasmuch as any employment could be in its natural state (depending on the size and extent of the effectual demand which is a historically changing variable). The last one is a scanty empirical observation and cannot be incorporated into a coherent theoretical schema. Substantially, therefore, the aforementioned factors (and the pre-conditions in which they are seated on) are related to Smith's inability to form a theoretical schema in order to interpret the inequalities in the price of labour. His personal observations are intermixed with inarticulate historical references and are turning ultimately into an flat argument. Smith does not realise that in the commercial stage of economic development, the expressions 'quantity of labour' and 'value of labour' are no longer identical to the rude stages. It was David Ricardo and especially Karl Marx who systematically showed the breakup of their correlation.<sup>225</sup>

Moreover, in his discussion of *rent* he notes that rent is determined threefoldly: a) by the competition between potential tenants, b) by the fertility of the land and c) by

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<sup>225</sup> More specifically, according to Marx ([1863] 1951: 118), Smith is inferior to Ricardo "in that he is never able to free himself from the viewpoint [...] that through this changed relation between materialised labour and living labour a change takes place in the determination of the relative value of commodities, which in relation to each other represent nothing but materialised labour, given quantities of realised labour"

its geographical position.<sup>226</sup> Particularly, in his discussion of ground-rent, he sets down that:

In country houses, at a distance from any great town, where, there is plenty of ground to chuse upon, the ground rent is scarce anything, or no more than what the ground which the house stands upon would pay if employed in agriculture. In country villas in the neighborhood of some great town, it is sometimes a good deal higher; and the peculiar conveniency or beauty of situation is there frequently very well paid for (WN, Book V, c. ii, § 3: 840-841).

And, he continues by remarking that “In every country, the greatest number of rich competitors is in the capital, and it is there accordingly that the highest ground-rents are always to be found” (WN, Book V, c. ii, § 9: 844).

Although Smith attempts to sketch out an analytical scheme in order to systematise rent’s frequent fluctuations, these attempts reveal his analytical inability to discern the esoteric from the exoteric nature of things. His analysis (of these points) accords an analytical primacy to historical narration at the expense of theoretical argumentation. The first two factors of rent’s determination (fertility and position of land) are a-theoretical propositions and they seem to represent a pure tautology. Theory’s substitution by historical narrative with an evident ‘transhistorical’ nature is proposed by Smith as atheoretical argument

Moreover, in his discussion of the creation of new markets in South America in the eighteenth century, he arrays interesting historical evidence (mainly of travellers’ notes) presenting at the same time their colonisation and their economic statutes. Furthermore, he criticises their institutions and offers a plethora of data concerning their demographic development.<sup>227</sup> Although these registrations are historical references of full historical interest, they are not systematised under a coherent

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<sup>226</sup> Smith observes that “The rent of land not only varies with its fertility, whatever be its produce, but with its situation, whatever be its fertility [...] Land in the neighborhood of a town, gives a greater rent than land equally fertile in a distant part of a country” (WN, Book I, c. xi, part i, § 4: 163).

<sup>227</sup> Smith bases his narration on the references of Frezier and Ulloa. He notes that, “Frezier who visited Peru in 1713, represents Lima as containing between 25.000-28.000 inhabitants. Ulloa who resided in the same country between 1740 and 1746, represents it as containing more than 50.000” (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 26: 222). [Amedee-Francois Frezier (1682-1773) was a French military engineer, mathematician, spy and explorer and is best remembered for bringing into Europe five specimens of *strawberry* from one of his assignments in South America; see G. M. Darrow (1966: 447), *Strawberry history, breeding and physiology*, Hoet, Rinehart and Wilson, New York].

theoretical framework. Smith does not show the economic processes through which markets are created and his (interesting) narration does not include interpretative depth. Further he attributes the creation of these markets to their early colonisation, but he does not advance any argument as to the why's and how's of this early colonisation process.

As has already been noted, Smith believes that in 'the progress of improvement' the prices of manufactured goods would diminish due to both a wider application of the division of labour and of the automation of the production process. He describes the most important capital improvements that promoted the automation in the weaving manufacturing, noting in particular that:

The three capital improvements are, first, the exchange of the rock and spindle for the spinning-wheel, which, with the same quantity of labour, will perform more than double the quantity of work. Secondly, the use of several very ingenious machines which facilitate and abridge in a still greater proportion the winding of the worsted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom; an operation which previous to the invention of those machines, must have been extremely tedious and troublesome. Thirdly, the employment of the fulling mill for thickening the cloth, instead of treading it in water (WN, Book I, c. xi, § 12: 263).

Smith's narration, again, is presented as a purely analytical argument. He presents the technical innovations that led to the automation of the production process (in a particular sector of manufacturing) and connects these innovations with the improvement of labouring workmanship. However again, he does not provide a coherent theoretical outline to interpret the process through which these inventions had emerged but instead he hangs out on a specific historical observation.

Moreover, in his discussion concerning the transition from feudalism to (commercial) capitalism, or, in Smith's words, from the farming to the commercial stage of economic development, he notes that:

from the fall of the feudal system, and from the establishment of a government which afforded to industry, *the only encouragement which it requires, some*



*tolerable security that it shall enjoy the fruits of its own labour* (WN, Book I, c. xi, § 1: 256, emphasis added).

Smith identifies this structural transition through a simplistic change in the administrative status, namely in the political system of modern Europe. Substantially, the theoretical outlining is substituted by a narrative political history of Rankean fashion. Similarly, his analysis of the relations between country and town is also not a theoretical but a historical one. For example, in Book III of the WN he describes the inverted economic development of Europe, from the fall of the Roman Empire onwards; but he does not elaborate a precise theory of how the relation between country and town really developed. Instead, he shows as Fiori (2012: 429) observes, “how history and contingencies slowly changed institutional structures by gradually introducing market relations between country and town”. Therefore, one of the determinant factors of his narration, of the relations between country and town, is not unfolded through a coherent theoretical outline, but is exposed narratively and descriptively.

As has already been noted, in a variety of instances Smith wrests the interesting relation between theoretical and narrative history since all economic forms that are moving against his theoretical construction are presented as subjective errors of men which does not correspond to the genuine and objective nature of man. Evidently, this type of dialectical conflict is crystallised in his theoretical corpus and influences the epistemic backdrop of his abstract reasoning. The examples of such collision are numerous. For instance, the analytically interesting distinction between the ‘natural’ and the ‘market’ price is a historically determined theoretical proposal since both natural and market prices are shaped historically.<sup>228</sup> The ‘natural’ price of a commodity is attained when it is brought into market according to its natural rates of wages, profits and rents (WN, Book I, c. vii, § 4: 72). In essence, the ‘natural price’ is that competitive price which is equal to the costs of production and which is the reflection of an absolutely freely competitive process (Bittermann 1940: 705). It is the ideal, abstract category of value as Malone (2011: 2) calls it. Smith believes that commodities are sold at their ‘natural price’ in conditions of perfect liberty and perfect competition, namely at the absence of any governmental control upon wages,

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<sup>228</sup> Theocarakis (2006: 34) acutely observes that Smith makes a break with his teacher Hutcheson by distinguishing natural from market price.

profits and rents. The ‘natural price’, despite being an abstract theoretical concept (with analytical shortcomings), reflects in each case the ordinary rates of wages, profits, and rents of a historically specific societal organisation.<sup>229</sup> As such, “The natural price itself varies with the natural rate of each of its component parts, of wages, profit and rent, and in every society this rate varies according to their circumstances, according to their riches or poverty, their advancing, stationary, or declining condition” (WN, Book I, c. vii, § 33: 80). Smith points out that the ‘natural price’ of a commodity covers the average rates of wages, profits, and rents and is the central price to which all commodities are converging. For example, soon after the discovery of the mines of America, silver had been sold in a higher price than its natural price, and, as a consequence, the profits of mining were higher than their natural ones. However, the merchants who imported this metal into Europe “would soon find that the whole annual importation could not be disposed at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. *Its price would sink gradually lower and lower till it fell to its natural price*” (WN, Book I, c. x, part iii, 1<sup>st</sup> period, § 21: 219, emphasis added).<sup>230</sup> Smith’s reasoning is confusing due to his inability to outreach his empiricism. Originally, he believes that the value of the commodity regulates wages, profits and rents while at the same time he sets the work the other way round by noting that the natural price of commodities is the *summa summarum* of wages, profit and rent. Evidently, this argumentation is closer to what empirical observation showed and is compatible to everyday ideas and not to theoretical reasoning.

This confusion impelled Smith to discern between the ‘natural’ and ‘market’ prices. According to Smith’s empiricism, the ‘market price’ is the ‘actual price’ at which any commodity is commonly sold, and it may either be above, below, or exactly the same with its natural price. According to Smith, the ‘market price’ is influenced by the *effectual demand* of a given society and is animated by its fluctuations. Effectual demand is in any case the crucial factor of ‘market price’s’

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<sup>229</sup> Ilyenkov (1982: 181) notes that Smith in many cases “unfolded a theory in which properly theoretical consideration of facts was continually interwoven with extremely untheoretical descriptions of empirical data”. Evidently, his ‘price theory’ is a typical example of the latter case.

<sup>230</sup> The process of de-pricing was not so easy and linear as Smith had presented it in his WN. It was a hard and difficult process since the cost of production of precious metals was varied in different countries of America. Garner (1988: 906) informs us of higher operational costs in Peru than in Mexico since in Peru “Mineowners paid a variety of royalties, fees, and taxes; in addition, they had to buy mercury, powder, salt, and other items from the government at fixed prices”.

determination, since “consumption is the sole end and purpose of all production” (WN, Book IV, c. viii, § 49: 660). Smith believes that effectual demand is temporarily and spatially determined since: “The quantity of grocery goods, for example, which can be sold in a particular town, *is limited by the demand of that town and its neighborhood*” (WN, Book II, c. v, § 7: 361, emphasis added). In his own words:

The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those who are willing to pay the whole rent, labour and profits which must be paid in order to prepare and bring it to market (WN, Book IV, c. i, § 12: 435).

According to Smith, when the quantity of a given commodity that is brought into any market, falls short of its effectual demand, all those who are willing to pay its ‘natural price’ (its ordinary rates of wages, profits, and rents) cannot be supplied with the quantity they want. Competition is the natural consequence and as a result the market price will rise more or less above the natural price (WN, Book I, c. vii, § 9: 73-74).

Therefore, despite the natural price having to be regarded as the central price towards which the prices generally gravitate, this congruence is doubtful inasmuch as the ‘effectual demand’ and the quantities brought into market are diversified across different periods of time.<sup>231</sup> Smith notes that, “In some employments the same quantity of industry will in different years produce very different quantities of commodities; while in others it will produce always the same or nearly the same” (WN, Book I, c. vii, § 17: 75). Smith used as an illustration of this analytical posture, the empirical example of black cloth which tends to be overpriced in cases of public mourning (WN, Book I, c. vii, § 19: 76). Evidently, this empirical example demonstrates the role of ‘accident’ in the shaping of economic variables. Smith observes that the price of some particular commodities, like that of linen and woolen commodities, depends upon some accidental variations in the demand side, while the prices of other commodities depends on their production conditions (WN, Book I, c.

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<sup>231</sup> Despite the shortcomings of his analysis, it must be noted that in this respect Smith is totally differentiated from modern equilibrium theorists who propose a definition of equilibrium which “implies that all economic agents completely realize all the economic consequences of all actions they may take” (Groenewegen 1982: 5). Wilson (1975: 603) notes that although Smith was much interested in ‘natural prices’ “he did not allow his attention to be so much absorbed by the contemplation of some final state of equilibrium as to neglect the forces making for change”.

x, § 46: 132).<sup>232</sup> For Smith, prices are determined through a dynamic process due to the pattern of purchase and replacement continuously varying as the economy moves through different periods of historical time (Skinner 2000: 25).<sup>233</sup>

Smith formulates an empirically dialectical relation between ‘natural’ and ‘market’ prices and notes that, “though the market price of every particular commodity is [...] continually gravitating, if one may say so, towards the natural price, *yet sometimes particular accidents, sometimes natural causes, and sometimes particular regulations of police, may in many commodities, keep up the market price, for a long time together, a good deal above the natural price*” (WN, Book I, c. vii, § 20: 77, emphasis added).<sup>234</sup> Smith uses the word ‘natural’ in order to express his faith on ‘the natural course of things’ and in the process of ‘the progress of improvement’ through liberty. He establishes his abstract theoretical schemas around the assumption of perfect liberty which is the ontological *raison d’être* of the notion of ‘the natural course of things’. Evidently, the interpretative depth of these schemas is attained if there is perfect liberty and absence of any governmental regulation; or through *laissez-faire* in more modern terms.<sup>235</sup>

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<sup>232</sup> With regard to production, Smith observes that: “the same quantity of industry, for example, will in different years, produce very different quantities of corn, wine, hops, sugar, tobacco etc. The price of such commodities, therefore, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is consequently extremely fluctuating” (WN, Book I, c. x, § 46: 132).

<sup>233</sup> Milonakis & Fine (2009: 51) rightly note that Smith’s theory of prices “is *dynamic*, how the economy is *changing*, not how it is at a given moment”.

<sup>234</sup> Substantially, for Smith, “just as every physical body must gravitate towards all the bodies of a system, so the natural price should gravitate towards all other prices” (Fiori 2012: 426). This is why according to Montes (2003: 738), the “use of the word *gravitating* and the idea of a *center of repose* have been commonly accepted as additional evidence of Newton’s influence”. However, it must be underlined that, though Smith used Newton’s terminology, he was cautious in presenting political economy as a typical clone of physics (see chapter 2).

<sup>235</sup> Smith never used the notion *laissez-faire*. This phrase is more appropriately used by Quesnay (Skinner 1979: 217). Although Smith highlights the importance of free trade he cannot be presented as a crude advocate of *laissez-faire*. Ross (1995: xxvi), illustrates this point by noting that, “he was never an across-the-board promoter of *laissez-faire*, and held that there were reasons of state, such as defence, which required restrictions of trade”. Coats (1975: 234) notes that, “As is well known, he defended the Navigation Acts, which modern historians have generally regarded as the keystone of mercantilism, on the grounds that ‘defence is of much more importance than opulence’”. Furthermore, Clark (1926: 361) believes that according to Smith the national ends are of vital importance and “economic measures looking to these ends are justifiable”. Generally for Smith, the ability of defence is crucially connected with economic advancement. For example, in Attica, the richest part of ancient Greece, “two thirds [...] are surrounded by sea, and the other side by a ridge of high mountains. By this means they have a communication with their neighbouring countries by sea and at the same time are secured from the inroads of their neighbours” (LJ (B), § 31: 408-409); and due to this, “Attica was the country which first began to be civilised and put into a regular form of government” (LJ (A), Section IV, § 57-58: 222).

Essentially, theoretical constructions such as that of ‘natural prices’, are connected with a kind of ‘theoretical history’ whose sole aim is to systematise and exemplify uniformities and regularities in economic and social life. More specifically, Smith’s ‘theoretical history’ is ontologically seated on the notion of ‘the natural course of things’ and is associated with the idea of the ‘progress of improvement’, or, in his words, with ‘the progress of opulence’. According to Smith’s empiricism the ‘natural course of things’ is often violated in two ways: either by accident or by governmental intervention. This intervention twists ‘the natural course of things’ and disqualifies Smith’s theoretical framework. Therefore, any distortion of this liberty limits the functioning of Smith’s theoretical history. For example, increases in market prices, above natural prices, “are evidently the effects of particular accidents, of which however, the operation may sometimes last for many years together” (WN, Book I, c. vii, § 23: 78). Naturally, therefore the political Smith criticises these policies (taxes on manufactures, monopolies, and corporations) which keep the price above its natural level and those, such as corn bounty, which depress the market price below it (Ross 1995: 273).

Hence, in a variety of instances, when Smith’s historical data are not harmonised with the theoretical schema, the analytical breadth of the latter is limited and a dialectical conflict between his ‘theoretical’ and ‘narrative’ ways of historicising emerges. All these deviations are presented in purely narrative terms and represent a contradiction with his abstract analysis. This analytical gap is the rational consequence of his ontological premises based on the dialectical dipole between freedom and interference (regulation).

Substantially, therefore, Smith’s theoretical schemas are based on the abstracted assumption of perfect liberty whose influence is crystallised in the notion of ‘the natural course of things’. Theoretical history, thereby, is related to a more ‘philosophical’ (theoretical) understanding of history and is related on the prepotency of full liberty.<sup>236</sup> But, due to Smith’s confusion between the esoteric and exoteric nature of things, narrative history is connected with these interferences which constrain this prepotency as, for example, the policy of Europe which “nowhere

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<sup>236</sup> Smith was a keen supporter of free-competition. His famous comment is indicative of his position: “In general, if any branch of trade, or any division of labour, be advantageous to the publick, the freer and more general the competition, it will always be the more so” (WN, Book II, c. ii, § 106: 329).

leaves things in perfect liberty” (WN, Book I, c. x, § 2: 116). In the same vein according to Stewart (1793, Section IV, § 11: 314):

the advantage which modern policy possesses over the ancient, arise principally from its conformity, in some of the most important articles of political economy, to an order of things recommended by nature; and it would not be difficult to show, that where it remains imperfect, its errors may be traced to the restraints it imposes on the natural course of human affairs

There is a variety of instances of this contradictory mismatch between theory and reality (history). Smith’s analytical contradistinction between theoretical and narrative history is apparent in Book IV of the WN, ‘For the Mercantile System’. In this Book, Smith points out that despite the fact that self-interest is historically conducive to ‘the progress of opulence’ (via the operation of unforeseen consequences), that progress was periodically checked by the actions of both governments and businessmen (WN, Book IV, c. v, § 5).<sup>237</sup> Smith’s eclectic analysis impels him to present this violation as a supplemental part of his theoretical outline. The motif of ‘natural’ and ‘market’ prices is an indicative instance of Smith’s distortive analysis. Smith arrays many specific instances wherein prices were above their ‘natural’ level: first, he discusses the effects of natural causes in the determination of French wine’s price (WN, Book I, c. vii, § 24-25: 78); second, he notes the effect of monopolies upon prices since “the price of monopoly is upon every occasion the highest which can be got” (WN, Book I, c. vii, § 27: 78)<sup>238</sup>; and third, he sketches out the influence of governmental actions on

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<sup>237</sup> It must be noted that Smith was not totally unfavourable to state regulation. For instance, in discussing the institutionalisation of restraints in banking trade, he observed that, “To restrain a private people, it may be said, from receiving in payment the promissory notes of a banker, for any sum whether great or small, when they themselves are willing to receive them; or, to restrain a banker from issuing such notes, when all his neighbors are willing to accept of them, is a manifest violation of the natural liberty which it is the proper business of law, not to infringe, but to support. *Such regulations may, no doubt, be considered as in some respect a violation of natural liberty*” (Book II, c. ii, § 94: 324, emphasis added); and, he continues, “But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as of the most despotical” (p. 324). Evidently, such muddy comments, amplify our belief that Smith, by not crosscutting the cross class (social, cultural & anthropological) nature of social reality, is pushed to unscientific observations and systematisations.

<sup>238</sup> Smith develops an interesting outline of the relationship between monopoly prices and rents. He points out that, “When the ordinary price of any particular produce of land is at what may be called a monopoly price, a tax upon it necessarily reduces the rent of the land which grows it” (WN, Book V, c. ii, § 54: 892-893). He believes that the average profit “is affected, not only by every variation of price in the commodities which he deals in, but the good or bad fortune both of his rivals, and of his

the general price level by noting at once that, “The exclusive privileges of corporations, statutes of apprenticeship, and all those laws which restrain, in particular employments, the competition to a smaller number than might otherwise go into them” distorted ‘the natural level’ of prices (WN, Book I, c. vii, § 28: 79). Such distortions are presented through a more narrative way of ‘historicising’ and illustrate the dialectical conflict between ‘theoretical’ and ‘narrative’ history. Smith, already in his *Lectures*, proceeded to show that any policy which prevents the market prices from coinciding to their supply prices (such as monopolies, policy regulations) derange ‘the natural course of things’ and diminishes opulence.<sup>239</sup> The coincidence of ‘market’ and ‘natural’ prices is connected with the attainment of ‘the natural course of things’, while their variation is identified with the violation of this regularity. All these violations are presented narratively and represent, in Smith’s analysis, the counterpoint of his abstract theorising.

The same, empirically developed, analysis is presented in his outline of the relationship between interest and profit. Smith observes that there is a direct interrelationship between them since the “progress of interest [...] may lead us to form some notion of the progress of profit” (WN, Book I, c. ix, § 4: 106). Smith typifies their correlation by pointing out that “the proportion which the usual market rate of interest ought to bear to the ordinary rate of clear profit, necessarily varies as profit rises or falls” (WN, Book I, c. ix, § 22: 114).<sup>240</sup> This interest is, according to Smith, the *market* interest which is regulated freely in the market and is different to the *legal* interest which is enacted legally (through statutes). For Smith, the market interest depends on the rate of economic development as, “the ordinary rate of clear profit would be very small, so that usual market rate of interest which could be afforded out of it, would be so low as to render it impossible for any but the wealthiest people to live upon the interest of their money” (WN, Book I, c. ix, § 20: 113). For him, the market interest is totally regulated by the stocks employed in a country.

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customers, and by a thousand other accidents to which goods when carried either by sea or by land, or even when stored in a ware-house, are liable” (WN, Book I, c. ix, § 3: 105).

<sup>239</sup> More specifically, Smith observes that, “by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible; they are unwilling, however, that any part of this small number should go abroad to instruct foreigners” (WN, Book IV, c. viii, § 48: 660).

<sup>240</sup> As has already been noted, Smith uses historical material to exemplify his analytical scheme. He notices for example, that in Bengal, where the rates of profit are extremely high, “money is frequently lent to the farmers at forty, fifty, and sixty percent” (WN, Book I, c. ix, § 13: 111).

Smith criticises Locke, Law, and Montesquieu who believed that the subsequent increases in the quantity of gold and silver was the real cause of lowering the interest in European countries. He has noted already in his *Lectures* that: “It is commonly supposed that the premium of interest depends upon the value of gold and silver [...] *If we attend to it, however, we shall find that the premium of interest is regulated by the quantity of stock*” (LJ (B), § 281-282: 519, emphasis added).<sup>241</sup> On the other hand, the legal interest, which according to Smith must always be equal to market interest, is a clear regulation which does not follow any theoretical uniformity and linearity.<sup>242</sup> He notes that, “France is perhaps in the present times not so rich a country as England; and though the legal rate of interest has in France frequently been lower than in England, the market rate has generally been higher” (WN, Book I. c. ix, § 9: 107), since profits in France are generally higher than in England (p. 107). Evidently, any obstruction in the functioning of the law may disconnect the rate of interest from the real condition of the country, reflecting the consequence of regulation. According to Smith, any strict regulation:

[I]nstead of preventing, *has been found from experience*, to increase the evil of usury; the debtor being obliged to pay, not only for the use of money, but for the risk which his creditor runs by accepting a compensation for the use. He is obliged, if one may say so, to insure his creditor from the penalties of usury (WN, Book II, c. iv, § 13: 356, emphasis added).<sup>243</sup>

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<sup>241</sup> Smith observes that, “any increase in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the same, would, on the contrary, produce many other important effects, besides that of raising the value of the money” (WN, Book II, c. iv, § 12: 356). And, “The interest of money, keeping pace always with the profits of stock, might, in this manner, be greatly diminished, though the value of money, or the quantity of goods which any particular sum could purchase, was greatly augmented” (p. 356). Hume ([1777] 1985: 322) develops a rather similar view in his *Essays*: “High interest arises from three circumstances: A great demand for borrowing; little riches to supply the demand; and great profits arising from commerce. And these circumstances *are a clear proof of the small advance of commerce and industry, not of the scarcity of gold and silver*”. For Smith, “Before the discovery of the Spanish ten percent [37 Henry VIII, c. 9 (1545)] seems to have been the common rate of interest through the greater part of Europe. It has since that time in different countries sunk to six [12 Charles II, c. 13 (1660)], five [13 Anne, c. 15 (1713)], four, and three per cent” (WN, Book II, c. iv, § 10: 354).

<sup>242</sup> Smith believes that the legal interest should be fixed at a maximum level, and just a little above the ordinary market rate, in order to prevent the activities of both prodigals and projectors. Bentham, in his *Defence of Usury*, had the opposite view, since he believes that the best policy was to leave the rate of interest alone (Bentham [1787] 1818 letter XIII, § 33: 224). Besides, for Rae (1895: 424), “if Smith had lived to publish another edition of his work, he would have modified his position on the rate of interest”.

<sup>243</sup> Smith follows Montesquieu and notes that the prohibition of interest not only does not annihilate it, but in many times increases it more than its natural rate. He notes that, “The high rate of interest among



Therefore, according to Smith, the legal rate “though it ought to be somewhat above, ought not to be much above the lowest market rate” (WN, Book II, c. iv, § 15: 356). Any regulation, however, prevents the legal interest from approaching the market interest.

Moreover, Smith develops an interesting theoretical scheme in order to analyse the relation between the price of precious metals (and of other superfluities) and that of necessities. He points out that the price of the former increases in times of opulence (economic development) and decreases in stagnant periods. *E contrario*, the price of necessities follows the reverse order. More specifically, for Smith:

Gold and silver naturally resort to a rich country; for the same reason that all sorts of luxuries and curiosities resort to it; not because they are cheaper there than in poorer countries, *but because they are dearer*, or because a better price is given to them (WN, Book I, c. xi, § 2: 234).<sup>244</sup>

Smith observes that in times of stagnancy and decline, the price of necessities is increasing due to the fact that:

when we are in want of necessaries we must part with all superfluities of which the value, as it rises in times of opulence and prosperity, so it sinks in times of poverty and distress. It is otherwise with necessaries. Their real price, the quantity of labour which they can purchase or command, rises in times of poverty and

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all Mohammedan nations is accounted for by Mr. Montesquieu not from their poverty, but partly from this, and partly from the difficulty of recovering the money” (WN, Book I, c. ix, § 17: 112-113). Generally Smith, notwithstanding his criticism, had been highly influenced by Montesquieu. More specifically Montesquieu’s *Esprits des lois* was a book of great interest to Smith as a lecturer on law. It must be highlighted that Smith was critical upon any prohibitions in the economic sphere. For example, according to prohibitions enforced upon Americans by their mother country, he notes: “To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind” (WN, Book IV, c. vii, 2<sup>nd</sup> Part, § 44: 582).

<sup>244</sup> This interesting theoretical comment is synopsised in the following statement: “cattle, poultry, game of all kinds, the useful fossils and minerals of the earth naturally grow dearer as the society advances in wealth and improvement” (WN, Book I, c. xi, § 3: 234). However, Smith indicates a variety of goods that do not conform to this abstract argument. This lining up is showing off the (historical) variations from the analytical schema. Smith classifies them into three discrete categories: “the first comprehends those which it is scarce in the power of human industry to multiply at all. The second, those which it can multiply in proportion to the demand. The third those in which the efficacy of industry is either limited or uncertain” (WN, Book I, c. xi, §1: 234-235). It is indicative that he entitled the section of this classification as: ‘Different effects of Improvement upon the real price of three different sorts of rude produce’ since these goods consist in some variations from the generalised spirit of his analytical outline.

distress, and sinks in times of opulence and prosperity (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 38: 210).

The contradiction in Smith's analysis is explicitly stated in the case of the discovery of the abundant mines of America. Before this discovery (which features prominently in the WN) the price of necessities had increased due to economic advancement and, "any rise in the money price of goods which proceeded altogether from the degradation of the value of silver, would affect all sorts of goods equally, and raise their price universally a third, or a fourth, or a fifth part higher, according as silver happened to lose a third, or a fourth, or a fifth part of its former value" (WN, Book I, c. xi, § 4: 257). *Ad addendum*, the discovery of these mines had decreased the nominal price of necessities since it impelled 'the progress of improvement', having as an effect that in 1687 "the price of the quarter of nine bushels of the best wheat at Windsor market was 1 l. 5 s. 2d, the lowest price at which it had ever been from 1595" (Book I, c. xi, part iii, 3<sup>rd</sup> period, § 8: 214).<sup>245</sup> The same decrease in the price of necessities had also occurred in France. Here Smith does not use primary sources to confirm his observations but bases his reasoning on secondary memoranda, such as that of Dupre de St. Maur, Messance, and Herbert (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 15: 216). He arrays historical material to illustrate his abstract reasoning. At this point, his 'narrative history' endorses his 'theoretical' historicising by illustrating its evident transhistorical character. However, this theoretical analogy in the relative prices of both luxurious and necessary commodities could be turned over either by accident (a bad harvest for example) or by state's interference and intervention (like 1688's bounty which increased corn's price).

Essentially, in these cases, Smith's 'narrative' history is moving in the opposite direction to his 'theoretical' historicising, reflecting his ontological premises (liberty-intervention). For Smith, history is proceeding through a perpetual *dialectical interplay*. His comment is indicative:

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<sup>245</sup> Smith uses official historical evidence in order to illustrate his views. He notes that "in the four-and-sixty years of the present century accordingly, the average price of the quarter of nine bushels of the best wheat at Windsor market, appears, by the accounts of Eton College, to have been 2 l. 0 s. 6 d.  $\frac{12}{32}$  which is about ten shillings and sixpence, or more than twenty-five percent cheaper than it had been during the sixty-four years of the last century; and about nine shillings and six pence cheaper than it had been during the sixteen years preceding 1636" (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 6: 214).

The value of silver, therefore, in proportion to that of corn, had probably risen somewhat before the end of the last century; and it seems to have continued to do so during the course of the greater part of the present; though the necessary operation of the bounty must have hindered the rise from being sensible as it otherwise would have been in the actual state of tillage (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 11: 215-216).

Smith illustrates how administration distorts ‘the natural course of things’ by noting that in years of both plenty and of scarcity the bounty on corn raises its price above what it would naturally have been in the actual stage of tillage (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 14: 216). Historically, “Between 1741 and 1750 [...] the bounty must have hindered the price of corn from falling as low in the home market as it naturally would have done” (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 18: 217). Therefore, these strict ‘police regulations’ distorted prices and inverted the real relation between the prices of necessities and that of superfluities.

Another (historical) example of this distortion is exhibited in his discussion of wool’s price. According to his analytical scheme, due to the evident ‘progress of improvement’, the price of wool ought to have increased as a result of both its intense demand and its smaller offer due to the decreased number of cattle. However, according to Smith’s narration, its price has fallen considerably since the times of Edward III. For Smith, this degradation both in the real and nominal price “of wool could never have happened in consequence of the natural course of things. It has accordingly been the effect of violence and artifice” (emphasis added WN, Book I, c. xi, § 9: 248).<sup>246</sup> Evidently, all these references are associated with Smith’s empirically dialectical dipole between ‘freedom and interference’. According to Smith the end result of this dipole is dynamic in its content while its final outcome could not be easily anticipated. Indeed, Heilbroner’s (1973: 257) comment to the contrary notwithstanding both political (and religious) liberty and the capacity of self-governing represent core elements of Smith’s theory.

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<sup>246</sup> Smith, in typical economic historian fashion, qualifies his observations by arraying historical facts: firstly, the absolute prohibition of exporting wool from England [14<sup>th</sup> of Charles II, c. 18 (1662)]; secondly, the permission of importing it from Spain duty free; and thirdly, the prohibition of exporting it from Ireland to any other country but England [10<sup>th</sup> of William III, c. 16 (1698)] (see WN, Book I, c. xi, § 11).

Accordingly, the price of raw hides, a commodity similar to wool, “must have some tendency to sink their price in a barbarous, and to raise it in an improved and manufacturing country” (WN, Book I, c. xi, § 11: 251). Contrary to wool, their price was increased in the same period and in the eighteenth century their real price has probably been somewhat higher than it was in those ancient times. Their price had not been raised overly, since the “importation from foreign countries has been subjected to a duty; and though this duty has been taken off from those of Ireland and the plantations (for the limited time of five years only) yet Ireland has not been confined to market of Great Britain for the sale of its surplus hides, or of those which are not manufactured at home” (p. 251). Essentially, therefore, the intensity and strictness of interference brought forth two different historical facts: the low price of wool and the relatively high price of raw hides.

On the other hand, the price of simple manufactured goods necessarily falls in ‘the progress of improvement’ due to the extensive application of the division of labour and of the automation of the production process. As Smith observes:

The owner of the stock who employs a great number of labourers, necessarily endeavours, for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce the greatest quantity of work possible. For the same reason, he endeavours to supply them with the best machinery which either he or they can think of (WN, Book I, c. viii, § 57: 258).

The natural effect of these choices is to lower gradually the real price of almost all manufactures (WN, Book I, c. xi, § 1: 260). According to Smith, as a consequence of better machinery, of greater dexterity and of a more extensive (and proper) division of labour that are inherent in ‘the progress of improvement’, “a much smaller quantity of labour becomes requisite for executing any particular piece of work” (p. 260).<sup>247</sup> On

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<sup>247</sup> Smith elaborates historical material to evidence his proposition. He notes that, “a better movement of a watch, that about the middle of the last century could have been bought for twenty pounds, may now perhaps be had for twenty shillings” and, “In the work of cutlers and locksmiths, in all the toys which are made of the coarser metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the same period, a very great reduction of price, though not altogether so great as in watch-work” (WN, Book I, c. xi, § 4: 260). Smith cites as an example of this transformation the case of a typical farming procedure. He notices that, “In a farm where all the necessary buildings, fences, drains, communications, &c. are in the most perfect good order, the same number of labourers and laboring cattle will raise a much greater produce, than in one of equal extent and equally good ground, but not furnished with equal conveniences. Or “In

the other side, in clothing manufactures, the division of labour has ultimately reminded the same between the seventeenth and eighteenth centuries. Essentially, therefore, the price of a superfine cloth, “has within these twenty-seven to thirty years risen somewhat in proportion to its quality” (WN, Book I, c. xi, § 5: 261). However, we can discern a fall in cloth’s price if we compare their price in the fifteenth century when the division of labour was almost undeveloped.<sup>248</sup> These statements are connected with Smith’s ‘theoretical’ history and are characterised by transhistorical features. For Smith, manufactured goods would in the progress of improvement become even more accessible to the poor people since their price will decrease by the process of both automation and of division of labour. The periodical increases in the prices of manufactured commodities have to be attributed, either to increases in the prices of raw materials or to state’s interference, which brings about artificial increases in their prices (through bounties, taxation, tariffs etc.). These empirically oriented situations are related to a more ‘narrative’ type of historicising which is moving against the more ‘theoretical’ one. In Smith’s eclectic mind, in spite of these distorted situations, the theoretical rule is the opposite. For instance, Smith notes that, “there are indeed, a few manufactures, in which the necessary rise in the real price of the raw materials will more than compensate all the advantages which improvement can introduce into the execution of work” (WN, Book I, c. xi, § 2: 260). He notes that despite the fact that the real price of the rude materials either does not rise at all – or does not rise very much – that of the manufactured commodity sinks considerably due to the progress of improvement. Therefore, in spite of administrative interference’s distorting effects, the tendency of prices to gravitate towards their natural level is a clear reflection of ‘the natural course of things’. Evidently, such a view is related to Smith’s eclecticism which prevented him from abstracting the inner structure of economic phenomena. His confusion between theory and empirical reality is the origin of these analytical faults.

In addition, according to Smith’s theory of economic development, ‘the natural progress of its opulence’ is propelled by the (productive) activation of the available

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manufactures the same number of hands, assisted with the best machinery, will work up a much greater quantity of goods than with more imperfect instruments of trade” (WN, Book II, c. ii, § 7: 287).

<sup>248</sup> According to Smith’s estimations, “the money price of the finest cloth appears to have been considerably reduced since the end of the fifteenth century. But its real price has been much more reduced” (WN, Book I, c. xi, § 7: 261).

capital of a given society. Smith, following Quesnay's *Tableau Economique* (1759),<sup>249</sup> notes that the capital is divided into fixed and circulating parts.<sup>250</sup> The fixed part of this capital enhances the way in which labour is conducted; namely it increases the productive powers of labour. It is evident that fixed capital (machinery, lands, buildings, equipment etc.) does not yield, at least straightaway, any revenue in the initial stock. On the other hand, circulating capital “furnishes the materials and wages of labour, *and puts industry into motion*” by increasing the revenue of the stock (WN, Book II, c. ii, § 25: 292, emphasis added). Therefore, any saving at “the expence of maintaining the fixed capital, which does not furnish the productive powers of labour, must increase the fund which puts industry into motion and consequently the annual

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<sup>249</sup> Marx ([1863] 1951: 109) observes that Smith was ultimately infected with the notions of the Physiocrats, and mainly of Quesnay's, and notes that “often whole strata run through his work which belong to the Physiocrats and are in complete contradiction with the views specifically advanced by him”. Smith collected the ten volumes of the *Journal de l' agriculture, du commerce, des arts, et des finances* that was edited by Quesnay (Mizuta 2000: 218) and wanted to dedicate to him his WN. However, it seems that Physiocrats, and mainly Turgot were influential on Smith. More specifically Turgot's *Formation and Distribution of Wealth* (1766) contains ideas and theories that must have been “the subject of discussion again and again in the course of his numerous conversations with Smith” (Rae 1895: 202). According to Rae, “Though Smith met with them, and was indeed their very close scientific as well as personal associate, it is of course impossible, strictly speaking, to count him [...] among the disciples of Quesnay [...] He neither agreed with all the creed of the French economists, nor did he acquire the articles he agreed with from the teaching of their master” (p.215-216). For Rae, contrary to Marx's belief, Smith was sympathetic to the Physiocrats but not a strict adherent of their economic theory. *In fine*, Smith adopted many Physiocratic notions (such as the division between fixed and circulating capital, ‘the necessity of perfect liberty and perfect justice’ etc.) and was struck by the calibre of Quesnay's thoughts but was highly critical of Quesnay's theoretical system as illustrated in his *Tableau Economique*. Smith notes in the WN, “That system which represents the produce of land as the sole source of the revenue and wealth of every country, has, so far as I know, never been adopted by any nation, and it at present exists only in the speculations of a few men of great learning and ingenuity in France” (WN, Book IV, c. ix, § 2: 663).

<sup>250</sup> For Smith, the *fixed capital* of any society includes four kinds of articles 1) “all useful machines and instruments of trade which facilitate and abridge labour” (WN, Book II, c. i, § 14: 282), 2) “all those profitable buildings which are the means of procuring a revenue [...] such as shops, warehouses, workhouses, farmhouses, with all their necessary buildings; stables; granaries, &c” (WN, Book II, c. i, § 15: 282), 3) “the improvements of land, of what has been profitably laid out in clearing, draining, enclosing, manuring, and reducing it into the condition most proper for tillage and culture” (WN, Book II, c. i, § 16: 282) and 4) “the acquired and useful abilities of all the inhabitants or members of the society” (WN, Book II, c. i, § 17: 282). For Smith the (real) returns of the fixed capital are historically much slower and rare than those of the circulating capital (WN, Book II, c. ii, § 64: 307). Generally, society's fixed capital enhances the way in which labour is conducted and increases the productive powers of labour. Smith observed that “In a farm where all the necessary buildings, fences, drains, communications etc. are in the most perfect good order, the same number of labourers and laboring cattle will raise a much greater produce, than in one of equal extent and equally good ground, but not furnished with equal conveniences” (WN, Book II, c. ii, § 7: 287).

According to Smith, the *circulating capital* of every society is composed of four parts: 1) “of the money by means of which all the other three are circulated and distributed to their proper consumers” (WN, Book II, c. i, § 19: 282), 2) “of the stock of provisions which are in the possession of the butcher, the grazier, the farmer, the corn-merchant, the brewer, &c.” (WN, Book II, c. i, § 20: 283), 3) the raw materials “whether altogether rude, or more or less manufactured” (WN, Book II, c. i, § 21: 283) and 4) “the work which is made up and completed, but which is still in the hands of the merchant or manufacturer, and not yet disposed to the proper consumers” (WN, Book II, c. i, § 22: 283).

produce of the land and labour, the real revenue of every society” (p. 292). Smith, in a typical classical vein, identifies production as the sole source of wealth. He deduces the role of money from the production process (from the real wealth of a country)<sup>251</sup> and observes that to put industry into motion, three things are requisite a) materials to work upon b) tools to work with and c) the wages or recompence for the sake of which the work is done (WN, Book II, c. ii, § 37: 295).<sup>252</sup> Evidently, these are the

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<sup>251</sup> Smith expresses his anti-mercantilist attitude by observing that “though the circulating gold and silver of Scotland have suffered so great a diminution during this period, its real riches and prosperity do not appear to have suffered any. Its agriculture, manufactures, and trade on the contrary, the annual produce of its land and labour, have evidently been augmented” (WN, Book II, c. ii, § 42: 298). He observes that “It is not by augmenting the capital of the country, but by rendering a great part of that capital active and productive than would otherwise be so, that the most judicious operations of banking can increase the industry of the country” (WN, Book II, c. ii, § 86: 320). Evidently, Smith’s anti-mercantilist views constitute the first systematised attempt to produce an early history of economic thought. Therefore, his critique of mercantilism (and physiocrats), despite its highly ideological spirit, is innovative and interesting. The examples of these early seeds of history of economic thought are plenty. His lengthy travels to France, as Duke of Buccleugh’s attendant, helped him to become a trained reader of Physiocrats. He notes that “Their works have certainly been of some service to their country, not only by bringing into general discussion, many subjects which had never well been examined before, but by influencing in some measure the publick administration in favour of agriculture” (WN, Book IV, c. ix, § 38: 678). Generally, Smith studies his contemporary economic philology as Hume’s *Political Discourses*, noting that Hume was “by far the most illustrious philosopher and historian of the present ages” and John Law’s *Money and Trade* believing that his ideas being both fascinating and visionary (WN, Book V, c. i, § 3: 790; WN, Book II, c. iv, § 78: 317). Moreover, he had studied and criticised John Locke as the most eminent supporter of the mercantile system (WN, Book IV, c. i, § 3: 430).

<sup>252</sup> Smith views money in all its forms (gold, silver or paper money) as a simple instrument (means) of commerce and denies the leading mercantilist view that the accumulation of precious metals is the necessary pre-condition of opulence. He prefers paper money to gold and silver since the withdrawal from circulation of gold and silver metals would “make a very considerable addition to the quantity of that industry, and, consequently, to the value of the annual produce of land and labour” (WN, Book II, c. ii, § 40: 296-297). Generally Smith elaborates on the advantages of paper money, by arguing that it contributes to converting a dead into an active stock. For him, ‘gold and silver money’ by which the whole produce of a country’s land and labour is annually circulated and distributed, is totally a dead stock. In his *Lectures* he notices that through the substitution of gold and silver by paper money, the trade and manufactures of Scotland have gradually increased (LJ (A), Section VI, § 130: 378). According to Smith, paper money, besides being a cheap instrument of commerce, is more appropriate for opulence’s augmentation (than precious metals) since “the great demand for active and productive stock makes it convenient [...] to have as little stock as possible” (WN, Book V, c. iii, § 87: 943). He arrayed historical evidence to illustrate his position and refers to the Scottish experience. He notes that: “I have heard [...] that the trade of the city of Glasgow doubled in about fifteen years after the first erection of banks there; and that the trade of Scotland has more than quadrupled since the first erection of the two publick banks at Edinburgh” (WN, Book II, c. ii, § 41: 297). Smith illustrates his anti-mercantilist spirit by pointing out that, “though the circulating gold and silver of Scotland have suffered so great a diminution during this period, its real riches and prosperity do not appear to have suffered any. Its agriculture, manufactures, and trade on the contrary, the annual produce of its land and labour, have evidently been augmented” (WN, Book II, c. ii, § 41: 298). Hume also ([1777] 1985: 338-339), despite his reservations about the use of paper money, recognised that “there are certain lights, in which this subject may be placed, so as to represent the advantages of paper-credit and banks to be superior to their disadvantages”. Essentially, this substitution (which is proposed by Smith) produces its full effect under the assumption of ‘the natural course of things’. A violation of this ‘natural course of things’, either by accident or by a policy regulation, could produce the inverse effects. He notes for example that, “An unsuccessful war [...] in which the enemy got possession of capital, and consequently of that treasure which supported the credit of the paper money, would occasion a much greater confusion in a

requisites by which ‘the annual produce of the land and labour of the country’ is produced. This product maintains both productive and unproductive labourers, and those who do not labour at all.<sup>253</sup> Generally, Smith seems to believe that the money which motivates the productive powers of labour and land could be thought of ‘relieving lending’, or more specifically as the productive part of this labour. For him, the circulating capital of an industry motivates the productive labour since it is the fund from which the typical undertaker earns the necessary materials and wages to his workmen (WN, Book II, c. ii, § 39: 296).<sup>254</sup>

Smith, as a typical classical economist, distinguishes productive from unproductive labour and points out that a part of the annual produce of a country is employed unproductively (for the consumption of unproductive labourers or those who do not labour at all) while the other part of it is destined for replacing the capital which had been employed in the last production process together with the provisions of productive labourers.<sup>255</sup> For him, “if the quantity of food and clothing, which were thus consumed by unproductive, had been distributed among productive hands, they

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country where the whole circulation was carried on by paper, than in one where the greater part of it was carried on by gold and silver. The usual instrument of commerce having lost its value, no exchanges could be made either by barter or upon trade” (WN, Book II, c. ii, § 87: 321). Obviously, such accidents, as unsuccessful wars and political instability, violate the ‘theoretical’ character of his outline and turn his analysis to a simplistic narrative type of historicising.

<sup>253</sup> Obviously, this observation impelled Smith to disregard the basic notion of mercantilism that of the *balance of trade* and propose its substitution with the notion of ‘the balance of annual produce and consumption’ since he believes that, “If the exchangeable value of the annual produce [...] exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this excess. The society in this case lives within its revenue, and what is annually saved out of its revenue, is naturally added to its capital, and employed so as to increase still further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall short of the annual consumption, the capital of the society must annually decay in proportion to this deficiency. The expence of the society in this case exceeds its revenue, and necessarily encroaches upon its capital” (WN, Book IV, c. iii, 2<sup>nd</sup> Part, § 15: 497). According to Smith, people have to live by capital and not by revenue. He uses historical data to illustrate this. For instance, his mid-biographer notes that for him “The common people were always better off in a town like Bordeaux, where they lived on capital, than in a town like Toulouse, where they lived on revenue” (Rae 1895: 180).

<sup>254</sup> Smith identifies the productive labour (and value) with the production of vendible commodities. He notes that, “The labour [...] of artificers, manufacturers and merchants, naturally does fix and realize itself in some such vendible commodity. It is upon this account that [...] I have classed artificers, manufacturers and merchants, among the productive labourers, and menial servants among the barren and unproductive” (WN, Book IV, c. ix, § 31: 675). Smith is virulent in his comment that, “The labour of some of the most respectable orders in the society is [...] unproductive of any value, and does not fix or realise itself in any permanent subject, or vendible commodity, which endures after the labour is past, and for which an equal quantity of labour could afterwards be procured” (WN, Book II, c. iii, § 2: 330). He cites the example of sovereignty, which is “maintained by a part of the annual produce of the industry of other people [...] Their service, how honorable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured” (p. 331).

<sup>255</sup> It can be said that Smith’s elaboration of the distinction between productive and unproductive labour is an epistemic alternative to Quesnay’s account, countering his ontological error that manufacturing and trading are not productive.



would have reproduced, together with a profit, the full value of their consumption” (WN, Book II, c. iii, § 22: 339). Essentially, therefore, the funds that are destined for the maintenance of productive labour necessarily augment the annual produce and the real wealth of the country.<sup>256</sup> For Smith, the unproductive hands procure their maintenance by profits and rents and this is why in the *hunting* stage of economic development ‘unproductive labour’ was so low. However, poor countries are more inclined to destine funds on the maintenance of unproductive labour than rich countries. He uses historical material to support this paradoxical view. He notes that in feudal Europe “a very small portion of the produce was sufficient to replace the capital employed in cultivation” (WN, Book II, c. iii, § 9: 334)<sup>257</sup> while the rest was destined for the maintenance of a mass of idle and totally unproductive people. On the other hand, in Smith’s times (of *commercial* capitalism) the funds that were destined for the maintenance of productive labour were much higher due to both the emergence of intense competition among producers and of increased capitals among them. In the *commercial* stage of economic development, rent, which is the source of unproductive labour, “though it increases in proportion to the extent, *diminishes in proportion to the produce of the land*” (WN, Book II, c. iii, § 9: 334). Smith’s concluding comment is indicative:

We are more industrious than our forfathers; because in the present times the funds destined for the maintenance of industry, are much greater in proportion to those which are likely to be employed in the maintenance of idleness, than they were two or three centuries ago (WN, Book II, c. iii, § 12: 335).<sup>258</sup>

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<sup>256</sup> Smith believes that the real wealth of any society could solely increase by the employment of productive labour. He notes that, “The annual produce of land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed” (WN, Book II, c. iii, § 32: 343). For instance, “by diminishing the funds destined for the employment of productive labour, he [e.g. merchant or manufacturer] necessarily diminishes, so far as it depends upon him, the quantity of that labour which adds a value to the subject upon which it is bestowed, and, consequently, the value of the annual produce of land and labour of the whole country, the real wealth and revenue of its inhabitants” (WN, Book II, c. iii, § 20: 339).

<sup>257</sup> It must be noted that before the great agricultural revolution, the capital that was employed in agriculture was commonly scanty and inexpensive. Smith notes that it consisted in “a few wretched cattle, which were fed in through the produce of uncultivated land” (WN, Book II, c. iii, § 9: 334). It is indicative that in the Middle Ages there was hardly any great agricultural innovation or a generalised improvement in the fertility of lands.

<sup>258</sup> Smith attempts to illustrate this view by using historical material. He notes that “In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, *they are in general industrious, sober, and thriving; as in many English, and in most Dutch towns*” (WN, Book II, c. iii, § 12: 335, emphasis added). On the *altera pars*, “In those towns which are

*A fortiori*, Smith attempts to formulate an abstract theoretical scheme in order to connect the size (and the employment) of a given capital with the motivation of productive and unproductive labour. His theoretical formulation is crystallised in the following lengthy reference:

The proportion between capital and revenue, therefore, seems everywhere to regulate the proportion between industry and idleness [e.g. between productive & unproductive labour]. Wherever capital predominates, industry prevails; wherever revenue, idleness. Every increase or diminution of capital, therefore, naturally tends to increase or diminish the real quantity of industry, the number of productive hands, and consequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants (WN, Book II, c. iii, § 13: 337)

Essentially, this thesis comprises a theoretical paradigm that exemplifies and systematises the increasing opulence of a given country. Smith is explicit in his view that:

The increase in the quantity of useful labour actually employed within any society, must depend altogether upon the increase of the capital which employs it; and the increase of that capital again must be exactly equal to the amount of savings from the revenue, either of the particular persons who manage and direct the employment of that capital, or of some persons who lend it to them (WN, Book IV, c. ix, § 36: 677).

However, despite its transhistoricity, his argumentation is historically specific since the activation of the productive powers of labour (which is the natural precondition of opulence) is influenced by the situation (location) of the country. He uses historical material to confirm this special specificity:

*The great trade of Rouen and Bourdeaux seems to be altogether the effect of their situation. Rouen is necessarily the entrepot of almost all the goods which*

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principally supported by the constant or occasional residence of a court, and in which the inferior ranks of people are chiefly maintained by the spending of revenue, they are in general idle, dissolute, and poor; as at Rome, Versailles, Compiègne, and Fontainebleau. If you except Rouen and Bourdeaux, there is little trade or industry in any of the parliament towns of France; and the inferior ranks of people, being chiefly maintained by the expence of the members of the courts of justice, and those who come to plead before them, are in general idle and poor” (p. 335).

are brought either from foreign countries, or from the maritime provinces of France, for the consumption of the great city of Paris. Bourdeaux is in the same manner the entrepot of the wines which grow upon the banks of Garonne, and of the rivers which run into it, one of the richest wine countries in the world, and which seems to produce the wine fittest for exportation, or best suited to the taste of foreign nations (WN, Book II, c. iii, § 12: 335- 336, emphasis added).<sup>259</sup>

Therefore, their advantageous situation necessarily attracted great capitals and was the great precondition of their augmented industry. Accordingly, any increase in the quantity of useful labour actually employed in any society:

must depend altogether upon the increase of the capital which employs it; and the increase of that capital again must be exactly equal to the amount of savings from the revenue, either of the particular persons who manage and direct the employment of that capital, or of some other persons who lend it to them (WN, Book IV, c. ix, § 36: 677).

For Smith, the great (ontological) precondition of ‘the natural progress of opulence’ is the conquest of parsimony. As has already indicated, he notes that the annual produce of any country is divided into two parts; the first (and frequently the largest one) is destined for replacing capital, for renewing the provisions, materials, and finished work that have been drawn from capital, while the other constitutes a revenue either to the owner of this capital, as the profit of his stock or the rent of his land (WN, Book II, c. iii, § 4: 332).<sup>260</sup> He observes that the first part of the annual produce, that of replacing capital, always pays the wages (the means of maintenance)

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<sup>259</sup> Rae (1895: 180) illustrates Smith’s juxtaposition by reference to Bordeaux where people “were in general industrious, sober, and thriving” while “in Toulouse and the rest of the parliament towns they were idle and poor” and “the reason was that Bordeaux was a commercial town [...] and the rest were merely residential towns, employing little capital more than was necessary to supply their own consumption”. Smith’s reference to the role of particular cities in the economic development of Europe seems to be a percussion of Henry Pirenne’s (1965) *Medieval Cities: Their Origins and the Revival of Trade*, Garden City, New York. Smith not only presented the same ideas but developed the same concepts and reasoning as Pirenne. Dow (2006: 170) rightly observes in his interesting study that before Pirenne’s theory of urban-economic growth “a strikingly similar theory developed by Adam Smith at least a hundred and twenty- five years earlier”. For a Marxian critique of Neo-Smithian Marxism see Brenner (1997).

<sup>260</sup> Smith cites as examples of this allocation the cases of agriculture where “one part replaces the capital of the farmer; the other pays his profits and rent of the landlord” (WN, Book II, c. iii, §4: 332) and its manufacture where “one part, and that always the largest, replaces the capital of the undertaker of the work; the other pays his profit, and thus constitutes a revenue to the owner of this capital” (p. 332).

of productive labourers while the second, which constitutes revenue (either as rent or as profit), may maintain indifferently either productive or unproductive hands since the unproductive labourers, and those who do not labour at all, are all maintained by revenue (WN, Book II, c. iii, § 7: 333). Therefore, a part of the annual produce of a country is employed unproductively and another part (which is destined for the maintenance of productive labour only) may be employed either productively or unproductively since:

not only the great landlord, or the rich merchant, *but even the common workman, if his wages are considerable, may maintain a menial servant; or he sometimes go to a play or a puppet-show, and so contribute to his share towards maintaining one set of unproductive labourers* (p. 333, emphasis added).

However, the unproductive expences of workmen are so slight, that the rent of the landlord and the profits of stocks are in every epoch the principal sources from which unproductive labour derives its subsistence.<sup>261</sup> That portion of the annual produce which is unproductively spent is in most instances consumed by idle guests and menial servants who leave nothing behind them in return for their consumption (WN, Book II, c. iii, § 18: 338). *E contrario*, that portion of the annual produce of land and labour which is destined for the maintenance of labourers, manufacturers, and artificers is productively spent inasmuch as these people reproduce with a profit the total value of their annual consumption. Therefore, as Smith points out, “if the quantity of food and clothing, which were thus consumed by unproductive, had been distributed among productive hands, *they would have reproduced, together with a profit, the full value of their consumption*” (WN, Book II, c. iii, § 22: 339, emphasis added). Essentially, therefore:

by diminishing the funds destined for the employment of productive labour, he [e.g. merchant or manufacturer] necessarily diminishes, so far as it depends upon him, the quantity of that labour which adds a value to the subject upon which it is bestowed, and, consequently, the value of the annual produce of land and labour

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<sup>261</sup> Smith’s comments are indicative of such an unproductive expenditure. He notes that “The expence of a great lord feeds generally more idle than industrious people. The rich merchant, though with his capital he maintains industrious people only, yet by his expence, that is, by the employment of his revenue he feeds commonly the very same sort as the good lord” (WN, Book II, c. iii, § 7: 333).

of the whole country, the real wealth and revenue of its inhabitants (WN, Book II, c. iii, § 20: 339).<sup>262</sup>

For Smith, capitals increase through parsimony and diminish by prodigality and misconduct. He notes that, “whatever a person saves from his revenue, he adds to his capital, and either employs it himself in maintaining an additional number of productive hands, or enables some other person to do so, by lending it to him for an interest, that is, for a share of the profits” (WN, Book II, c. iii, § 15: 337).<sup>263</sup> He believes that the capital of a society (which is the total sum of smaller individual capitals) can be increased only by thriftiness and observes that parsimony (and not industry) is the immediate cause of the increase of capital.<sup>264</sup> For him “industry, indeed, provides the subject which parsimony accumulates. But whatever industry might acquire, if parsimony did not save and store up, the capital would never be greater” (WN, Book II, c. iii, § 16: 337). Smith had developed this view early in his *Lectures* and had perfected it in his WN:

If merchants, artificers, and manufacturers are [...] naturally more inclined to parsimony and saving than proprietors and cultivators, *they are, so far, more likely to augment the quantity of useful labour employed within their society, and*

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<sup>262</sup> Evidently, misconduct entails the same bad effects as prodigality. For example, “Every injudicious and unsuccessful project in agriculture, mines, fisheries, trade or manufactures, tends in the same manner to *diminish the funds destined for the maintenance of productive labour*. In every such project, though the capital is consumed by productive hands only, yet, as by the injudicious manner in which they are employed, they do not reproduce the full value of their consumption, there must always be some diminution in what would otherwise have been the productive funds of the society” (WN, Book II, c. iii, § 26: 341).

<sup>263</sup> Smith cites a variety of historical evidence to exemplify the tight connection between prodigality and unproductive labour. He notes that in the Middle Ages which are identified as the ‘epoch of thriftlessness’, “Westminster-hall was the dining room of William Rufus, and might frequently, perhaps, not be too large of his company. It was reckoned a piece of magnificence in Thomas Becket, that he strowed the floor of his hall with clean hay or rushes in the season [...] The great earl of Warwick is said to have entertained every day at his different manors, thirty thousand people; and though the number here may have been exaggerated, it must, however, have been very great to admit of such exaggeration” (WN, Book III, c. v, § 5: 413). For Smith, these idle fellows who had eaten up the fruits of tenants’ labour, in spite of being dependent upon the great proprietor, were the most illustrious examples of unproductive expenses.

<sup>264</sup> The total capital of a society is the characteristic feature of its prosperity, stagnancy, or decline. He observes that, “When we compare, therefore, the state of a nation at two different periods, and find, that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more numerous and more flourishing, and its trade more extensive, we may be assured that its capital must have increased during the interval between those periods, and that more must have been added to it by the good conduct of some, than had been taken from it either by private misconduct of others, or by the publick extravagance of government” (WN, Book II, c. iii, § 32: 343).

*consequently to increase its real revenue, the annual produce of its land and labour* (WN, Book IV, c. ix, § 36: 677, emphasis added).<sup>265</sup>

He believes that parsimony motivates an additional quantity of useful industry and gives an additive value to the annual produce of land and labour. Smith in his moral texts identifies frugality with prudence and notices that parsimony is the necessary condition for opulence (TMS, Book VI, c. i, § 6: 213).<sup>266</sup> His concluding comment is indicative of the transhistorical character of this identification since, “if the prodigality of some was not compensated by the prodigality of others, the conduct of every prodigal, by feeding the idle with the bread of the industrious, tends not only to beggar himself, but to impoverish his country” (WN, Book II, c. iii, § 20: 339).<sup>267</sup>

Smith’s theoretical analysis is seated on his main ontological enunciations: the ontological dualism between liberty and interference. Essentially, Smith believes, as a typical Enlightenment figure, that man is animated by ‘a universal, continual, and uninterrupted effort to better his condition’. He was explicit about this:

The natural *effort* of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these obstructions is always more or less either

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<sup>265</sup> Smith observed in his *Lectures* that when hard industry and *great parsimony* got together, “they would then make an offer to their master that they should stock the farm themselves and maintain this stock, and instead of his having the uncertain produce of the harvest, which might vary with the season, he should have a yearly gratuity, on condition that he should not be removed at pleasure but should hold his farm for a term of years” (LJ (A), Section iii, § 124: 190).

<sup>266</sup> Ross (1995: 28) eloquently notes that Smith’s insistence upon the role of frugality was inherited from his Presbyterian education and his Latin training. More specifically he points out that “his form of Presbyterian inheritance, together with the rudiments of training in the Latin classics, apparently instilled in him the values of a frugal style of life, self-discipline of a Stoic cast, diligence in his calling, and strict justice towards others tempered with benevolence which characterised his actions and his teaching”. There is a direct connection between his major texts since Smith identifies prudence as the means for the pursuit of social status. More specifically, he notes that, “A man of rank and fortune is by his station the distinguished member of a great society, who attend to every part of his conduct, and who thereby oblige him to attend to every part of it himself. His authority and consideration depend very much upon the respect which this society bears to him” (WN, Book V, c. i, § 12: 795).

<sup>267</sup> For Smith, it does not matter if this prodigal consumption is destined to derive from home-made or foreign commodities since, “its effect upon the productive funds of the society would still be the same” (WN, Book II, c. iii, § 21: 339). Evidently, this reference underlies his anti-mercantilist attitude and illustrates his firm belief that ‘home’ and ‘foreign’ (unproductive) consumption are always equally the same.

to encroach upon its freedom, or to diminish its security (WN, Book IV, c. v, § 43: 540).

Essentially, this effort is the guiding principle of economic behaviour and is the necessary impulse to earn the necessary means of preservation (Luban 2012: 279). Therefore, the pursuit of self-interest, despite being one of the few passions that could be taken for granted (Winch 1992: 105-106) is, according to Smith, the motor behind economic and social advancement.<sup>268</sup> For Smith, the free execution of this pursuit is the efficient cause that drives men to bring about the ‘divine plan’ or ‘the course of nature’. In the WN, there is a dialectical juxtaposition between the sense of parsimony and that of profusion which is empirically oriented. Smith observes that:

With regard to profusion, the principle, which prompts to expence, is the passion for present enjoyment; which, though sometimes violent and very difficult to be restrained, *is in general only momentary and occasional*. But the principle which prompts to save, *is the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go to the grave* (WN, Book II, c. iii, § 28: 341, emphasis added).

As already indicated, Smith identifies prudence with parsimony since the parsimonious man of the WN seems to be the prudent man of the TMS. He notes that parsimony is connected with virtue inasmuch as:

In the steadiness of his industry and frugality, in his steadily sacrificing the ease and enjoyment of the present moment for the probable expectation of the still greater ease and enjoyment of a more distant but more lasting period of

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<sup>268</sup> Alvey (2003: 2) notes that for Smith “Several instincts—the desire for security, the desire to ‘truck, barter, and exchange’, the fascination with finely crafted objects, cupidity (the desire to accumulate wealth, which is the way that most humans seek to ‘better their condition’) and vanity— are the primary agents in history”. Smith seems to overlook many of human instincts that are not so egotistical like that of solidarity, sympathy and love-affair. Evidently, his oversight was the reason of not understanding situations in which self-love was not the primal motor of social relations. Luban (2012: 280) rightly observes that Smith subordinates the political to the economic, “thereby enshrining atomistic self-interest and material need as the key human motivations at the expence of all other capacities”. However, despite its analytical weaknesses, Smith’s economic man was more complex than the subsequent neoclassical accounts, since the pursuit of wealth is subject to the scrutiny of our fellows and should be compatible with respect of the rights of others and the rules of propriety (Skinner 2000: 17).

time, the prudent man is always both supported and rewarded by the entire approbation of the impartial spectator (TMS, Book VI, c. i, § 11: 215).<sup>269</sup>

For Smith, the natural effort of every man to ‘better his condition’ is clearly connected with his parsimony and prudence. Therefore, the prudent and industrious man, by trying to ‘better his own condition’, earns the admiration and sympathy of others due to his perpetual and laborious endeavours.<sup>270</sup> He further expands in his TMS by arguing that it is the experience of social approval and disapproval which leads humans to judge according to moral worth, rather than mere utility, and to experience pride and shame (TMS, Book IV, c. ii, § 12: 192). All these impelled him to wonder:

From whence, then, arises that emulation which runs through all different ranks of men, and what are the advantages which we propose by that great purpose of human life which we call bettering our condition? (TMS, Book I, c. iii, part II, § 1: 16).

His answer is declarative: “To be observed, to be attended to, to be taken notice of with sympathy, complacency, and approbation, are all the advantages which we can propose to derive from it” (p. 16) For Smith the pursuit of wealth (despite being subject to the scrutiny of our fellows) is worthy of moral approval, and it is the cause of a generalised economic advancement and social development.<sup>271</sup>

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<sup>269</sup> Essentially, in his TMS he supports (and illustrates) the theoretical doctrine that moral approbation (and disapprobation) are in the last analysis expressions of sympathy with the feeling of an imaginary and impartial spectator, or the ‘voice within us’. Edmund Burke reviews in the *Annual Register* that Smith’s TMS, “seeks for the foundation of the just, the fit, the proper, the decent, in our most common and most allowed passions, and making approbation and disapprobation the tests of virtue and vice, and showing that these are founded on sympathy, he raises from this simple truth one of the most beautiful fabrics of moral theory that has perhaps ever appeared [...] *It is rather painting than writing*” (cited in Rae 1895: 145-146).

<sup>270</sup> According to Smith “The impartial spectator does not feel himself worn out by the present labour of those whose conduct he surveys; nor does he feel himself solicited by the importunate calls of their present appetites” (TMS, Book VI, c. i, § 11: 215). Essentially, the notion of the impartial spectator despite being purely imaginary, can attain objectivity from which “real spectators fall short because of ignorance and prejudice” (Ross 1995: 184). Schliesser (2005: 711) notes that sympathy “is the mechanism of the imagination by which we have fellow-feeling with the passions of others”, since “people desire praise from others and, more important, they want to understand their own behaviour as praiseworthy”. Moreover, as Malone (2011: 8) notes “Smith left it unclear whether the Impartial Spectator is the manifestation of the deity in every individual, or if it is the result of the reciprocity of empathy among socialised individuals”.

<sup>271</sup> For Bittermann (1940: 721) “The disposition to admire the rich and powerful is generally socially useful in that it stimulates economic activity and creates sentiments of respect for kings and ruling classes which make for the stability of society”. Skinner (1976: 112) notes that a central premise in the smithian work is that men seek (through their actions) not only to be approved but to be worthy of that approval. Evidently, Smith’s view is *in toto* different to that of Mandeville who had noted in his



Smith's contradictory view of social phenomena impels him to present every historical fact as compacting in its epistemic 'hard core' the dialectical relation between 'freedom and interference' and as analysed by the epistemologically dual schema of 'theoretical-narrative historising'. According to Smith's transcendentalism a historical *praxis* that is connected with an inborn intensity of 'bettering' a man's condition is as prudent as 'naturally done'.<sup>272</sup> On the other hand, an act that is fully passionate and instantaneous is as absurd and inefficient since it is connected with a violation of this 'inborn intensity' and is moving against the 'core principles' of human nature. According to Smith's empiricism men's perceptions concerning their interests are frequently faulty (or warped) and some motives such as the love of ease and love of dominance may blow up the central motive of 'bettering their condition'.<sup>273</sup> These motives lead to economic decisions that are moving against 'the natural progress of things' and they produce overspendings of the annual produce of land and labour and diminish opulence.

Furthermore, in some historical facts, freedom's influence is livelier and is connected with progress and opulence. In other historical circumstances passion (interference or accident) is more intent and discernible. As already indicated, this

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famous poem *The Fable of the Bees* that vice is the foundation of national prosperity and happiness ([1714] 1988, Introduction: xivii). Smith rejects the views of both Mandeville and Hobbes (*Leviathan*, 1650) that human nature is intrinsically selfish. Such a view was bequeathed to him by his 'never to be forgotten' teacher, Francis Hutcheson (Ross 1995: 50). Smith believes that restraints over human nature are natural rather artificial in their content as Hobbes believed. The famous (opening) remark of his TMS is moving against the selfish perceptions of Hobbes, Mandeville and Rousseau. He notes in particular: "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it" (TMS, Book I, Section I, c. i, § 1: 9).

<sup>272</sup> It must be said that Smith's methodology was highly influenced by Hutcheson's teachings. Hutcheson noted in his *Short Introduction of Moral Philosophy* that human nature may in its first view appear as a strange chaos, "or a confused combination of jarring principles, until we can discover by a closer attention, some natural connexion or order among them, some governing principles naturally fitted to regulate all the rest. To discover this is the main business of Moral Philosophy, and to show how all these parts are to be ranged in order" (Book I, c. i, part iii: 35). For Smith the principle of 'bettering our condition' is one of these principles that are governing human behaviour and as such it must be regarded as one of the governing hinges of this behaviour.

<sup>273</sup> For Smith the most typical example of this blow up is the 'uneconomic' institution of slavery surviving in many countries, due to 'the love of dominance'. Smith was explicit with regard to slavery: "their real interest would lead them to set free their slaves and cultivate their lands by free servants or tenants, yet the love of domination and authority and the pleasure men take in having everything done by their express orders [...] will make it impossible for the slaves in a free country ever to recover their liberty" (LJ (A), Section iii, § 114: 186). However, the 'love of dominance' (or 'the love of ease') is not an irrational sentiment but has to be sought as a more malicious and repugnant form of vanity. For example Smith notices that landlords' conduct is folly and 'the most childish vanity', as opposed to the much less ridiculous motive of the merchants who act merely "from a view to their own interest" (WN, Book III, c. iv, § 17: 422).

ontological view is diffused in Smith's abstract epistemological schemas. A theoretical way of historicising was used to systematise 'the progress of improvement' through freedom's gradual conquest. On the other hand, due to his empirically animated political views, a more 'narrative' history had been thoroughly treated in order to elevate administration's ruinous consequences (e.g. these 'irregularities' that cannot be systematised theoretically). These 'irregularities' are arrayed narratively (as singular historical depositions) and are demonstrated as historically (or empirically) defined distortions from 'the natural course of things'. For instance, 'the long history of the dearths and famines of Europe' which disrupted 'the natural progress of opulence' suffices to show that "a famine has never arisen from any other cause *but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth*" (WN, Book IV, c. v, § 5: 526, emphasis added).<sup>274</sup> Essentially, outside administration's decisive influence, influential role in the modulation of historical facts is accorded into the role of *contingency*. Smith cites a plethora of 'accidental' situations in the WN. For instance, the high prices of corn during the period between 1764 and 1766 were the result of bad harvests. Smith observes that this increase "seems evidently to have been the effect of the extraordinary unfavourableness of the seasons, and ought therefore to be regarded, not as a permanent, but as a *transitory and occasional event*" (WN, Book I, c. xi, part iii, 3<sup>rd</sup> period, § 17: 217). *In fine*, according to Smith's theory in every period of economic history, there emerges a conflict of conducts which in epistemological terms is reflected as a dialectical juxtaposition between 'theoretical' and 'narrative' history. Evidently, the *clavis aurea* of understanding Smith dualism is by pointing out his analytical inability to sort out the inmost dimension of economic phenomena.

For him every variation from his *Utopia* is produced either by political choices and decisions, or 'by the suddenness of the effect'. As already noted, the extravagances of both governments and merchants (and the subsequent errors of administration) are related to human animal spirits and passions. Smith observes that "they whom we call politicians are not the most remarkable men in the world for

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<sup>274</sup> According to Smith, famines are not accidental situations but emerge due to extravagances of government and are proposed as intersections from 'the natural course of things'. He notes that "The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, some injudicious restraints imposed by the servants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into famine" (WN, Book IV, c. v, § 6: 527).

probity and punctuality” (LJ (B), § 327: 529); and their “councils are directed by the momentary fluctuations of affairs” (WN, Book IV, c. ii, § 39: 468).<sup>275</sup> He exposes these variations through an empirically oriented ‘narrative’ history which is moving against his ‘theoretical’ history which is the rule in his political economy. Besides, he notes that:

though the principle of expence [...] prevails in almost all men upon some occasions, and in some men upon almost all occasions, yet in the greater part of men, taking the whole course of their life at average, the principle of frugality seems not only to predominate, but to predominate very greatly (WN, Book II, c. iii, § 28: 342).

*The principle of frugality*, which is an ontological precondition of his ‘theoretical’ history, seems not only to predominate, but to predominate greatly.<sup>276</sup> His concluding comment is indicative:

The uniform, constant, and uninterrupted effort of every man to better his condition, the principle of which publick and national, as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things toward improvement, in spite both of the extravagance of government, and of the greatest errors administration (WN, Book II, c. iii, § 31: 343).

Summurising, Smith’s empiricism impels him to use his narrative history as the crystallisation of his empirically epistemological stance. This tendency had moved Smith to push the epistemological relation between theoretical and narrative history *in extremis*. Although this distinction is extremely interesting in its methodology, such an elaboration had rendered it a completely static and contradictory motif.

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<sup>275</sup> Smith arrays a plethora of historical information to illustrate these ‘momentary fluctuations’. He notes that the masters of the East India Company had not understood that their real interest,, “if they were capable of understanding is the same with that of the country, and it is from ignorance chiefly, and meanness of mercantile prejudice, that they ever oppress it” (WN, Book IV, c. vii, 3<sup>rd</sup> Part, § 106: 640).

<sup>276</sup> Smith declares that, “the number of frugal and industrious surpasses considerably that of prodigal and idle” (WN, Book II, c. iv, § 2: 350). He believes that this noticeable surpassing is the reason of the continuous economic advancement of modern Europe.

### 3.6 Smith's uses of historical sources and their limitations

As already noticed, Smith's theoretical history and his stages theory were not mapped *ad absurdum*, since Smith attempts to enhance his stadial analysis by an open appeal to facts and to economic history.<sup>277</sup> A general feature of the Scottish historical school was a critical reliance on facts (Skinner 1967: 34).<sup>278</sup> Smith, despite the fact that he gives no references, makes a multi-dimensional use of history which impels him to make an extensive use of historical material of every kind (archival registrations, literature, travellers' notes etc.) and of all types (primary as the *Parliamental Acts* and secondary). The variety of his historical sources in his WN is *striking*, "whether the impression derived from those quoted in the WN itself, from the resources in Smith's personal library, or from the accounts of the Library at Glasgow when he controlled its expenditure" (Campbell and Skinner 1976: 51).<sup>279</sup> Smith preferred official facts and the frequent citation of statutes suffices to prove this. However, due to the lack of direct historical evidence concerning earlier societies, Smith was forced to use other forms of historical material such as travellers' tales and accounts of contemporary societies which were at a much earlier and primitive stage of social evolution (for instance Peru, Mexico, Argentina etc.). Smith, despite the fact that he both endorses Gregory King's (WN, Book I, c. viii, § 34: 95)

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<sup>277</sup> Evidently, such a methodological stance is related to the differentiated application of Newton's analytic-synthetic method. Smith developed (again) such a position in his TMS and is praised by Hume for following "the practice of our modern naturalists [Newtonians], and [making] an appeal every moment to fact and experiment" (cited in Ross 1995: 179).

<sup>278</sup> For instance, Ferguson notes in his Introduction of the *History of Civil Society* (1782) that a scientist must "collect facts, not to offer conjectures" (Section I, part I, Introduction: 3).

<sup>279</sup> Smith notes in one of his conversations with his printer Smellie that, "I am a beau in nothing but my books" (cited in Rae 1895: 74). At another point Rae notes that, "His mother, his friends, his books—these were Smith's three great joys. He had a library of about 3000 volumes, as varied a collection in point of subject-matter as it would be possible to find" (p. 327). For more information about his library see *inter alia*: H. Mizuta (1967), *Adam Smith's Library: a supplement to Bonar's Catalogue with a checklist of the whole library*, Cambridge U. P. for the Royal Economic Society, London which is an updated edition of Bonar's *Catalogue of the Library of Adam Smith*. Moreover, Skinner (1996: 76) informs us that as a Quaestor for the University Library, Smith made purchases including the works of Giannonne, Daniel, and Brosse, and that he owned copies of works by Fenelon, Fontenelle, Rollin, Raynal, Mably, Duclos, and Chastellux, to name but a few". For Ross (1995: 147), "On the historical side, we find listed Joseph de Guinge's *Histoire generale des Huns, Turcs, Mongols et autres Tartares occidentaux* (1756-8), a source of details concerning a shepherd society worked into the theory of the four stages of social organisation. There are also histories of France (le pere Daniel), Spain (Ferrerias), Naples (Giannone), and Venice (its state historians); and Postlethwayt's *History of the Public Revenue*".

and cites Charles Smith's estimations on corn trade, was not a keen admirer of political arithmetic (WN, Book IV, c. v, § 30: 519).<sup>280</sup>

Essentially, Smith had attempted to conceive (and systematise) a world in *a state of transformation*. As a consequence, he observes this world with the cutting eye of an obsessive scrutator who juxtaposes a variety of his remarks.<sup>281</sup> Evidently, these references comprise the report of a contemporary and attentive observer. The great majority of these observations are related to Scotland<sup>282</sup> (where he was born and lectured), England<sup>283</sup> (where he lived and studied), France<sup>284</sup> (where he had been

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<sup>280</sup> He was informed, however, about the early discussion about political arithmetic. He was familiarised with the work of Charles Davenant (Endres 1991: 88) and studied meticulously the 'revolutionary' work of Gregory King's, *Natural and Political Observations and Conclusions upon the State and Condition of England* (1696). Moreover, he describes Charles Smith as an 'ingenious and well informed author' (WN, Book IV, c. v, § 4: 506). However he was critical of them and, in another point of his work he comments that Charles Smith in his discussion of corn's price "did not consider that the extraordinary expense of the bounty is the smallest part of the expense which corn exports in truth cost the society" (cited in Ross 1995 358).

<sup>281</sup> Jon Rae (1895: 7) points out that Smith was always an excellent observer. His late biographer, Ross (1995: xviii), notes that "he learned much about practical affairs from observation of local industries and the improving state of agriculture in the Fife hinterland". The sharpness of his perceptiveness is illustrated in one of his letters to the Duke's Buccleugh stepfather, Charles Townshend, in which he *in extenso* described one of Duke's temporal temper (Correspondence, Letter 94: 114-115). The details that are arrayed show his eminent abilities in observation. Smith had been highly observant already from his childhood and had incorporated many of his observations in his writings. For example, he watched as a child the traditional cock-fighting of Fastern's E'en (Shrove Tuesday) (Ross 1995: 23) and referred to this in his WN when he notes that "the passion for cock-fighting has ruined many" (WN, Book V, c. iii, § 1: 907). Ross (1995:61) has cited as a typical instance of his perceptiveness his first travel to Oxford which helped him to formulate "such views as those suggesting that Birmingham specialised in manufactures meeting the demands of 'fancy and fashion', with its buttons and tinsplate, while Sheffield met those of 'use and necessity' with its knives and scissors".

<sup>282</sup> Rae's (1895: 87) comment is indicative: "Smith was not only a teacher in Glasgow, he was also learner, and the conditions of time and place were most favourable, in many important ways, for his instruction [...] It was amid the thickening problems of the rising trade of the Clyde, and the daily discussions they occasioned among the enterprising and intelligent merchants of the town, that he grew into a great economist". And "Now it was those spirited merchants who had then so much to do with the making of Glasgow that had also something to do with the making of Adam Smith" (p. 90). Moreover, through his participation in the Select Society in Edinburgh he was familiarised with political and economic questions such as "outdoor relief, entail, banking, linen export bounties, whisky duties, foundling hospitals, whether the institution of slavery be advantageous to the free and whether a union with Ireland would be advantageous to Great Britain?" (p. 112).

<sup>283</sup> However, it must be noted that Smith visited London for the first time in September 1761 and had not visited it "in the course of his seven years' residence at Oxford" (Rae 1895: 152).

<sup>284</sup> Charles Townshend, the stepfather of the young Duke of Buccleugh was impressed by Smith's TMS and invited Smith to accompany the Duke on a tour abroad as his private tutor (Ross 1995: xxii). Smith accepted the invitation and spent ten months in Paris, from December 1765 to October 1766. In France, the coincidence between him and the Physiocrats, "who were at that very time in the height of their reputation, and the intimacy in which he lived with some of the leaders of this sect, could not fail to assist him in methodizing and digesting his speculations; while the valuable collection of facts, accumulated by the zealous industry of their numerous adherents, furnished him with ample materials for illustrating and confirming his theoretical conclusions" (p. 40). Rae (1895: 30) notes that such a travelling tutorship was a highly-re-munerated occupation. More specifically, "The terms were a salary of £ 300 a year, with travelling expenses while abroad, and a pension of £ 300 a year for life afterwards" (p. 165). It was in this voyage, and more specifically in Toulouse, that he begun to write

frequently) and Holland (with which he was acquainted due to his job as a Commissioner of Customs).<sup>285</sup> For North America (which is for him the model of ‘the natural course of things’) the data that had been used were transmitted to him either by Franklin’s references or by “the constant habit of hearing much about the American Colonies [...] during his thirteen years in Glasgow from the intelligent merchants” (Rae 1895: 266). Essentially, through his lengthy travel with the Duke of Buccleugh he had the chance to observe many scenes that were decisive in his way of thinking and mode of analysis. For instance, in Marseilles he visited a porcelain factory which astonished him with its division of labour. He visited (and observed) Geneva in one of its interesting moments: when it was in the whirl of a constitutional crisis (p. 188). Generally, his long residence abroad offered him a variety of points of view which (through his copious observation) became an integral part of his reasoning. His early biographer, Dugald Stewart, illustrates this fact by remarking that:

His long residence in one of the most enlightened mercantile towns in this island, and the habits of intimacy in which he lived with the most respectable of its inhabitants, afforded him an about of deriving what commercial information he stood in need of, from the best sources (Stewart 1793, Section III, § 2: 300, emphasis added).

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the WN in order “to pass away the time” (Correspondence, Letter 82: 101). The WN contains many of results of his observations while he had been in France. It is unquestionable that Smith’s long residence in Toulouse, “yielded an important stock of facts, additional to those collected in Glasgow, about the economic issues that had seized his imagination” (Ross 1995: 203). For Ross, “a walk from the older part of the city to the *quartier parlementaire* to the south provided a lesson in economic history” (p. 203). Evidently Smith, due to his observatory abilities, distilled what he saw in France and incorporated it into the WN.

<sup>285</sup> Rae (1895: 330) informs us that, “The business of the office was mostly of a routine and simple character: considering appeals from merchants against the local collector’s assessments; the appointment of a new officer here, the suppression of one there; a report on a projected colliery; a plan for a lighthouse, a petition from a wine importer, or the owner of a bounty sloop; a representation about the increase of illicit trade in Orkney, or the appearance of smuggling vessels in the Minch; the dispatch of troops to repress illegal practices at some distillery, or to watch a suspected part of the coast; the preparation of the annual returns of income and expenditure, the payment of salaries, and transmission of the balance of the Treasury”. However, Smith attended to those duties with an uncommon diligence. It is indicative that most of his additions and corrections that have been introduced to the third edition of WN (1784), “the first published after his settlement in the Customs-are connected with that branch of the public service” (p. 333). For instance, his historical example of the bounty of Scottish fisheries (WN, Book IV, c. v, § 33: 521) was enlarged due to his experience as a Commissioner of Customs which “furnished him with many opportunities of gaining *accurate* information” (Rae 1895: 363). In the fourth edition of the WN (1786) Smith accords special thanks to Henry Hope, an Amsterdam banker. Smith has acquainted him through his position as a commissioner and notes that he provided him with “the most distinct as well as the most liberal information concerning a very interesting and important subject, the Bank of Amsterdam, of which no printed account has ever appeared to me satisfactory or even intelligible” (p. 401-402).

*Ipso facto*, Smith's experience, as Commissioner of Customs in 1778, helped him to elaborate new factual material in the subsequent editions of the WN "on such matters as duties, bounties and drawbacks" (Coats 1975: 220).<sup>286</sup> On the other hand, due to the lack of factual evidence, he had less to say about the governments of Spain and Portugal, still less about Germany, and nothing about Bohemia, Hungary, or Poland. Moreover, because of their subjective character, some of these memoirs, despite being historically interesting, were also controversial. However, this inconsistency does not nullify their richness as precious pearls of an early economic history.

Smith lived and wrote in a historical period when socio-economic transformations were deep and perpetual. His material should not be regarded as manipulated observations (and historical facts) for the verification of *a priori* theoretical propositions, since Smith has a firm belief that *facts* ought to be real, "otherwise they will not assist us in our future conduct, by pointing out the means to avoid or produce any event" (LRBL, xvii. 91).<sup>287</sup> In one of his most interesting lectures he notes that:

The Truth and Evidence of Historical facts *is now in much more request and more critically Examined than among the Antients* because of all the Numerous Sects among us whether Civil or Religious, there is hardly one of

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<sup>286</sup> Charles Wilson (1900: 496) notes that "the arguments of *The Wealth of Nations* were the product of logic working upon material drawn from the observation of three relatively mature mercantile economies: those of England, France and Holland".

<sup>287</sup> It is irrefutable that Smith, in many points of his work, had not supported his analytical propositions by a direct appeal to historical evidence, but instead he arrayed scattered and implicit references from his memory. *Exempli gratia*, in the WN, he added 1s. to the 4 s. of the land tax and 5 s. 6 d. was a mistake as he later on been aware of. In one of his letters to, to Andreas Holt, on 26 October 1780, he cites this error as a blunder which arose from trusting his memory too much (Correspondence, Letter 208: 250). Moreover, in many points of his lengthy work, he is neither accurate nor precise. For example, in one of his notes in his TMS he points out that: "France may contain, perhaps, three times the number of inhabitants which Great Britain contains" (TMS, Book VI, c. ii, § 4: 229). Campbell and Skinner (1976: 52) observe that, "At times he seems to quote from memory, as when his quotations are not quite verbatim, or when he attributes a view to a source which it does not quite support, as for example, in his use of the works of Juan and Ulloa and of Frezier to support his condemnation of the mining of precious metals in the New World". However, Smith possessed an extremely strong memory. For his early biographer: "I have often, however, been struck, at the distance of years, *with his accurate memory of the most trifling particulars*; and am inclined to believe, from this and some other circumstances, that he possessed a power, not perhaps uncommon among absent men, of recollecting, in subsequent efforts of reflection, many occurrences which, at the time when they happened, did not seem to have sensibly attracted his notice" (Stewart 1793, Section V, § 12: 330, emphasis added). Furthermore, according to his mid-biographer: "At school Smith was marked for his studious disposition, his love of reading, *and his power of memory*" (Rae 1895: 8, emphasis added). For Ross (1995: 19) Smith "had a retentive memory and was studious by nature". Dalzel, his professor of Greek in Edinburgh "was impressed with the retentiveness of his memory of the minutiae of the subject" (p. 41).

the reasonableness of whose Tenets does not depend on some historical fact [...] Besides no fact that is called in question interests us so much or makes so lasting impression, *as those of whose truth we are altogether satisfied* (LRBL, xviii. 101-102).<sup>288</sup>

Therefore, beyond his historiographical weaknesses, Smith offered us, like a *critical chronicler*, together with a critical view of his transitive epoch, a compendious economic history from the fall of the Roman empire till the last quarter of the eighteenth century (Kim 2009: 41).<sup>289</sup> The examples of his economic (and social) history are multilayered. Some of them, like the references about childish labour and mortality (WN, Book I, c. x, part ii § 14: 139; LJ (B), § 329-330: 540), his referrals to the transition from the putting out system to manufacturing production (WN, Book I, c. xi, § 14: 263), the subsequent revolution in transportations (WN, Book I, c. xi, part i, § 5: 163; LJ (A), Section VI, § 65: 356), the mass of information about *goods' and labour* prices, the statements about the eating habits of British and Scottish labourers (WN, Book I, c. viii, § 33: 93), the references about interest's fluctuations (WN, Book I, c. ix, § 5: 106), his comments about the function of the banking system in England (WN, Book II, c. ii, § 44: 299), the valuable information about wars' expences (WN, Book V, c. iii, § 4: 909), the added (in the third edition of WN) information of the history of trading companies, and more specifically of the

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<sup>288</sup> His teacher, 'the never-to-be-forgotten' Hutcheson influenced Smith's apprehension of facts and history. His early biographer notes that Hutcheson's lectures directed Smith to the "study of human nature in all its branches, more particularly of the political history of mankind" (Stewart 1793, Section I, § 8: 13). Smith notes in his TMS that "Dr Hutcheson was undoubtedly, beyond all comparison, the most acute, the most distinct, the most philosophical, and what is of the greatest consequence of all, the soberest and the most judicious" (TMS, Book VII, Section II, c. 3, § 3: 301).

<sup>289</sup> It must be noted that Smith in his *Lectures* in Glasgow University included those lectures on the history of civil society of which a student of Smith, Professor Richardson, noted that were based "on the nature of those political institutions that succeed the downfall of the Roman Empire, and which included an historical account of the rise and progress of the most conspicuous among the modern European governments" (cited in Rae 1895: 55). It has to be remembered that Smith, due to his weak health, did not manage to write his essay on the *law and government in Europe* which would have been the most historical piece of his writing. In one of his letter to Lord Hailes he notes that, "I have read law entirely with a view to form some general notion of the great outlines of the plan according to which *justice has [been] administrated in different ages and nations*" (Correspondence, Letter 116: 142, emphasis added). However in another letter, dated on 1<sup>st</sup> November 1785 he concedes that: "I have likewise two other great works upon the anvil; the one is a sort of Philosophical History of all the different branches of Literature, of Philosophy, Poetry and eloquence; the other is a sort of theory and History of Law and Government. The materials of both are in a great measure collected, and some Part of both is put in tolerable good order. But the indolence of old age, tho' I struggle violently against it, I feel coming fast upon me, and whether I shall ever be able to finish either is extremely uncertain" (Correspondence, Letter 248: 286). Evidently, despite the fact that there are seeds of it in his Edinburgh lectures, since Smith formed the plan at an early stage of his life (Ross 1995: 102), we cannot glean a coherent systematisation of Smith's theory of historiography.



East India Company (Book V, c. I, 3<sup>rd</sup> Part), and foremost the short history of the accumulation of the National Debt: 1688-1697; 1697-1714; 1715-1721; 1722-1729; 1730-1738 (WN, Book V, c. iii, § 41-43), all constitute pure historical evidence of an early economic (and social) history.

Given his ample historical material, Smith seems to be engaged in an extensive historical research since he studied many discrete ‘histories’ and statistical accounts of international trade and population in the era of European joint stock companies and American colonisation. He made use of every type of historical fact, from official enactments to travellers’ notes and observations. His historical sources were both primary and secondary and he moved with a great (historiographical) easiness from macro-historical evidence to micro-historical references. For instance, in Chapter X of Book I, in his narration of *Poor Laws*, he uses a variety of official statutes<sup>290</sup> as well as travellers’ remarks such as that of Poivre, Ulloa, and Frezier. In Chapter XI of Book I, in his discussion concerning corn prices, he indexes (critically) official statutes [25 Edward III, st. 2 (1350)] and at the same time appeals to micro-historical references like that of William Thorne who registered the prices of the menu list that was offered by Ralph de Born in 1309 when the latter was nominated as abbot of St. Augustine, Canterbury (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 4: 196).<sup>291</sup> Methodologically, Smith had understood the unintended character of this reference and notes that these prices are not recorded on account of their extraordinary dearness or cheapness, but are mentioned almost accidentally (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 5: 196). Additionally, in his discussion of the low prices of wool in England, he observes that “the price of English wool has fallen very considerably since the time of Edward III (1339)” (WN, Book I, c. xi, § 8: 248) noticing at the same time that “*there are many authentick records* which demonstrate that during the reign of that prince” the average price of corn had been reasonably fallen (p. 248, emphasis added).

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<sup>290</sup> Suggestively, some of them are: 14 Charles II, c. 12 (1662), 1 James II, c. 17 (1685), 3 William and Mary, c. 11 (1691), 8 and 9 William III, c. 30 (1696).

<sup>291</sup> William Thorne (fl. 1397) was an English Benedict historian and a monk of St. Augustine’s Canterbury (see: A.H. Davis (1934), *William Thorne’s Chronicle of Saint Augustine’s Abbey, Canterbury*, Basil Blackwell, Oxford). Smith transcribes carefully Thorne’s notes and uses them to illustrate his views. More specifically, he notes that, “In that feast were consumed, firstly fifty-three quarters of wheat, which cost nineteen pounds, or seven-shillings and two pence a quarter, equal to about twenty and one and six-pence of our present money; secondly, eight and fifty of malt, which cost seventeen pounds ten shillings, or six shillings a quarter, equal to about eighteen shillings of our present money; thirdly, twenty quarters of oats, which, which cost four pounds, or four shillings a quarter, equal to about twelve shillings of our present money” (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 4: 196).

On the other hand, in his narration of the price of raw hides, he observes that he did not find “any such authentick records” (WN, Book I, c. xi, § 10: 249) and was compelled to cite Fleetwood’s ambiguous registrations:

an account in 1425, between the prior of Burcester Oxford and one of his canons gives us their price, at least as it was stated, upon that particular occasion; viz. five ox hides at twelve shillings, five cow hides at seven shillings and three pence; thirty-six-sheep skins of two years old at nine shillings; sixteen calves skin at two shillings (p. 249).<sup>292</sup>

Evidently, though Smith ascribes an epistemological primacy to official registrations, in the absence of them he turns his attention to annalists’, travellers’ and chronicles’ tracings. It is indicative that he cites the *memorabilia* of governors noting at the same time their unintended historiographical character. He notes in particular that:

the innumerable memoirs which have come down to us from those times, were, the greater part of them, written by people who took pleasure in recording and magnifying events in which, they flattered themselves, they had been considerable actors (WN, Book IV, c. vii, 3<sup>rd</sup> Part, § 76: 624).

Smith, as Hutcheson’s student, was generally *critical* of relying upon historical facts.<sup>293</sup> Rashid (1990: 270), who was highly critical of Smith’s economic history, observes that:

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<sup>292</sup> William Fleetwood (1656-1723) was the Bishop of Ely and St. Asaph. His major work is the *Chronicon Preciosum: or an account of English money, the price of corn, and other commodities, for the last 600 years*, (1707). He was one of the earliest statisticians (Kendall 1969: 1). Smith cites freely from Fleetwood’s indexing but criticises many of his references despite using his statistical recordings. For example, the famous Appendix in the Book I is *in toto* seated on Fleetwood’s registrations.

<sup>293</sup> The historiography of the Enlightenment is characterised by the boosting of criticism of historical texts and sources. This intellectual tension is of a more intrinsic sort and was “directed to things and to the knowledge of things [...] recognizing the impossibility that things should have happened in the way that they are said to have happened by superficial, credulous, or prejudiced historians and attempting to reconstruct them in the only way that they could have happened”. Smith developed his critical stance through Hutcheson’s teaching. Macfie informs us (1955: 84) that Hutcheson’s aim “was to present all the relevant facts critically”. Furthermore Hutcheson bequeathed to Smith, the ‘practical side of philosophising’, discussions of property rights and origins, and questions on contract, particularly in relation to land. Generally, Hutcheson’s influence was decisive. Rae (1895: 11) is explicit in his comment: “No other man, indeed, whether teacher or writer, did so much to awaken Smith’s mind or give a bent to his ideas [...] Hutcheson was exactly the stamp of man fitted to stir and mould the thought of the young”. Ross (1995: xviii) is also explicit of Hutcheson’s influence upon Smith: “His principal inspiration was the ‘never to be forgotten’ Francis Hutcheson, whose teaching become the basis of Smith’s moral philosophy, including his system of economics”. More specifically, according to

For example, when Messance is stated to be a ‘French author of great knowledge and ingenuity’; when both Bishop Fleetwood and Thomas Ruddiman are criticized for their use of data; or in the glowing Acknowledgment to Henry Hope that Smith added in the fourth edition with the claim regarding the Bank of Amsterdam [...] *these statements are all calculated to suggest a knowledgeable and painstaking scholar* (emphasis added).

There are many points in Smith’s work that illustrate this point. For example, in the Book I of the WN he notes that the work of independent artificers is increased in the ages of cheapness, despite the fact that their produce:

makes frequently no figure in those publick registers of which the records are sometimes published with so much parade, and from which our merchants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires (WN, Book I, c. viii, § 51: 103).

In Chapter VIII of Book I, in which he uses Lord Hale’s estimations, he notes that he “appears to have enquired very carefully into this subject” (WN, Book I, c. viii, § 34: 95). In the same paragraph he highlights Gregory King’s calculations despite his aforementioned hesitation towards political arithmetic.<sup>294</sup> In his discussion of sugar’s price in Cochin-Chine, he uses traveller Poivre’s observations to illustrate his view. He notes that Poivre was a very careful observer of the agriculture of that country (WN, Book I, c. xi, part i, § 32: 173). Smith characterises Frezier and Ulloa (his main sources about South America) as two of the most respectable and well informed authors (WN, Book I, c. xi, part ii, § 26: 187). The critical attitude of his historical writing is stamped in his discussion upon corn prices, in which he notes that the prices of some particular years:

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Ross, “Smith was subjected most powerfully to Hutcheson’s influence through following the curriculum for the *tertians* of 1738-9” (ibid. 48).

<sup>294</sup> As has already been indicated, Smith was hesitant towards political arithmetic. He notes according to statistics that, “I have no great faith in political arithmetick, and I mean not to warrant the exactness of either of these computations” (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 3: 196). For Winch (1992: 102), “Smith was unsympathetic to both William Petty’s Baconian emphasis on ‘number, weight, and measure’ and Dudley North’s Cartesian method, to mention two figures sometimes cited as having paved the way towards the ‘scientific attitude’ in economics”. Diamond (1986: 63) sets down that Smith’s denial of political arithmetic reflects the unreliability of the methods used to collect statistical data in his time. Koebner (1969: 388) notes that due to his epistemic attitude “significant quantitative changes seemed to pass Smith by”.

have generally been recorded by historians and other writers on account of their extraordinary dearness and cheapness and from which, therefore, it is difficult to form any judgment concerning what may have been the ordinary price (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 3: 195-196).<sup>295</sup>

In his discussion of Bank of England's operations, he observes that "Upon one occasion, in 1763, it is said to have advanced [...] in one week, about 1.600.000*l.*; a great part of it in bullion" (WN, Book II, c. ii, § 85: 320). And he goes on that, "I do not, however, pretend to warrant either the greatness of the sum, or the shortness of time" (p. 320). However, Smith is *virulent* upon some of travellers' stories such as those "wonderful accounts of the wealth and cultivation of China, of those of ancient Egypt, and of the ancient state of Indostan" (WN, Book II, c. v, § 19: 366). Smith characterises these travellers as weak and wondering and their stories as stupid and lying missionaries (WN, Book V, c. i, 3<sup>rd</sup> Part, § 17: 729). Smith also, seems to understand the unreliable character of many official registrations. For instance, he notes that he had gleaned out "the printed debates of the House of Commons, *not always the most authentic records of truth*" (WN, Book V, c. i, 3<sup>rd</sup> Part, § 13: 738-739, emphasis added).

*Ad addendum*, in his discussion of public finances he uses either official registrations or precise secondary sources.<sup>296</sup> For Great Britain he uses Thomas Whately's registrations and characterises him as a very well informed author (WN, Book V, c. iii, § 45: 922).<sup>297</sup> With regard to France's public revenues, he observes that: "In 1765 and 1766, the whole revenue paid into the treasury of France, according to the best, though, I acknowledge, *very imperfect accounts* which I could get of it, usually run between 308 and 325 millions of livres; that is, it did not amount to fifteen millions sterling" (WN, Book V, c. ii, § 78: 905, emphasis added). In discussing the

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<sup>295</sup> More specifically, according to corn's price, he believes that the transcribers of prices made three methodological mistakes: firstly, "the writers who have collected the prices of corn in antient times, seem frequently to have mistaken [...] the conversion price for the actual market price" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 17: 201); secondly, "they have been misled by the slovenly manner in which some antient statutes of assize had been sometimes transcribed by lazy copiers" (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 18: 201); and lastly, "they seem to have misled too by the very low price at which (WN, Book I, c. xi, part iii, 1<sup>st</sup> period, § 18: 201).

<sup>296</sup> Some of his references about public finances, and more specifically public revenue, owe their appearance to his experience with the Chancellor's office in Downing Street and to his close interaction with Townshend (Ross 1995: 223).

<sup>297</sup> Thomas Whately (1726-1772) was an English politician and writer, author of the *Considerations on the Trade and Finances of the Kingdom* (1766) [see: lemma 'Whately Thomas', *Dictionary of National Biography* (1885-1900), Smith, Elder & Co, London].

French public debt he informs us that the estimations, although not very exact, do approximate the recorded reality (WN, Book V, c. iii, § 34: 918). In another extremely interesting discussion (for economic historians) with regard to the profits of joint stock companies he observes that:

It does not seem probable [...] that the profits ever approached to what the late Mr. Dobbs imagined them. *A much sober and judicious writer*, Mr. Anderson, author of *The Historical and Chronological Deduction of Commerce*, very justly observes, that upon examining the accounts which Mr. Dobbs himself has given for several years together, of their exports and imports, and upon making proper allowances for their extraordinary risk and expence, it does not appear that their profits deserve to be envied, or that they can much, if at all, exceed the ordinary profits of trade (WN, Book V, c. i, 3<sup>rd</sup> Part, § 21: 744).<sup>298</sup>

To reiterate, Smith was critical about historical data and seems to be familiar with his contemporary historiography. In his most historiographical lecture, named as the *History of Historians*, we can discern this familiarity (LRBL, lect.: xvii). Smith admired Machiavelli as, “of all modern Historians the only one who has contented himself with that which is the chief purpose of History, to relate events and connect them with their causes, without becoming a party of either side” (LRBL, lect.: xx, 115) and was well informed about the historical studies of his times. For example, in his analysis of the economic status of Italy he uses Guicciardini’s notes and points out that he was “one of the most judicious and reserved of modern historians” (WN, Book III, c. iv, § 23: 426).<sup>299</sup> With regard to Great Britain he notes that, “Clarendon and Burnet are the two English authors who have signalized themselves chiefly in writing history” (LRBL, xx. 115). However, his omission of Voltaire, Hume, and Robertson is very strange (Ross 1995: 92).<sup>300</sup> Moreover, Dalrymples, the historians Sir Davies of

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<sup>298</sup> Smith criticises the registrations of an eminent (according to him) political economist, Abbe Morallet, who believed that fifty-five joint stock companies failed due to their mismanagement. Smith is certain that Morallet “has been misinformed with regard to the history of two or three of them, which were not joint-stock companies and have not failed. But, in compensation, there have been several joint stock companies which have failed, and which he has omitted” (WN, Book V, c. i, 3<sup>rd</sup> Part, § 31: 755-756).

<sup>299</sup> Francesco Guicciardini (1483-1540) was an Italian historian, friend and critic of Niccolo Machiavelli and is considered as one of the major political writers of the Renaissance. In his *History of Italy*, which Smith cites freely in his *Lectures*, he introduced a new style of historiography that shaped Smith’s style; he used governmental sources to support his arguments (Philips 1977: 228).

<sup>300</sup> Especially for Robertson, Smith agreed with Thomas Carlyle that, “[he was] so much addicted to the Translation of other Peoples Thoughts, that he sometimes appear’d tedious to his Best Friends” (cited

Hailes and Sir John Cousland were both Smith's personal friends.<sup>301</sup> However, despite being familiar with the work of modern historians, he was critical of them noting that, "It has been the fate of all modern histories to be wrote in a party spirit" (LRBL, lect.: xx, 116). On the other hand, in spite of the positive features of his historical writing there are some analytical points that illustrate the limitations of his historiography.

Firstly, although his historical sources were diverse, his apprehension of antiquity is supported by no useful evidence at all. Indeed, early written evidence, such as of Egypt and Mesopotamia were not available to Smith due to the fact that they had not been decoded at all. Brewer (2008: 7) is right in his view that Smith had no evidence at all about periods before Homeric Greece. However, he was a profound learner of classical antiquity since for classical Greece he used the judgments of Homer (WN, Book V, c. i, 2<sup>nd</sup> Part, § 16: 718) and mainly of Thucydides, noting that there is "no author who has more distinctly explained the causes of events than Thucydides" (LRBL, lect.: xvii, 95).<sup>302</sup> Moreover, Smith considered Herodotus as the first author who had formed the motif of extending the plan of history (LRBL, lect.: xix, 105) and notes that next to Thucydides come Xenophon and Tacitus, the latter mainly for his psychological penetration.<sup>303</sup> For Rome, his historical references are

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in Ross 1995: 106). On the other hand, his views on Hume were explicit as he regarded him "by far the most illustrious philosopher and historian of the present age" (WN, Book V, c. i, § 3: 790).

<sup>301</sup> More specifically Lord Hailes (1726-1792), a Scottish advocate, judge and historian who had frequent correspondence with Smith (see *inter alia* letters: 115, 116, 117, 118, 119, 120). Hailes was one of the pioneers of sound historical investigation in Great Britain, and seems that had influenced Smith's historical writing. Particularly in one of his letters, Smith notes that, "[and] I have entered very little into the detail of particulars of which I see your Lordship is very much master. *Your Lordship's particular facts will be of great use to correct my general views*" (Correspondence, Letter 116: 142, emphasis added). As the letter is dated in 5<sup>th</sup> of March 1769 it seems that Hailes assisted (historically) Smith's WN. Indeed, Hailes sent to Smith a bulk of papers headed 'Prices of Corn, Cattle &c. in Scotland from the earliest accounts to the death of James V'. This document, as Ross (1995: 235) informs us, presents extracts "from the cartularies (registers of accounts) of the bishoprics of Moray and Aberdeen, and of the monasteries of Dryburgh, Arboath, Kelso, Scone, Cambuskenneth, and Dunfermline". In his letter dated 12 March 1769 Smith points out that this bulk of notes was of very great use to him (Correspondence, Letter 118: 151-152).

<sup>302</sup> In another lecture he observes that Thucydides "was a proper design of historical writing" (LRBL, lect.: ii, 49). Generally, Thucydides was the most acceptable historian among the members of the Scottish historical school. Hume also notes that "The first page of Thucydides is, in my opinion, the commencement of real history. All preceding narrations are so intermixed with fable, that philosophers ought to abandon them, in a great measure, to the establishment of poets and orators" (cited in Skinner 1967: 34).

<sup>303</sup> Furthermore, at many points of his work he refers to both Polybius and Dionysius of Halicarnassus who were historians who lived in the later Greek and early Latin period of classical antiquity. Smith cites their observations in order to show the differences between ancient Greece and Rome correspondingly. For Dionysius, he points out that he was a critic of great penetration (LJ (B), Section II, § 229) while for Polybius he believes that he "was the first writer that [...] who enters into the Civill history of the Nations", and that, "by the distinctness and accuracy with which he has related a series of events, which would by their importance have been interesting though handled by a less able author; as

moving from Livy's registrations, who was "of all the Latin historians without doubt the best" (LRBL, lect.: xix, 108), to Pliny's *Natural History*.<sup>304</sup> On the other hand he makes little use of the Bible (as a discrete source of early history) despite the fact that the text of the Old Testament "was genuinely old document which claimed to give a historical account of even earlier times, and one which was well known to Smith and his students" (Brewer 2008: 7).<sup>305</sup> Essentially, the breach with the Christian tradition is more than obvious. Campbell and Skinner (1976: 51) observe that "even historical parts of the Bible and its apparent relevance to the discussion of a nomadic life are virtually ignored, with only the most incidental of references of the Old Testament". This breach had limited the variety of his historical sources and had narrowed his factual evidence in the description of the rude states of society.

Secondly, according to his 'philosophy of history', one may say that it is *Eurocentric* in its ontology. Smith believes that the farming stage of economic development (and the subsequent civilisations in this stage) had started in Eastern Europe and more specifically in ancient Greece. It is indicative that, in his WN, the great civilizations of Asia are only mentioned in passing and there is nothing about the early history of South or East Asia. He says nothing about Africa and he views Africans as a source of New World labour. Conclusively, he thinks that the colonies of North America "with their predominantly European and even British populations,

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well as by the views he has given us of the Civill constitution of the Romans, is rendered not only instructing but agreeable" (LRBL, lect.: xix, 108).

<sup>304</sup> Smith points out that Livy "is compared by Quintallian with Herodotus and Sallust with Thucydides. But Livy without question far excels Herodotus and Sallust on the other hand falls no less short of Thucydides" (LRBL, xix, 109). Rae (1895: 367-368) notes that, "Among historians Smith rated Livy first either in the ancient or the modern world. He knew of no other who had even a pretence to rival him, unless David Hume perhaps could claim that honour". Ross (1995: 225) also notes that Smith regarded Pliny highly. Furthermore, for Pliny Smith points out that he 'was a grave author' (LRBL, lect.: xviii, 101). Smith was familiarised with the work of Latin historians due to his acquaintance with Latin. Rae (1895: 5) notes that "it seems probable that he began Latin in 1733, for *Eutropius* is the class-book of a beginner in Latin, and the *Eutropius* which Smith used as a class-book still exists, and contains his signature with the date of that year".

<sup>305</sup> Bittermann (1940: 708) notices that Smith treated theology only incidentally in relation to other matters. Evidently, his aversion to theological views or to religious sources is related to the fact that, "his teacher Hutcheson had been accused of heresy; he himself was regarded with some suspicion as the close friend of Hume". Evidently, "It is, therefore, not surprising that he avoided theological disputes in public and in private, especially since his views were probably not orthodox enough for his time and place" (p. 709). Rae (1895: 60) notes that "One point alone caused a little-in certain quarters not a little- shaking of heads, we are told by John Ramsey of Ochertyre. The distinguished professor was a friend of 'Hume the atheist'; he was ominously reticent on religious subjects; he did not conduct a Sunday class on Christian evidences like Hutcheson". However, as Rae remarked, "It was of course quite unjust to accuse Smith of atheism, or of desiring to propagate atheism" (p. 313). According to Ross (1995: 59), "his ultimate aversion to the Church may have had its seed-bed in the state of religious feeling in Glasgow during his student days".

had become European economies, heirs to European post-feudal society, and extensions of Europe to form a world system” (Pocock 2006: 285).

Lastly, there are many instances in which Smith’s direct appeal to historical facts is violated. Campbell and Skinner (1976), Rashid (1990), Howay (1982) and Buckle (1857), all array instances of this violation, especially his mistaken belief that the value of silver diminished continually.<sup>306</sup> More specifically, according to Campbell and Skinner, Smith’s analysis of both laws of settlements and of poor laws is not scientific despite of his forceful objections. For them, Smith seems to fail “to distinguish between the intention of the statute and the manner and extent of its implementation” (Campbell and Skinner 1976: 53). Although, their conclusion is that his “historical writing is meaningful only if interpreted as part of the intellectual system which the historical material was used to illustrate and support”, they declare at the same time that Smith’s “inconsistencies appear only in the detail” (p. 59).

However, beyond these limitations in his historiography, Smith became a ‘corsair’ of economic past and offered through his WN a modern economic history of modern Europe. It is indicative that Edward Gibbon, the great English political historian, grouped Smith with Hume and Robertson as he notes that:

On this interesting subject, the progress of society in Europe, a strong ray of philosophic light has broken from Scotland in our own times; and it is with private, as well as public regard, *that I repeat the names of Hume, Robertson, and Adam Smith* ([1798], vol 14, c. 61: 348)

For Clapham ([1929] 1971: 61), despite of WN’s evident analytical faults and weaknesses “never before or since in the development of economic thought have historical and analytical workmanship been as finely blended as in the WN”. History, both as evident and as philosophy, had been an integral part of his analytical endeavours, evident in all his writings. To conclude, Smith’s use of history was widespread, multilayered and interesting. All these pushed Clark ([1932] 1971: 73) to

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<sup>306</sup> Howay (1982: 9) notes that, “Smith has not received credit for his historiographic contribution [...] Two centuries have failed to give him his historiographic due”. On the other hand, Buckle notes in his *History of Civilisation of England* that Smith “very properly rejected [statistical facts] as the basis of his science, and merely used them by way of illustration when he could select what he liked” ([1857] 1970: 285).



declare that, “Adam Smith is still by common consent the greatest of economic historians, as he is the greatest of economists”.

### 3.7 Concluding remarks

Adam Smith is a typical representative figure of the Scottish historical school and his economic analysis is highly influenced by the epistemic motifs of the Scottish Enlightenment. Evidently, therefore, the historical element, which is the cornerstone of the Scottish historical school, is of prime importance in Smith’s voluminous writings. In the WN economic argumentation is intermingled with historical facts in order to produce the foundation text of classical political economy. As Bittermann (1940: 305) notes Smith “was at home in facts. He enjoyed fettering them out and giving them their proper weight”. However, apart from this view, the aim of this chapter is to investigate the ways through which Smith incorporates history into his economic analysis.

Evidently Smith uses history through a variety of ways in his WN. He uses it methodologically as a pillar of both his materialism and his philosophy of progress. Smith elaborates a proto-Marxian historical materialism in which institutions, culture, demographic fluctuations etc. are all materially shaped. At the same time, he renders ‘progress’ as a structural element of both history and of classical political economy. Additionally, his historical sensitivity impels him to employ historical evidence in order to illustrate his more abstracted schemas. Smith’s verificationist tendency, which is the reflection of his empiricism, helps him to clarify and exemplify many of his theoretical schemes. There are numerous instances of this illustration and comprise the factual appendix of Smith’s political economy. Furthermore, Smith had unfolded a type of theoretical history which is epistemically seated on his *stages theory* construction. This motif, which is highly illustrated in the Smithian philology, is used as the history of stages of economic development. His fourfold distinction between the rude, pastoral, farming and commercial stage of economic development gains an intense popularity and is regarded as the typical philosophy of history in classical political economy. Smith’s elaboration, despite its shortcomings, should be regarded as the *leitmotif* of his theoretical history.

Smith elaborates an interesting dialectical relation between his theoretical history and narrative history. Narrative history is used to exemplify the deviations from the ideal status of his theoretical history. However, Smith's empiricism impels him – in a variety of instances – to present any differentiation from the ideal of perfect liberty and perfect competition as a matter either of governmental action or of contingency. This elaboration is rooted in Smith's dualism between extreme transcendentalism and crude empiricism and influences the validity of his political economy. However, despite his analytical shortcomings, Smith could be regarded as a pioneer of economic history. The extensive elaboration of historical sources and the critical reliance on them illustrate his propensity to be an early economic historian. Smith could be regarded as the economic historian of pre-industrialisation since he sketches out the history of Europe from the fall of the Roman Empire till the last quarter of the eighteenth century.

## Chapter 4

# John Stuart Mill's 'Reconciliatory Project': Method, Theory and Policy

### 4.1 Introduction

John Stuart Mill (1806-1873) is considered as the last representative of classical political economy. His economic analysis, despite being highly Ricardian in many of its tenets, provided the vehicle through which the new marginalist orthodoxy promoted its static analysis from the 1870s onwards. This, however, is only one side of the coin. Mill, in his attempt to rescue Ricardian economics from its final downfall, incorporated many dynamic elements in his analysis. This incorporation, part of Mill's 'reconciliatory project', is one of the most influential elements of Mill's political economy. Despite being highly problematic in certain aspects, it opened the door for history to become an integral part of his economic analysis. In this way, Mill's *Principles* occupied a *via media* between Ricardo's axiomatic approach and its critics, while remaining Ricardian in character.

This chapter explores Mill's a-Ricardian and anti-Ricardian elements by bringing to the fore the historical, social and methodological dimensions of his analysis. The chapter investigates the eclectic nature of Mill's *Principles* and concludes that this eclecticism was inevitable, due to several theoretical, historical and methodological reasons. The importance of Mill's 'reconciliatory project' was decisive in the transition from political economy to economics through the exacerbation of the contradictions of classical political economy it brought about. Our analysis intends to place the Millian project in the context of the history of economic thought, while at the same time attempting to show that the historical element, which was subsequently exiled from economic science, remained a structural ingredient in his work. By surveying the historical, ethological and methodological dimensions of Mill's work, the latter is portrayed as one of the last attempts (the other being Marx's) to rescue classical political economy from static and a-historical analysis and from ultra-deductivism which was already being promoted by Ricardo and Senior.

The sections of this chapter are theoretically and methodologically connected. The second section sets the theoretical, methodological and historical context of Mill's *Principles*. The third section investigates the diversity of influences which inspired Mill and to a large extent shaped his eclectic approach. The remaining four sections attempt to sketch out Mill's 'reconciliatory project'. Section 4 investigates Mill's "concrete deductive method" as the crystallisation of his *media res* between the axiomatic approach and the inductive method. Mill's method, contrary to Ricardo's deductivism, was dynamically and historically delineated through the incorporation of the social and historical elements. Section 5 explores the Millian 'relativity of economic doctrines' conception as a crystallisation of his anti-transcendentalism. This motif, which is associated with his 'hierarchy laws' epistemology and his ethical individualism, became the womb of British historicism. The 'relativity of economic doctrines' scheme is heterodox by Ricardian standards, as it illustrates the importance of history in the determination of economic variables. Section 6 investigates the controversial distinction between 'laws of production' and 'laws of distribution' as an issue which puts Mill on a separate category from most other economists of the time. The penultimate section 7, investigates Mill's views on economic and social policy emanating from his 'social reformist' inclinations, as evidenced in his writings on the Irish land question, and attempts to present them in a theoretical way and a chronological order. The concluding section summarises the heterodoxy of Mill's approach, while at the same time stressing the importance of history in Mill's political economy, an issue extensively treated in the last full chapter of the thesis.

## **4.2 Theoretical, historical and methodological context**

### **4.2.1 Ricardian economics, empiricist critique and Mill's *Principles***

The first half of the 'long nineteenth century' – as Hobsbawm calls it – was decisive for the subsequent evolution of economic science. It was in these formative years that political economy, as Schumpeter (1954: 359) noticeably observes:

had established its claim to a definite field of research; it had become a definite specialty; it used definite methods; its results gained in definiteness; and economists, even though fractional personalities, recognised one another, and were recognised by the public, more definitely than before.

The Ricardian paradigm heralded the prelude of the ‘modernisation’ of economics. The process of the epistemological, academic, and even cultural transformation of political economy reached a climax following the domination of the abstract reasoning of Ricardian economics. As De Quincey (1994:183) remarks,

Mr. Ricardo had deduced, *a priori*, from the understanding itself, laws which first shot light into the dark chaos of materials, and had thus constructed what hitherto was but a collection of tentative discussions into a science of regular propositions, now first standing on an eternal basis.

Ricardo’s economics gained in rigidity and purity and was erected as a set of universal truths of transhistorical validity. Riley (1998: 295) rightly notes that Ricardo’s analytical focus

on competitive capitalist institutions and on the predominantly selfish type of character moulded under such institutions threatened to become the only possible focus, unqualified by other considerations.

However, the universalism of Ricardianism became the *terminus ad quem* of fierce criticism. The third decade of the nineteenth century is characterised by the open contestation of Ricardian political economy. Ricardianism was severely disputed from a variety of perspectives. Its core tenets and its epistemological propositions – rising prices, rising rental share of national income, constant level of real wages, and a falling rate of profit on capital – were falsified by historical evidence. Ricardian political economy lost its touch with historical reality and naturally the epistemic gap between theory and facts widened. The historical, institutional, and cultural elements “which had figured so prominently in the writings of Adam Smith, faded into the background” (Blaug 1980: 53). According to Wade Hands (2001: 25-26):

Ricardian program came under attack from a wide range of critics and on a wide range of different issues. One problem was the available empirical evidence; the data seemed to be so much at odds with the theory’s predictions.

Ricardo’s indifference to history is not of an anti-historical kind, but has to be connected with one of his chief methodological aims: to minimise the structural distinction between abstract conclusions and concrete (historical) applications or, in other words, to eradicate the Smithian distinction between Art and Science.

The most influential of Ricardo's critics emerged from the empiricist, inductivist and historical camps. The true originator of this critical wave was Thomas Malthus and was followed by Friedrich List and Richard Jones who rejected the abstract nature of Ricardian political economy and called for its overall overturn. Moreover, as the geologist, geographer, volcanologist and heterodox political economist George Poulett Scrope puts it: Ricardian economics are "setting off from some imaginary *a priori* assumptions, without troubling themselves with observation or history" (cited in de Marchi 1974: 124). Ricardo never actually engaged himself in much historical reading and lacked the 'historical sense' which is an independent element of any factual work. Naturally Ricardian economics was labeled as a-historical and was associated with the 'Ricardian Vice' which was the prelude to several subsequent methodological debates.<sup>307</sup> By the 1830's Ricardo's economics was in disrepute among economists, and popular opinion "was antagonistic to the pretensions of economists of every shade" (p. 122).

However, Ricardo was fortunate "to win extremely loyal disciples, among them James Mill, McCulloch, Torrens and John Stuart Mill, who were largely responsible for the dominance of Ricardian economics" (Milonakis and Fine 2009: 27). To be sure, the 'Ricardian camp' constituted the sole genuine school of economics during this period since there was one master, one creed, personal coherence and specific zones of scientific influence (Schumpeter 1954: 444). Paradoxically, it was his most critical follower, John Stuart Mill, who wrote in a modified Ricardian tradition, produced the bible of political economy, in the form of his *magnum opus* *The Principles of Political Economy*, which dominated the economic scene till the last quarter of the nineteenth century.<sup>308</sup> John Stuart Mill had been baptised in the Ricardian baptistery and was well acquainted with Ricardo's economics. His autobiographical comment is illustrative of his proselytisation:

Though Ricardo's work was already in print, no didactic treatise embodying its doctrines, in a manner fit for learners, had yet appeared. My father

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<sup>307</sup> The notion of 'Ricardian Vice' was firstly and masterly elaborated by Schumpeter who connected it with Ricardo's propensity to apply directly abstract economic models to the complexity of the real world proposing at the same time solutions to practical problems (Schumpeter 1954: 472-473).

<sup>308</sup> According to Schumpeter (1954: 453) James Mill and McCulloch "did not even succeed in summing up Ricardo correctly or in conveying an idea of the wealth of suggestions to be found in the latter's *Principles*. What they did convey was a superficialized message that wilted in their hands and became stale and unproductive practically at once".

therefore instructed me on the subject by a sort of lectures, which he delivered me in our walks. He expounded to me each day a part of the subject, and I gave him next day a written account of it which he made me write over and over again until it was clear, precise and tolerably complete. In this manner I went through the whole subject [...] After this I went through Ricardo, giving an account daily of what I read, and discussing in the best manner I could, the collateral points which were raised as we went on (Autobiography, c. i: 30).<sup>309</sup>

Mill praises Ricardo as the economist who had contributed in giving to Political Economy “the comparatively precise and scientific character which it at present bears” (Essays, Essay I: 1). Mill is the political economist who masterly defended Ricardo’s writings against the majority of its critical accounts. The central argument of his defence was that these critical accounts were “verbal misunderstandings, whether of the doctrines themselves or of Ricardo’s method; or as differences traceable to a disagreement of method” (de Marchi 1974: 143). Moreover, his departure from Ricardian political economy - after his mental crisis – did not transform the epistemic ‘hard core’ of his political economy. Substantially, the heterodox elements of his economic analysis did not annihilate the Ricardian spirit of his economic theory. Platteau (1985: 4) rightly observes that “the theoretical coherence of J.S. Mill must therefore be found in his loyalty to the Ricardian scheme of analysis”. Classical Ricardian ideas, such as the view that production is limited by the quantity of capital and labour and not by the extent of the market, as Smith asserted, are interspersed in several pages of his *Principles*. Schumpeter’s comment (1954: 453) is indicative of this view:

J.S. Mill emphasised his early Ricardianism throughout and neither realised himself nor made it clear to his readers how far he had actually drifted away from it by the time he wrote his *Principles*.

However, Mill’s analysis should not be seen as a mere transmutation of Ricardo’s abstract doctrines. Many of his thoughts and ideas were full of heterodox inspiration and affected the subsequent evolution of political economy. More specifically his

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<sup>309</sup> Mill notes that “My being a habitual inmate of my father’s study, made me acquainted with the most intimate and valued of his friends, David Ricardo, who by his benevolent countenance and kindness of manner was very attractive to young persons, and who after I became a student of political economy, sometimes invited me to breakfast and walk with him in order to converse on the subject” (Autobiography, c. i: 54).

methodology, his discourse on economic policy and, above all, his views on history render him an intermediate figure between classical political economy and neoclassical economic theory.

John Stuart Mill (1806-1874) was the eldest son of James Mill, the author of the celebrated, *The History of India* (Autobiography, c. i: 5). Be that as it may John Stuart Mill managed to overshadow the intellectual figure of his famous father, as William Ashley observes in his 'Introduction' for the eighth edition of Mill's *Principles of Political Economy* (Ashley 1909: vii). Indeed Mill "became the leading political economist (*Principles of Political Economy*, 1848), social and political theorist (*On Liberty*, 1858; *Considerations on Representative Government*, 1863) and philosopher (*System of Logic*, 1843; *Utilitarianism*, 1861) of his generation" (Claeys 2004: 191). Henry Sidgwick, the eminent political economist, rates Mill as the best writer produced by England since Hume (Nicholson 1998: 466). For many political economists, as with Adam Smith, in John Stuart Mill "one sees an age" (Schapiro 1943: 127).

More specifically, it was one small part of Mill's voluminous work, the *Principles of Political Economy*, which influenced the course of economic science and to a large extent determined its evolution during the second half of the nineteenth century. According to Thompson (2004: 324), it is the book which "by the mid-century exerted a hegemonic influence" and turned the economists of one generation to be "men of one book" (de Marchi 1974: 119). Mill's *Political Economy* turned out to be the *raison d' être* of economic teaching in England and which superseded all the earlier textbooks (Bonar 1911: 720). At the same time, Mill's *Principles*, also turned out to be the leading treatise in political economy in the English language and held that position for at least forty years until the emergence of Marshall's classic *Principles of Economics* (1890).<sup>310</sup> The innovative feature of Mill's work lies in the combination of orthodox (Ricardian and Utilitarian) and heterodox elements. This combination is crystallised in his epistemic attempt to integrate abstract economic theory with inductive historical analysis. For Blaug (1980: 55), it was this analytical

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<sup>310</sup> Though the sales of the *Principles* had been unremarkable during the first four years of its publication (2000 copies) the six new editions up to 1871 (1849, 1852, 1857, 1862, 1865, 1871) and the 10.000 sales of the cheap, People's Edition, of May 1865, illustrates the fact that Mill's political economy was a *succes d' estime*. According to Gillig (2016: 393) through his *People's Edition* "his theories were widespread in democratic circles and in the working-class press and exerted a strong influence on union leaders".



synthesis which explains the ‘extraordinary durability of his work’, while for Schumpeter (1954: 508), its success was boosted due to its happy combination of “scientific level and accessibility”.<sup>311</sup> In spite of its thunderous effect, the *Principles of Political Economy* had been “a hastily written treatise” (Koot 1987: 14). This fact is illustrated by Mill’s changing views in the subsequent editions. Mill himself acknowledges the hasty penning of his *Principles*:

The *Political Economy* was far more rapidly executed than the *Logic*, or indeed than anything of importance which I had yet written. It was commenced in the autumn of 1845 and completed before the end of 1847 (Autobiography, c. vii: 242).<sup>312</sup>

The hastiness of his authorship is illustrated by his prosaism. Mill’s occupation as an Examiner of East India Company since December 1830 limited the time of his original research. Mill was always aware of the scientific limitation as a result of this obstacle. However he justifies his hastiness by noting that:

The greatest things, it has been said, have generally been done by those who had the least time at their disposal; and the occupation of some hours every day in a routine employment, has often been found compatible with the most brilliant achievements in literature and philosophy (Principles, Book V, c. xi, § 15: 976).

In Mill’s *Principles*, we glean a blending “of classical and anticlassical elements” (Blaug 1997: 192). Mill’s work is a peculiar synthesis of Adam Smith, David Ricardo, James Mill, Coleridgianism and Saint-Simonianism.<sup>313</sup> Mill attempted

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<sup>311</sup> The intellectual dominance of Mill’s *Principles* is illustrated by the fact that until the ‘revolutionary’ effect of Marshall’s *Principles*, Mill’s economic analysis “remained the dominant work in economics and served to shore up the illusion that the classical postulates, deductive methodology, and policy conclusions inherited from the Ricardians remained valid into the last third of the nineteenth century” (Koot 1987: 10).

<sup>312</sup> Schumpeter (1954: 426) in his masterly review of Mill’s *Logic* notes that Mill had written it “as he always did – in haste”.

<sup>313</sup> Chapter V of his autobiographical sketch is illustrative of Mill’s epistemic symphysis. He notes that during the early 1830’s he was well acquainted with heterodox ideas which he had “previously disbelieved, or disregarded” (Autobiography, c. v: 174). At another point he notes that Coleridgians, German thinkers (such as Goethe), Carlyle and all who fiercely opposed the mode of thought with which he had been brought up had “convinced me that along with much error they possessed much truth” (Autobiography, c. vii: 253). However, these ideas were put side by side with his more orthodox ones. As Mill himself notes “But even then the rediscovery usually placed these truths in some new light by which they were reconciled with, and served to confirm even while they modified, the truths

to erect his theoretical corpus on the solid foundations of Ricardian economics while at the same time he sought “to accommodate ideas and constructs that were incompatible with the Ricardian model” (Thompson 2004: 324). More specifically he tried to confront the so-called ‘Ricardian Vice’ namely: the “highly abstract a priori reasoning, that resulted in models built on unrealistic assumptions, deploying highly artificial concepts and claiming an authoritative, scientific status for the policy prescriptions they generated” (p. 324). Evidently therefore, this fact differentiates Mill from the other followers of Ricardo to whom he refers as “the political economists of the old school” (Principles, Book IV, c. i, § 2: 748). However, Mill did not abandon the ‘abstract science’ instead he tried to put it in a new setting (Ashley 1909: ix). Essentially, as Ashley puts it, “he kept it intact; but he sought to surround it, so to speak, with a new environment” (p. ix).

#### 4.2.2 Bentham

The epistemic starting point of Mill’s economic analysis was his Benthamite and Ricardian avowals. Drakopoulos (1989: 37) rightly observes that “Mill was the first major economist to be influenced by Bentham” and adds (Drakopoulos 1990: 361) that he “elaborated further Bentham’s hedonistic views”. However, Mill’s analysis was extended into new pathways and reshaped the heritage of the classical tradition. For instance, by 1847, Mill is ready to admit - in the privacy of his correspondence – that he had definitely withdrawn from the Benthamite School “in which I was brought up and in which I might almost say I was born” (cited in Ashley 1909: x-xi).<sup>314</sup> Mill was “suckled, cradled, and nurtured by his father and Bentham” in the utilitarian creed, but after his mental crisis, described with liveliness in the Chapter V of his autobiographical essay, he had broken his tight ties with the utilitarian tradition and became a true missionary of radical liberalism (Schapiro 1943: 129). Mill notes that in the third period of his mental development, which is sketched in Chapter VII of his *Autobiography*, and before the emergence of his *Principles*, his

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*not* generally known which were contained in my early opinions and in no essential part of which I at any time wavered” (Autobiography, c. v: 174).

<sup>314</sup> Mill notes that until his adulthood, his education had been a course in pure Benthamism. He informs us that, “The Benthamic standard of ‘the greatest happiness’ was that which I had always been taught to apply” (Autobiography, c. iii: 66). Naturally, his first publications, mainly in the *Westminster Review* and in the *Examiner*, reflect his Benthamite nutrition. Essentially, therefore, in the first stage of his intellectual development, he was “drilled to a rigid adherence to the Benthamite canon” and “was a zealous exponent of Bentham’s and of his father’s moral and political doctrines and of Ricardo’s economics” (Viner 1949: 372).

“opinions were now far *more* heretical than [...] had been in the days of my most extreme Benthamism” (Autobiography, c. vii: 238). One possible, though not inevitable, consequence of this intense intellectual training from his early childhood has been an inborn methodological *eclecticism*.<sup>315</sup> His eclecticism could thus be seen as a result of his intellectual development and was boosted by his susceptibility to being influenced by a wide diversity of ideas and views (Viner 1949: 372). Mill himself justifies this susceptibility by noting that he learned from his beloved wife, Harriet Taylor the

great readiness and eagerness to learn from everybody and to make room in my system of opinions for every new acquisition by adjusting the old and the new to one another might (Autobiography, Yale Fragment: 258).

It is true that after his mental crisis, Mill adopted more heterodox views in order to reshape what he felt to be the deficiencies of Benthamism (Lewisohn 1972: 324). Essentially, through his intellectual and ideological paralysis, he turned to be what Schumpeter (1954: 503) has aptly described as: “the opposite of a zealot”. In Mill’s own confession, he had emerged as the “Peter, who denied his Master” (cited in Viner 1949: 376). His mental crisis persuaded him that the Benthamite calculus and the geometric method, in which he was intensely trained by his father, were too narrow and that economics was more complex than the geometric method would admit (Frantz 2002: 130).

#### **4.2.3 Art vs. science: methodological distinction vs. epistemological fusion**

Evidently therefore, in spite of its anti-classical and heterodox elements, the *Principles of Political Economy* proved to be the swansong of classical political economy. Be that as it may, Mill’s theoretical treatise was written in the best Smithian tradition and in continuous contact with historical reality. In his *Political Economy* Mill incorporates numerous arguments concerning public policy and “profusely illustrated it with contemporary and historical material” (Koot 1987: 14). He believes

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<sup>315</sup> Mill’s intense intellectual training is illustrated in many parts of his Autobiography. He informs us that “I have no remembrance of the time when I began to learn Greek. I have been told that it was when I was three years old [...] I learnt no Latin until my eighth year. Before that time I had read a number of Greek prose authors, among whom I remember the whole of Herodotus, Xenophon’s *Cyropedia and Memorials of Socrates*, some of the lives of the philosophers by Diogenes Laertius, part of Lucian, a little of Isocrates, and I think part of Thucydides” (Autobiography, c. i: 8).

that the early success of his political economy was the result of its linkages with historical reality and of its interdisciplinary nature. As he puts it:

It was, from the first, continually cited and referred to as an authority, because it was not a book merely of abstract science, but also of application, and treated Political Economy not as a thing by itself, but as a fragment of a greater whole (Autobiography, c. vii: 243).

Mill already in the Preface of the first edition of his *Principles* (1848) had noted that the most diacritical element of his work “and the one in which it most differs from some others [...] is that it invariably associates the principles with their applications” (Principles, Preface: xxvii). However, he believes that theoretical and practical problems should be studied apart in order to be intermingled in a next epistemological framework. As Milonakis and Fine (2009: 32) argue, “Mill was in favour of a purely scientific political economy, but one which is also practically relevant”. In contrast, he proposed the disassociation of theory from policy by putting forward a methodological distinction between science and art. His lengthy comment is illustrative of the methodological necessity of their separation:

Art in general consists of the truths of science, arranged in the most convenient order for practice, instead of the order which is most convenient for thought. Science groups and arranges its truths so as to enable us to take in at one view as much as possible of the general order of the universe. Art, though it must assume the same general laws, follows them only into such of their detailed consequences as have led to the formation of rules of conduct, and brings together from parts of the field of science most remote from one another the truths relating to the production of the different and heterogeneous conditions necessary to each effect which the exigencies of practical life require to be produced (A System of Logic, Book VI, c. xii, § 5: 619).<sup>316</sup>

Mill’s distinction is elaborated even in his immature writings. For instance in his early composed essay *On the Definition of Political Economy* (1836) he notes that:

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<sup>316</sup> Mill’s proposed disassociation was later elaborated by Jevons in his *The Theory of Political Economy* (1871), and by John Neville Keynes in his celebrated *The Scope and Method of Political Economy* (1891), and can be registered as a landmark on the road of analytic (marginal) economics.

Science takes cognizance of a *phenomenon*, and endeavours to discover its *law*; art proposes to itself an *end*, and looks out for *means* to affect it (Essays, On the Definition of Political Economy: 124).<sup>317</sup>

For Mill (p. 125), political economy:

is a science and no[t] an art; that is it is conversant with laws of nature, not with maxims of conduct, and teaches us how things take place of themselves, not in what manner its is advisable for us to shape them, in order to attain some particular end.

Evidently then, Mill, following McCulloch's *Principles of Political Economy* (1825), proposes different methods between political economy as a science and political economy as an art (Platteau 1985: 6). However, he does not promote an epistemic separation between them since art is always seated on scientific laws.<sup>318</sup> Mill had not succeeded in turning his methodological views in epistemic schemes. As Zouboulakis (2005: 55) rightly argues, Mill's "main purpose was to construct Political Economy as a separate, yet not fully independent branch of social science".

Granted then, Mill's oscillation between methodological separation and epistemic fusion is one of the leading features of his political economy and illustrates the subsequent evolution of his work. Furthermore, its uniqueness lies in the fact that it incorporates abstract (Ricardian and Benthamite) arguments and is at once

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<sup>317</sup> Mill informs us that the essay was rewritten after its first publication (Autobiography, c. v: 189). It first appeared in the *London and Westminster Review* (vols iv & xxvi, 1836) and was revised before its final publication in Mill's *Essays on Some Unsettled Questions of Political Economy* (1844). Bonar (1911: 720) notes that this variorum of essays on political economy was turned down by English publishers some years before. It was Mill's reputation as the author the *System of Logic* (1843) which made possible the publication of his *Essays* in 1844. It is indicative that *Essays* were advertised as a book written by the same author of the *A System of Logic, Ratiocinative and Inductive*. Mill is caustic with editorship and with the fierce competition in literature. He notes that "In our day, from the immense multitude of writers (which is now not less remarkable than the multitude of readers), and from the manner in which the people of this age are obliged to read, it is difficult for what does not strike during its novelty, to strike at all: a book either misses fire altogether, or is so read as to make no permanent impression; and the good equally with the worthless are forgotten by the next day. For this there is no remedy, while the public have no guidance beyond booksellers' advertisements, and the ill-considered and hasty criticisms of newspapers and small periodicals, to direct them in distinguishing what is not worth reading from what is" (EPS, Civilization: 137). It is indicative that Mill said to Leslie in one of his letters that "you should not take the editors and their views so much *au serieux*" (LL, vol iv, May 1869, Letter 1429: 1599).

<sup>318</sup> According to Mill "An art would not be an art, unless it were founded upon a scientific knowledge of the properties of the subject-matter: without this, it would not be philosophy, but empiricism; *εμπειρία*, not *τέχνη*, in Plato's sense (Essays, On the Definition of Political Economy: 124).

animated by heterodox historical, social, psychological and philosophical elements. As Milonakis and Fine (2009: 27) observe,

Mill's own interpretation and adaption of the Ricardian system occupied a middle-ground between Ricardo's political economy and its critics, while remaining largely Ricardian in character.

Mill's reconciliatory project, proposing the epistemological intermingling of Ricardianism with anti-Ricardian elements, lies behind Mill's immense success. True enough, Mill, in several economic, political and philosophical aspects of his work departed from the orthodox Ricardian tradition. The anti-Ricardian and anti-Benthamite elements are crystallised in his economic methodology, in his epistemology and, most astonishingly, in his elaboration of applied and politically-oriented issues, such as the Irish land question. For instance in opposing Robert Lowe's attack on the Irish land question, and foreshadowing Friedrich Engels, Mill notes that:

In my right hon. Friend's mind political economy appears to stand for a set of practical maxims [...] My right hon. Friend thinks that a maxim of political economy if good in England must be good in Ireland [...] I do not know in political economy, more than I know in any 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 [...] Political economy has a great many enemies; but its worst enemies are some of its friends, and I do not know that it has a more dangerous enemy than my right hon. Friend (cited in Collison Black 1960: 61).<sup>319</sup>

Naturally therefore:

The *Principles* thus has no single methodological character. As is the case with the *Wealth of Nations* of Adam Smith, some portions are predominantly abstract and *a priori*; in others, there is a substantial measure of factual data and of inference from history (Viner 1949: 380).

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<sup>319</sup> For Engels (cited in Milonakis and Fine 2009: 39) "Political Economy cannot be the same for all countries and for all historical periods [...] Political economy is therefore a *historical science*. It deals with material which is historical, that is, constantly changing".

## 4.3 Influences

Mill's attitude toward methodological *eclecticism* and his epistemological oscillation between diversified views is moulded by the wide range of his influences. Mill is the first follower of Ricardo who was directly influenced by anti-classical views and he is the first political economist of the Ricardian camp who is sensitive to the specificity of historical context (Milonakis and Fine 2009: 32).

### 4.3.1 Heterodoxy: Coleridge, Romanticists, Macaulay, Comte, Saint Simon

The historical dimension of Mill's political economy finds its roots in the diversity of his influences. He was acquainted with Samuel Taylor Coleridge and Coleridgians such Maurice and Sterling, and recognised them as "the English exponents of the European reaction against the philosophy of the eighteenth century and its Benthamite outcome" (Ashley 1909: ix).<sup>320</sup> Mill believed that Coleridge and Bentham are the opposite sides of the same coin. His comment in the critical review of Coleridge is propelled by this belief: "It is hardly possible to speak of Coleridge, and his position among his contemporaries, without reverting to Bentham" (EERS, Coleridge: 120). He highlights Coleridge's contribution to the English literature by noting that:

Bentham excepted, no Englishman of recent date has left his impress so deeply in the opinions and mental tendencies of those among us who attempt to enlighten their practice by philosophical mediation (p. 119).

Coleridge and his followers were the true exponents of Romanticism which finds its roots in the eminent figure of Herder. Romanticism, unlike Utilitarianism or Positivism, was a literary trend and as such was associated with poetry, literature, painting, architecture and music.<sup>321</sup> Coleridge was an eminent poet and Mill was acquainted with his romantic and historical views through his poems. Coleridge and Coleridgians were critical of political economy and its abstract nature and were

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<sup>320</sup> Mill notes that during the late 1840's "while my intimacy with Roebuck diminished, I fell more and more into friendly intercourse with our Coleridgian adversaries in the Society, Frederick Maurice and John Sterling, both subsequently so well known, the former by his writings, the latter through the biographies by Hare and Carlyle" (Autobiography, c. v: 159). He adds that Sterling was one of his most close friends and "was more attached to him than I have ever been to any other man" (p. 161).

<sup>321</sup> According to Schumpeter (1954: 395) "there are no romanticists who were not also literati; on the other hand, the movement gained international importance primarily in the field of belles lettres and in the neighbouring fields of literary criticism and philology".

moving against the individualistic and maximalist views of Utilitarianism. Mill sketches out their differences by noting that Coleridgian philosophy:

is ontological because that was experimental; conservative, because that was innovative; religious, because so much of that was infidel; concrete and historical, because that was abstract and metaphysical; poetical, because that was matter-of-fact and prosaic (p. 125).

Mill, then, was influenced by Romanticism and through the publication of two articles in the *London and Westminster Review*, “he sought to expound Benthamism and Coleridgism as complementary bodies of truth” (Ashley 1909: ix). According to Ashley, “Coleridge helped him to realise [...] firstly, the historical point of view in its relation to politics, and secondly, and as corollary, the inadequacy of *laissez-faire*” (p. x).<sup>322</sup> Mill himself is explicit in his critical appraisal of Coleridge and Coleridgians:

They were the first [...] who inquired with any comprehensiveness or depth into the inductive laws of the existence and growth of human society [...] They were the first who pursued, philosophically and in the spirit of Baconian investigation, not only this inquiry, but others ulterior and collateral to it. They thus produced, not a piece of party advocacy, but a philosophy of society, in the only form in which it is yet possible, that of a philosophy of history (EERS, Coleridge, Coleridge: 138-139).

According to Mill, the Coleridgians provided “the brilliant light which has been thrown upon history” and illustrated the importance of historical experience in the late nineteenth century (p. 139). Substantially, therefore, the Coleridgian School produced, as Mill asserts, a philosophy of society which is a philosophy of history. This philosophy, together with other influences, impelled Mill to accept the weight of history in the discussion of social, economic and political matters. Mill’s direct appeal to Herder, the founder of the Romantic Movement is illustrative of Coleridge’s influence. For Mill:

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<sup>322</sup> It must be noticed that during his mental crisis, Mill started to question the basic tenets of Benthamite philosophy and of Ricardian universalism. It was during this crisis that he had turned to Coleridge to find an intellectual refuge. *Exempli gratia*, he uses Coleridge’s poem ‘Dejection’ to delineate the darkness of this period (Autobiography, c. v: 139).



That series of great writers and thinkers, from Herder to Michelet, by whom history [...] has been made a science of causes and effects who by making the facts and events of the past have a meaning and an intelligible place in the gradual evolution of humanity, have at once given history, even to the imagination and interest like romance, and afforded the only means of predicting and guiding the future, by unfolding the agencies which have produced and still maintain the Present (p. 139-140).

On the other hand, Mill's inclination towards history and inductive research was reinforced by Macaulay's<sup>323</sup> fierce criticism towards Mill's father's classic *Essay on Government* (1820). Macaulay reviewed James Mill's political essay and "raked it high and low, primarily on the basis of its use, without benefit of historical induction or of reference to contemporary facts, of the *a priori* or, in the language of the time and earlier, the geometrical method" (Viner 1949: 364). Macaulay criticises the ontological premises of James Mill's theory of history and observes that to assume self-interest as the sole motive of human action is a flat epistemic argument. In Macaulay's own words:

But when the question is propounded generally about the whole species, the impossibility of answering is still more evident. Man differs from man; generation from generation; nation from nation. Education, station, sex, age, accidental associations, produce infinite shades of variety (cited in Wilson 1998: 208).

Mill notes that Macaulay's political thought is primarily empirical and not philosophical in its epistemology but concedes that:

I could not help feeling that there was truth in several of his strictures on my father's treatment of the subject; that my father's premises were really too narrow, and included but a small part of the general truths on which, in politics, the important consequences depend (Autobiography, c. v: 165).

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<sup>323</sup> Thomas Babington Macaulay (1800-1859) was a British historian and Whig politician whose work *History of England* (1848) had given to historical scholarship its prominent place in English Belles Lettres. According to Gooch (1913: 298, 301) "He was the first English writer to make history universally interesting" and it "is none the less the greatest work in English language since Gibbon".

Essentially, therefore, Macaulay's historical criticism was decisive in pulling Mill from the abstraction of Benthamite thought and from the philosophical history of his father. According to Kawana (2009: 111-112):

Much inspired by Macaulay's critique of James Mill and the subsequent controversy between Macaulay and the Westminster Reviewers, Mill came to think that the deductive reasoning of James Mill, despite his claim that theory should reflect all experience, failed to involve the process of modification based on experience within the procedures of logic.

Furthermore, Mill's historical outlook was shaped by Comte's philosophical and sociological writings. Drakopoulos (1994: 182) eloquently observes that at "the time that Mill was writing, the positivist movement had gathered momentum". Essentially Mill was deeply influenced by Comte and informs us that he had gained much from his interaction with the great sociologist (Autobiography, c. vi: 217). Mill ruminated the first two volumes of Comte's work in 1837 and noted that it is "one of the most profound books ever written on the philosophy of science" (EL, vol. i, December 1837, Letter 228: 363). The appearance of the third volume of Comte's *locus classicus* sustained Mill's zest on Comte's work.<sup>324</sup> In October 1841, in his private correspondence with his intimate friend Alexander Bain, the psychologist, Mill asks:

Have you looked into Comte's *Cours de Philosophie Positive*? He makes some mistakes, but on the whole, I think it very nearly the grandest work of this age (EL, vol ii, October 1841, Letter 332: 487).

Mill studied intensively Comte's *Cours* and while composing his *A System of Logic* he developed frequent correspondence with Comte (Zouboulakis 2008: 89). This correspondence was sustained until 1846 and illustrates Comte's influence on Mill's leading methodological essay. In the first edition of his *A System of Logic* (1843) Mill speaks of Comte as "the greatest living authority on scientific methods in general" (cited in Ashley 1909: xii).

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<sup>324</sup> On the other hand, Mill was highly critical of the fourth volume which disappointed him since "it contained those of his opinions on social subjects with which I most disagree" (Autobiography, c. vi: 219). Mill was highly critical of Comte's mature writings noting that "Instead of recognizing, as in the *Cours de Philosophie Positive*, an essentially sound view of philosophy, with a few capital errors, it is in their general character that we deem the subsequent speculations false and misleading" (Auguste Comte and Positivism, Part I: 5).

Mill's *System* "espouses a radical empiricist approach to science, according to which 'the only source of knowledge was sense experience; knowledge was obtained inductively; and scientific laws were simply empirical regularities'" (Milonakis and Fine 2009: 30). For instance, Mill's celebrated 'Inverse Deductive Method' which he thought as appropriate for history and political science was developed through Comte's influence (Koot 1987: 17). Till the late 1840's, Mill felt himself to be a true exponent of Comtean scientific ideas. He notes that he himself:

had contributed more than anyone else to make his speculations known in England. In consequence chiefly of what I had said to him in my *Logic*, he had readers and admirers among thoughtful men on this side of the Channel at a time when his name had not yet, in France, emerged from obscurity (Autobiography, c. vii: 271).<sup>325</sup>

Comte's influence on Mill is crystallised in his celebrated empiricist work *Auguste Comte and Positivism* (1865). This essay illustrates the importance of history in social, economic and political matters and elevates Mill's heterodox views on the epistemology of social sciences. Particularly, Mill praises Comte as the first thinker who "had penetrated to the philosophy of the matter, and placed the necessity of historical studies as the foundation of sociological speculation on the true footing" (Auguste Comte and Positivism, Part I: 86).

Mill accepts Comte's stress on the importance of history, he is more skeptical about his heretical views on political economy. He has reservations about Comte's firm belief that political economy attains its assiduity with the publication of Smith's *Wealth of Nations*. In Mill's own words:

Any one acquainted with the writings of political economists need only read his few pages of animadversions on them, to learn how extremely superficial M. Comte can sometimes be. He affirms that they have added nothing really new to the original *aperçus* of Adam Smith; when everyone who has read them knows that they have added so much as to have changed the whole

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<sup>325</sup> Mill notices that Comte's *Cours* "was scarcely mentioned in French literature or criticism, when it was already working powerfully on the minds of many British students and thinkers" (Auguste Comte and Positivism, Part I: 1).

aspect of the science, besides rectifying and clearing up in the most essential points the *aperçus* themselves (p. 80-81).

On the other hand, he agrees with Comte on the epistemological necessity of interdisciplinarity in political economy. He notes that:

On the whole question he has but one remark of any value [...] namely, that the study of the conditions of national wealth as a detached subject is unphilosophical, because, all the different aspects of social phenomena acting and reacting on one another, they cannot be rightly understood apart (p. 81).

It must be noted that Comte himself regarded his contemporary political economy, which was dominated by Ricardo's views, as metaphysical since it both lost its conjunctions with historical reality and underestimated the necessity of scientific observation.<sup>326</sup> For Comte, political economists departed from the scientific paradigm of Adam Smith which is ultra-interdisciplinary. He held the firm belief that Smith was an eminent exception in relation to subsequent political economists since:

without having the vain pretentiousness to create a new specialised discipline, has only proposed to himself the objective to illuminate different points of the social philosophy [...] such as the division of labour, the creation of money, the actions of banks &c. (cited in Zouboulakis 2008: 88).

It was Comte's influence which impelled Mill to believe that social phenomena are tightly inextricable and as such it is difficult to separate them into their constituent elements (economic, political, cultural, moral etc.). Mill made his impressions clear already in the *Preface* to his *magnum opus* where he avows that "For practical purposes, Political Economy is inseparably intertwined with many other branches of Social Philosophy" (Principles, Preface: xxvii). Mill, in a truly Comtean vein, was cautious to notice that Political Economy, as a part of Social Philosophy, has a limited scope and cannot enter into questions of the general science of politics (Principles,

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<sup>326</sup> "By the nature of the subject, in social studies the various general aspects are, quite necessarily, mutually interconnected and inseparable in reason, so that one aspect can only be adequately explained by the consideration of others. It is certain that the economic and industrial analysis of society cannot be positively accomplished, if one leaves out all intellectual, moral and political analysis: and therefore this irrational separation furnishes an evident indication of the essentially metaphysical nature of the doctrines based upon it" (Comte cited in Ashley 1909: xiv).

Book V, c. ix, § 1: 891).<sup>327</sup> He acknowledges the epistemic limitations of Political Economy which, as a scientific discipline,

does not treat of the whole of man's nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end. It predicts only such of the phenomena of the social state as take place in consequence of the pursuit of wealth. It makes entire abstraction of every other human passion or motive; except those which may be regarded as perpetually antagonizing principles to the desire of wealth, namely, aversion to labour, and desire to the present enjoyment of costly indulgences (Essays, On the Definition of Political Economy: 137-138).

Mill believes that political economy as a formula of economic policy is tightly associated with other Social Sciences. His belief, which is Smithian in its origin, is explicitly stated in the *Preface* of his *Political Economy*:

For practical purposes, political economy is inseparably intertwined with many other branches of social philosophy [...] Smith never loses sight of this truth [...] It appears to the present writer that a work similar in its object and general conception to that of Adam Smith, but adapted to the more extended knowledge and improved ideas of the present age, is the kind of contribution which Political Economy at present requires (Principles, Preface: xxvii-xxviii).

Mill was acquainted with Comte's work through the writings of Saint-Simonians.<sup>328</sup> This fact is illustrated by his autobiographical comment that among Saint-Simonian publications

there was one which seemed to me far superior to the rest, and in which the general idea was matured into something much more definite and instructive.

This was an early writing of Auguste Comte, who then called himself, and

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<sup>327</sup> It was Mill's interdisciplinary epistemology which impelled Harrison, a staunch supporter of the British Positivist Movement, to declare that, "The greatest of all since the founded of this study in England, Mr. Mill, is, in truth, not an economist at all. He is a social philosopher" (cited in Zouboulakis 2008: 91).

<sup>328</sup> Lewisohn (1972: 316) notes that, "Mill's introduction to Comte's work came in 1829, when, encouraged by the young Saint-Simonian Gustave d'Eichthal, he read Comte's *Systeme de Politique Positive*".

even announced himself in the title page as, an eleve of Saint-Simon (Autobiography, c. v: 172).

Mill notices that in 1829-1830 he had become acquainted with the writings of Saint-Simonians who had brought to him a new type of political thinking (Autobiography, c. v: 170). He was favourably inclined to the sect of Saint-Simonians and characterises Saint-Simon as a continental philosopher (Hains 1946: 104; Principles, Book II, c. xiii, § 1: 375).<sup>329</sup> More specifically, he was influenced by Saint-Simonian historicism and adopted Saint-Simon's rejection of the view that capitalism represents the end of history. Additionally, Mill's brilliant analysis of the 'Stationary State', which is discussed in the Chapter 5 of this thesis, echoes a pure Saint-Simonian spirit. Mill believes that

the future might witness a 'stationary state' in which population would stabilise, greater priority would be given to individual development over wealth- acquisition, and various forms of communitarian socialist experimentation (particularly of the Fourierist type) might point the way to more advantageous social relationships (Claeys 2004: 192).

However, it must be remembered that Mill's eclecticism impelled him to sift from Saint-Simon, as from Comte, "what is good from what is bad" (Cairns 1985: xv).

#### **4.3.2 Orthodoxy: Mill's Ricardianism**

Mill's political economy is deductively oriented and reflects Ricardo's axiomatic argumentations. In fact, Mill, "was not at all disposed to throw overboard the Ricardian economics received from his father" (Ashley 1909: xv). Though he was skeptical with regard to some epistemic tenets of the Ricardian political economy, he argues that Ricardo was the greatest political economist in England (Principles, Book

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<sup>329</sup> Mill regards Saint-Simon as an influential author and his economic analysis is highly influenced by the French philosopher and activist. *Exempli gratia*, he had adapted Saint-Simon's views on mechanisation and supports his co-operative experimentations. For instance, Mill notes that "All attempts to make out that the laboring classes as a collective body *cannot* suffer temporarily by the introduction of machinery, or by the sinking of capital in permanent improvements, are, I conceive, necessarily fallacious" (Principles, Book I, c. vi, § 2: 96). However, he rejected the objections against machinery and condemned the possibility of 'socialist revolution' since "Although, therefore, the labouring classes must suffer, not only if the increase of fixed capital takes place at the expense of circulating, but even if it is so large and rapid as to retard that ordinary increase to which the growth of population has habitually adapted itself; yet, in point of fact, this is very likely to happen since there is probably no country whose fixed capital increases in a ration more than proportional to its circulating" (p. 97).

II, c. xiv, § 4: 397).<sup>330</sup> However, his association with Ricardian political economy was neither linear nor smooth.

His Ricardianism was more dogmatic in the immature phase of his intellectual development. For instance, in his famous essay ‘On the Definition and Method of Political Economy’, published in 1836, in the utilitarian *London and Westminster Review* “he laid down with the utmost stringency that the only method appropriate to political economy, i.e. to the Ricardian economics, was the *a priori* or deductive one” (Ashley 1909: xvi). Moreover, the static nature of his economic analysis is crystallised in his idea of equity (or equilibrium in more modern terms) which facilitated the theorist “to state the ‘law of supply and demand’ clearly and with substantial accuracy” (Stigler 1955: 298). In Mill’s own terminology:

Demand and supply, the quantity demanded and the quantity supplied, will be made equal. If unequal at any moment, competition equalizes them, and the manner in which this is done is by an adjustment of the value. If the demand increases, the value rises; if the demand diminishes, the value falls: again, if the supply falls of, the value rises, and falls if the supply is increased (Principles, Book III, c. i, § 4: 448).

However, in the mature stage of his intellectual development, his dynamic viewpoint and his historical sensitivity rendered the abstract and a-historical methodology of Ricardian and (mainly) post-Ricardian political economy unsatisfactory. Evidently, he was displeased “with the kind of treatment that economics had received at the hands of his father or in subsequent years of McCulloch or Senior” (p. xviii). Therefore, he attempted to incorporate inductive (and historical) elements in his economic analysis in order to rescue Ricardianism from the Siren of ultra-deductivism. In a famous passage of his *Logic*, he criticised the ‘method of isolation’ or the ‘geometrical method’, the leading method of post-Ricardianism, by noting that “it is un-philosophical to construct a science out of a few of the agencies by which the phenomena are determined, and leave the rest to the routine practice or

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<sup>330</sup> Mill’s reluctance to overthrow his Ricardian heritage impelled many historians of economic thought to characterise him as a constant supporter of the Ricardian system of political economy. For instance, Winch (1965: 132) characterises *Principles* as “a catholic restatement of orthodox classical position”, while Hutchison (1978: 154) observes that “Ricardian economic orthodoxy succeeded in turning even J.S. Mill into a dogmatist”. Moreover, Hollander (1985) argues that Mill was a true exponent of Ricardianism on strict matters of economic theory.

the sagacity of conjecture” (A System of Logic, Book VI, ch. ii, § 1: 472). *E contrario*, he promoted the ‘Concrete Deductive Method’ as the methodological bridge between the extreme deductivism of Ricardian and post-Ricardian economics and the ultra-inductivism of the Cambridge Inductivist Group.<sup>331</sup> Mill proposes a synthetic methodology to combat the methodological challenges of economic phenomena.

Essentially, Mill’s methodological proposition determined the course of his economic analysis and was decisive in shaping the economic methodology of the nineteenth century. According to Wade Hands (2001: 16), Mill’s “greatest challenge was the reconciliation of *empiricist epistemology* and (Ricardian) *economic theory*”. The *a priori* element is an inescapable feature of the Millian political economy, but Mill himself was neither an open opponent of empirically based economic theories nor an *in toto* critic of the empirical verification of abstract arguments. On the other hand, the empirical (historical) element is incorporated in his economic analysis and is regarded as an essential complement to the more deductive one. *Ad addendum*, there are some parts of his work which are totally abstract and others which are empirically and historically oriented. For instance, Book IV of his *magnum opus*, which exercised a profound influence on the subsequent character of economic writing in England, is a piece of a highly theoretical and abstract version of the Millian political economy. In this Book, which is highly Ricardian in its epistemology, Mill considers the effects on prices, rents, profits, and wages within a totally competitive society.

*En converso*, some of Mill’s more applied writings are directly empirical and are full of historical sensitivity. As Koot (1987: 190) observes, there are many instances of Mill’s inductive research “especially on Ireland and the land question, his emphasis on the social application of economic study, and his historical vision of social theory as relative to a particular time and place”.<sup>332</sup> *In vivo*, as has already been indicated, Mill’s project is delineated to save the Ricardian theory from its ultra-

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<sup>331</sup> The Cambridge Inductivist Group had been a group of inductivists which had included empiricist political economists such as Richard Jones and John Cazenove and philosophers of science as William Whewell, John Herschel and Charles Babbage. As Cunningham Wood (1988:131) notes “The leaders of this group, Jones and Whewell, held that the true method of arriving at general axioms was successively to adduce cases, being careful to observe whether, with every extension of data, one’s original conception of how facts could be ordered remained valid or required some modification”.

<sup>332</sup> These examples serve “as a half-way house toward an English historical economics” (Koot 1987: 190). Mill’s inductive (historical) part became the ontological premise for the revolutionary views of historical economists.



deductive leanings. Evidently, his project is a reconciliatory one since he attempted to synthesise deduction and induction in order to amplify the epistemological inadequacies of Ricardian economic theory.<sup>333</sup> Mill's reconciliation was attempted through the treatment of the 'Concrete Deductive Method' "which is supposed to be exemplified in political economy" (Blaug 1980: 64). Mill believed that Political Economy is inexact to employ the deductive method as physical sciences do (Hausman 1981: 364). He notes that the appropriate method for approaching economic phenomena is the 'Concrete Deductive Method' which is "a combination of deductive logic based upon knowledge of human nature, and observation" (Frantz 2002: 130).

Mill bases his generalisations on the simplest and purest form of sense experience. The famous aphorism in his *Logic* is indicative of his methodological stance:

The ground of confidence in any concrete deductive science is not the *a priori* reasoning itself, but the accordance between its results and those of observation *a posteriori*. Either of these processes, apart from the other, diminishes in value as the subject increases in complication (A System of Logic, Book VI, c. ix, § 1: 584).

According to Mill, many of the defects in Political Economy are raised "from the practice of not beginning with the examination of simple cases, but rushing at once into the complexity of concrete phenomena" (Principles, Book I, c. v, § 3: 67). Though Mill accepts the fact that it deals with the 'abstracted economic man' he follows the Comtean tradition and treats "political economy as a partial and approximate science, whose premises and deductions need to be modified by non-economic factors and the results of other social sciences" (Milonakis and Fine 2009: 31).

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<sup>333</sup> Mill's inclination to illustrate the similarities rather than the differences between economists has been an inborn element of his amiable character. This inclination is stressed by Schumpeter (1954: 362) who notes that "For, then as now, most writers were apt to stress differences more than agreements, though there were important exceptions to this, the most important be J.S. Mill", and, "In both cases [in *Logic* and in *Principles*], his aim was to co-ordinate existing elements of knowledge, to develop them, and as he liked to put it 'to untie knots' (scilicet in existing strings). In neither case did he succeed completely" (Schumpeter 1954: 424-425).

In conclusion, Mill's deductivism is less radical than Ricardo's and is "in several respects more empirical than the others" (Hutchison 1998: 31). For instance, in discussing the cases of 'the productive employment of capital' he notes that "if there are human beings capable of work, and food to feed them, they may always be employed in producing something" (Principles, Book I, c. v, § 3: 66). However, he is cautious to illustrate the abstract nature of his argument by noting that,

This proposition requires to be somewhat dwelt upon, being one of those which is exceedingly easy to assent to when presented in general terms, but somewhat difficult to keep fast hold of, in the crowd and confusion of the actual facts of society (p. 66).

Evidently therefore, Mill's main economic writings validate the usage of both deduction and induction. However, by the early 1870's Mill had come to accept that "it was becoming ever more difficult to combine the divergent views on methodology, theory, and practice of Adam Smith and his successors into a coherent whole" (Koot 1987: 14-15). His synthetic attempts broke up the 'protective belt' of Ricardian Political Economy and led to the emergence of two distinct traditions despite Mill's own intentions: neoclassical economic theory and British historicism. Evidently, Mill's conciliatory project opened up the contradictions of Ricardian economic theory and led to its total transformation. As Milonakis and Fine (2009: 141) accurately argue:

Mill's attempted reconciliation, substantively between the objective and subjective theories of value and price, and methodologically between deduction and empiricism, tended to exacerbate the crisis rather than resolve it.

For instance, the employment of abstract economic principles (at the level of production) provided the ontological pillars of neoclassical orthodoxy while the legitimisation of inductive/historical method (at the level of distribution) widened the schism between deductivism and inductivism and prepared the ground for the subsequent *Methodenstreit*.<sup>334</sup> Moreover with his 'Concrete Deductive Method' -

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<sup>334</sup> The twofold dimension of Mill's work is exemplified by the work of two *dramatis personae* in the late nineteenth century. Cairnes attempted to systematise its hypothetico-deductive character, while Leslie noted that Mill's work had been the inductive legacy of Smith's *Wealth of Nations* (Koot 1987:

supplemented by the ‘Inverse Deductive or Historical Method’ - Mill steers “a middle ground between the excessive deduction of his father and the Baconian empiricism of Macaulay” (Koot 1987: 16). Substantially, therefore, Millian economic theory was the crystallisation of a strange epistemic ambivalence. For instance, in Mill’s *Principles* heterodox and Malthusian ideas on capital glut “were interwoven with more orthodox ones based on diminishing returns” (Semmel 1970: 96). Wade Hands (2001: 15-16) rightly observes that Mill was a man

who struggled to reconcile numerous tensions within his overall system of ideas – the Enlightenment rationality of his father and Jeremy Bentham contrasted with the elegiac sensitivities of Harriet Taylor and the romantic poets, the laissez faire political economy of Smith and Ricardo with the utopian socialism of Comte and Saint Simon.

To summarize, the aim of this chapter is to illustrate the heterodox features of Mill’s writings and provide some evidence of his historical sensitivities. Mill was a radical empiricist. Despite his adoption of Ricardo’s method, he had, at least in his later writings, supported the view that knowledge is obtained inductively. This view is crystallised in his empiricist epistemology. This essay attempts to glean out these crystallisations by illustrating the role of history in Mill’s political economy. Firstly, it assesses Mill’s Methodology in Social Sciences, mainly through his celebrated ‘Concrete Deductive Method’. Secondly, it examines Mill’s motif of the ‘Relativity of Economic Doctrines’, which provided an epistemic pillar of British Historicism. Thirdly, it presents Mill’s famous distinction between ‘Laws of Production and Laws of Distribution’ which is highly heterodox in its epistemology and methodology and lastly it surveys Mill’s radical views on economic policy with particular attention on the Irish Question.

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40). Cairnes was a close disciple of Mill and “is regarded as the last and one of the more strident supporters of the Ricardian system” (Milonakis & Fine 2009: 32). For Hutchison (1998: 51) “Cairnes was the most emphatic exponent of one of the main doctrines of ultra-deductivism”. On the *altera pars*, Leslie, the founder of British Historicism, was regarded by Mill as the leading practical economist of his time.

## 4.4 Mill's method of social sciences

### 4.4.1 Structure vs. agency

Ontologically speaking, Mill adopts a heterodox view on the relation between structure and agency which is moving against the fatalist and the individualist approaches to the investigation of social phenomena. He notes, in a vein which anticipated twentieth century's critical realism, that

the impressions and actions of human beings are not solely the result of their present circumstances, but the joint result of those circumstances and of the characters of the individuals; and the agencies which determine human character are so numerous and diversified [...] that in the aggregate they are never in any two cases exactly similar (A System of Logic, Book VI, c. iii, § 1: 554).

Moreover, in another imprint of his methodological *locus classicus*, he points out:

All phenomena of society are phenomena of human nature, generated by the action of outward circumstances upon masses of human beings (A System of Logic, Book VI, c. vi, § 2: 572).

Mill believes that circumstances are intermingled with human agency to form the variety of historical conditions. For him, the relation between structure and human agency is dynamically, dialectically and relationally constituted. In his own words:

The circumstances in which mankind are placed, operating according to their own laws and to the laws of human nature, form the characters of the human beings; but the human beings, in turn, mould and shape the circumstances for themselves and for those who come after them (A System of Logic, Book VI, c. x, § 3: 595-596).

According to Mill, a human act is the ontological result of two distinct forces, the structural (institutional) setting and the individual motives:

On the one part, the general circumstances of the country and its inhabitants; the moral, educational, economic, and other influences operating on the whole people, and constituting what we term the state of civilisation. On the other

part, the great variety of influences special to the individual: his temperament, and other peculiarities of organisation, his parentage, habitual associates, temptations and so forth (A System of Logic, Book VI, c. xi, § 1: 609).

According to these ontological pillars, Mill's individual is activated by 'ethical utilitarianism', as Milonakis and Fine (2009: 28-29) eloquently call it, as he is a social animal whose actions "include other ethical and moral factors that are not innate but culturally derived".<sup>335</sup> Evidently therefore, the methodological starting point of Mill's analysis and his epistemology are animated by his ontological premises.

Mill believes that the understanding of man and its sociability is "the most complex and most difficult subject on which human mind can be engaged" (A System of Logic, Book VI, c. i, § 1: 546). For him, such a difficulty is the most significant difference between physical and social sciences. His comment is illustrative:

Concerning the physical nature of man as an organised being- though there is still much uncertainty and much controversy [...] there is, however, a considerable body of truths which all who have attended to the subject consider to be fully established [...] But the laws of Mind, and, in even a greater degree, those of Society, are so far from having attained a similar state of even partial recognition, that it is still a controversy whether they are capable of becoming subjects of science in the strict sense of the term (p. 546).

#### **4.4.2 Deduction vs. induction**

The complicated nature of social phenomena is the origin of the diversity of methods that are utilised by social scientists. *In extremis*, there are two discrete methods in every science whether physical or social: Induction and Deduction. Mill defines induction "as the operation of discovering the proving general propositions" and these propositions "are but collections of particulars, definite in kind but indefinite in number" (A System of Logic, Book III, c. i, § 2: 186). Therefore, the essence of induction lies in the fact that it is an operation "of mind by which we infer that what

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<sup>335</sup> Schumpeter (1954: 384) holds the same view as he notes that "J.S. Mill cannot be called a utilitarian without qualification. In some respects he outgrew the creed; in others he refined it. But he never renounced it explicitly, and it was through his influence upon the rising generations in the 1850's and 1860's that a more sophisticated utilitarianism established itself in the intellectual centers".

we know to be true in a particular case or cases, will be true in all cases which resemble the former in certain assignable respects” (A System of Logic, Book III, c. ii, § 1: 188). For Mill, induction is ‘Generalisation from Experience’ and as such is closely associated with observation. Methodologically speaking, induction and observation are tightly connected in the formulation of empirical laws. Mill defines an ‘empirical law’ as:

an uniformity, whether of succession or of co-existence, which holds true in all instances, within our limits of observation, but is not of any nature to afford any assurance that it would hold beyond those limits (A System of Logic, Book VI, c. v, § 1: 562).

Empirical laws in human affairs, which are derived inductively, are not ultimate laws of human action and “they are not the principles of human nature, but results of those principles under the circumstances in which mankind have happened to be placed” (A System of Logic, Book VI, c. v, § 1: 562). Evidently therefore, pure inductive research is more appropriate for these sciences which are associated with the easiness of direct experimentation and observation (chemistry, botany etc.).

In contrast, when the direct methods of observation and experimentation are impracticable, the most appropriate method of acquiring the conditions and the law of recurrence of complex phenomena is Deduction. Mill, due to his Utilitarian upbringing, is favourable to Deduction due to the epistemological difficulties of direct experimentation, in certain sciences, including social sciences:

In the sciences which deal with phenomena in which artificial experiments are impossible (as in the case of astronomy) or in which they have a very limited range, (as in mental philosophy, social science, or even physiology,) induction from direct experience is practiced at a disadvantage in most cases equivalent to impracticability: from which it follows that the methods of those sciences, in order to accomplish anything worthy of attainment, *must be to a great extent, if not principally, deductive* (A System of Logic, Book III, c. vii, § 3: 251, emphasis added).

Mill notes that in Deduction:

we owe all the theories by which the vast and complicated phenomena are embraced under few simple laws, which considered as the laws of those great phenomena, could never have been detected by their direct study (A System of Logic, Book III, c. xi, § 3: 304).

However, the presence of induction is indispensable even in deductive reasoning, since deduction starts and ends through inductive qualifications. More specifically, according to the Millian methodological phraseology, the Deductive method:

consists of three operations, the first, one of direct induction; the second of ratiocination; the third of verification (A System of Logic, Book III, c. xi, § 1: 299).

Deduction then is seated on inductive reasoning:

I call the first step in the process an inductive operation, because there must be a direct induction as the basis of the whole, though in many particular investigations the place of the induction may be supplied by a prior deduction; but the premises of this prior deduction must have been derived from induction (A System of Logic, Book III, c. xi, § 1: 299).

The Deductive method applied to social phenomena must begin:

by investigating, or must suppose to have been already investigated, the laws of human action, and those properties of outward things by which the actions of human beings in society are determined. Some of these general truths will naturally be obtained by observation and experiment, others by deduction; the more complex laws of human action, for example, may be deduced from the simpler ones, but the simple or elementary laws will always and necessarily have been obtained by directly inductive process (p. 299).

However, the inductive foundation of deductive reasoning is difficult to be elaborated in cases of psychological phenomena. In these phenomena:

it being seldom possible to separate the different agencies which collectively compose an organised body, without destroying the very phenomena which it is our object to investigate (p. 300).

Mill believes that sense-experience is the solid foundation of scientific knowledge and notes that all knowledge comes from observation as one only observes particulars. Wade Hands (2001: 17) rightly observes that Mill's methodology "represents a radical version of empiricist foundationalism". In Mill's own *verba*:

All inference is from particulars to particulars: General propositions are merely registers of such inferences already made, and short formulae for making more: The major premise of a syllogism, consequently, is a formula of this description: and the conclusion is not an inference drawn from the formula, but an inference drawn according to the formula: the real logical antecedent, or premise, being the particular facts from which the general proposition was collected by induction (A System of Logic, Book II, c. iii, § 4: 126).

Mill thinks that deductions that are composed in the absence of induction are only *tendencies* and not universal laws. These tendencies are provisional in their epistemological character in as much as:

We can never, therefore, affirm with certainty that a cause which has a particular tendency in one people or in one age will have exactly the same tendency in another (A System of Logic, Book VI, c. ix, § 2: 586).

Therefore, deductive propositions in social sciences "being assertive only of tendencies, are not universally true because the tendencies may be frustrated" (A System of Logic, Book VI, c. v, § 4: 568). Mill believes that the laws of economics

hold only conditionally; they are imperfect and 'gappy', and therefore do not yield categorical predictions but only descriptions of tendencies (Wilson 1983: 135).

This belief is the ontological foundation of Mill's views on the appropriate methodology in social sciences. Initially, and in spite of his admiration of empiricism, Mill points out that pure inductive reasoning (or experimental method) is not workable in social research in as much as mere experience does not lead to fruitful conclusions vis-à-vis of social phenomena (A System of Logic, Book VI, c. vii, § 1: 573). He believes that social phenomena are very complicated and as such cannot be the subject of induction by observation and experiment (p. 574). Mill rejects the



Baconian methods of both direct induction and pure observation since “the causes on which any class of phenomena depend are so imperfectly accessible to our observation, that we cannot ascertain, by a proper induction, their numerical laws” (A System of Logic, Book III, c. xxiv, § 9: 406). Moreover, he believes that the experimental method is not suitable in social sciences due to the impossibility of elaborating *artificial experiments*, which are the rule in sciences as chemistry, botany or biology.<sup>336</sup>

As Whitaker (1975: 1039) rightly observes:

It is a tenet of Mill’s philosophy that direct induction will not yield conclusive results in situations where many conflicting causes are at work, especially in non-experimental situations.

Mill believes that the problem of induction lies in the fact that if the observable facts are not concrete and uninterpretable they cannot be independent and form solid pillars of scientific knowledge (de Marchi 2002: 305). In principle, he is highly critical of pure inductivism. For instance, in his 1836 essay he criticises inductivists as ‘practicals’ “who would endeavour to determine [...] question[s] by a direct induction” (Essays, On the Definition of Political Economy: 142).

In addition, he notes that the extreme ‘Geometrical or Abstract Method’, or Ultra-Deductivism in Hutchison’s (1998) terminology, is similarly disassociated from social phenomena as the Baconian method of induction. According to Mill, the ‘Geometrical Method’ is promoted by those thinkers who

being aware of the impossibility of establishing, by causal observation or direct experimentation, a true theory of sequences so complex as are those of the social phenomena- have recourse to the simpler laws which are immediately operative in those phenomena, and which are no other than the laws of the nature of the human beings therein concerned (A System of Logic, Book VI, c. viii, § 1: 579).

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<sup>336</sup> Mill notes that “Even if we could contrive experiments at leisure, and try them without limit, we should do so under immense disadvantage; both from the impossibility of ascertaining and taking note of all the facts of each case, and because [...] before sufficient time had elapsed to ascertain the result of the experiment, some material circumstances would always have ceased to be the same” (A System of Logic, Book VI, c. vii, § 2: 574-575).

#### 4.4.3 Mill's compromised utilitarianism

For Mill, the representatives of this camp like Jeremy Bentham and his 'interest-philosophy school' believe that the science of society must necessarily be deductive and identify the method of geometry as the ideal type of method in social sciences. Mill, despite his Benthamite upbringing, turned to be highly critical of this tight association. He observes that in geometry "what is proved true is true in all cases, whatever supposition may be made in regard to any other matter" (p. 579). Moreover, as he acutely notes, in geometry there is no conflict of axioms. Evidently, therefore, the contact of social sciences with geometry impels many thinkers to believe that a social phenomenon is the crystallisation of an all-powerful axiom with regard to human nature. For instance, the Benthamite school of Utilitarianism asserted that "men's actions are always determined by their wishes" (*A System of Logic*, Book VI, c. viii, § 3: 580). This universalistic statement is incompatible with Mill's aforementioned theory of the relation between structure and agency. For the author of *Chapters on Socialism* (1879) "human beings are not governed in all their actions by their worldly interests" (p. 580-581). Though Mill accepts the determinate character of self-interest, he divests from his bequeathed Benthamite straightjacket, and notes that human beings are largely influenced by

the habitual sentiments and feelings, the general modes of thinking and acting, which prevail throughout the community of which they are members, as well as by the feelings, habits and modes of thought which characterise the particular class in that community to which they themselves belong (p. 581).

According to Mill, there are human actions in which the "private interest by no means affords sufficient explanation of", and there are circumstances, acting upon human beings, "which cannot, with any propriety, be included in the term self-interest" (p. 582). For him, the motives of human action are multi-varied and in many historical instances are even oppositional. Naturally therefore:

With respect to those parts of human conduct of which wealth is not even the principal object, to these Political Economy does not pretend that its conclusions are applicable (*Essays, On the Definition of Political Economy*: 139).

Mill believes that the ‘Geometrical or Abstract Method’ which was utilised by Bentham and his father James Mill is the inappropriate method for social sciences. This fact differentiates Mill from the ‘Older Utilitarians’ with regard to the proper method of social science (Wilson 1998: 205).

Although Mill accepts the fact that a social science is “a science of direct Deduction” (A System of Logic, Book VI, c. ix, § 1: 58) and political economy in particular is “essentially an *abstract* science, and its method as the method *a priori*” (Essays, On the Definition of Political Economy: 139), he rejects the extreme mode of philosophising “which does not profess to be founded upon experience at all” (p. 143). According to Mill’s own heterodox outlook:

The result which follows from one geometrical principle has nothing that conflicts with the result which follows from another [...] What is once proved true is true in all cases [...] *such is not the true character of social phenomena*. There is not, among these most complex and (for that reason) most modifiable of all phenomena, any one over which innumerable forces do not exercise influence; which does not depend on a conjunction of very many causes (A System of Logic, Book VI, c. viii, § 1: 578, emphasis added).

Zouboulakis (1997: 10) rightly observes that Mill “definitely affirms that the psychological premises of Political Economy are established by Psychology and should be furthermore grounded on statistical or historical evidence”. For Mill inductive (historical) research should be incorporated in the method of social sciences as the *a posteriori* verification of abstract clauses (see Wade Hands 2001). Mill is explicit on this:

I saw that a science is deductive or experimental according as the effects of its causes when conjoined are or are not the sums of the effects of the same causes when separate; which, in the moral and political sciences, they may on the whole be said to be (Autobiography, c. v: 166).

We have to keep in mind that Mill interfered in the methodological debate between Thomas Macaulay and his father James Mill and attempted to propose a third methodological way *in media res* of the two extremes. He criticises both Macaulay for

his ultra-empiricism and James Mill for his extreme deductivism. His comment is illustrative of this two-edged criticism and should be quoted *in verbatim*:

Hence it appeared that both Macaulay and my father were wrong; the one in assimilating the method of philosophising in politics to the purely experimental method of chemistry; while the other, though right in adopting an a priori method, had made a wrong selection of one, having taken not the appropriate method, that of deductive branches of natural philosophy, but the inappropriate method of pure geometry, which not being a science of causation at all, did not require or admit the summation of effects (Autobiography, c. v: 167-168).

#### 4.4.4 ‘Concrete Deductive Method’ and ‘Inverse Deductive Method’

Mill’s *via media* is crystallised in his proposal of the synthetic ‘Concrete Deductive Method’ which resembles Smith’s Newtonian method. According to Mill, the true method in social sciences is the ‘Physical or Concrete Deductive Method’ which proceeds from many, not from one or very few, premises and is tightly associated with historical experience. This method, which is the method of mechanics and astronomy, pre-supposes “a mixed method of induction and ratiocination” (Hollander 1993: 154). Mill notes that social science “is a deductive science; not indeed, after the model of geometry, but after of the more complex physical sciences” (like astronomy) and “It infers the law of each effect from the laws of causation on which that effect depends [...] by considering all the causes which conjunctly influence the effect, and compounding their laws with one another. Its method, in short, is the Concrete Deductive Method” which is employed in Astronomy and in Physiology (A System of Logic, Book VI, c. ix, § 1: 584). The synthetic character of the ‘Concrete Deductive Method’ is illustrated by the fact that it implies a threefold motif of evolvment: a) it is seated on experiential and historical facts; b) it deduces generalizations; and c) it verifies its conclusions by the direct appeal to historical evidence and experience. The third constituent part of the ‘Concrete Deductive Method’, that of Verification, is tightly connected with history since it permits the theorist to recognise the omitted data in his theoretical specification.<sup>337</sup> For Mill, the

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<sup>337</sup> Mill believes that the act of verification is an essential part in the methodology of social sciences. Although he accepts many of Comte’s ontological motifs, he is highly critical of him for not

scientific function of inductive (historical) research is “to verify the laws obtained by deduction” (Auguste Comte and Positivism, Part I: 83-84). He specifies the process of verification as that of “collating the conclusions of the ratiocination either with the concrete phenomena themselves, or, when such are obtainable with the empirical laws” (A System of Logic, Book VI, c. ix, § 1: 585). His comment is highly illustrative of the necessity of inductive research:

The ground of confidence in any concrete deductive method is not the *a priori* reasoning itself, but the accordance between its results and those of observation *a posteriori*. Either of these processes, apart from the other, diminishes in value as the subject increases in complication (p. 585).

What is more, induction has to be used in social sciences

not as a means of discovering truth, but of verifying it, and reducing to the lowest point that uncertainty before alluded to as arising from the complexity of every particular case, and from the difficulty (not to say impossibility) of our being assured *a priori* that we have taken into account all the material circumstances (Essays, On the Definition of Political Economy: 152-153).

Mill believes that the ‘Concrete Deductive Method’ does not lead to the formulation of solid, rigorous and abstract models, but is associated with the typification of tendencies in social and economic phenomena. For him, the process of verification should not be confounded with prediction since “the inability of economic models to serve as predictive instruments is a key feature of Mill’s methodology” (Hollander 1993: 154).

The ‘Concrete Deductive Method’ is connected with a tertiary methodological approach: *observation-induction* to typify regularities, *deduction* to derive theoretical schemas, and *verification* which tests the theoretical framework thus constructed

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developing the appropriate ‘Organon of Proof’: “We are taught the right way of searching for results, but when a result has been reached, how shall we know that it is true? How assure ourselves that the process has been performed correctly, and that our premises, whether consisting of generalities or of particular facts, really prove the conclusion we have grounded on them? On this question M. Comte throws no light. He supplies no test of proof [...] He does not seem to admit the possibility of any general criterion by which to decide whether a given inductive reference is correct or not” (Auguste Comte and Positivism, Part I: 55). According to Lewisohn (1972: 320), “Mill suggests that Comte’s dismissal of the concept of causation may have been the reason why he ignored the conditions of proof and concentrated on methods of inquiry”.

against historical (and observable) facts. Evidently, Mill's synthetic method lies in the middle between Macaulay's empiricism and Senior's deductivism.<sup>338</sup> Although Mill recognises the scientific character of deduction, he developed the heretical elements of his method from his early methodological writings. He notes in his most deductive essay that:

We affirm that the method *a posteriori*, or that of specific experience, is altogether inefficacious in those sciences, as a means of arriving at any considerable body of valuable truth; though it admits of being usefully applied in aid of the method *a priori*, and even forms an indispensable supplement to it (Essays, On the Definition of Political Economy: 146).

Essentially therefore, the 'Concrete Deductive Method' implies a methodological commixture of the *a priori* and the *a posteriori* methods. As Hollander and Peart (1999: 394) argue, though Mill regarded deduction and abstraction as indispensable, he did not deny "the essential role of experience in verifying and possibly generating improvements to the theoretical formulation". Mill believes that with a judicious and roundly conducted mix of abstraction and history, the theorist escapes from the methodological limitations of both axiomatic and empiricist methods. For him, it is only the 'Concrete Deductive Method' which provides such a methodological potentiality. By its methodological symphysis, the axiomatic (theoretical) outlining would "be subject to improvement and development by way of continual verification against facts, the changing facts" (Hollander 1993: 155). Moreover, through Comte's influence, Mill notes in his methodological *oeuvre d'art*, that the 'Concrete Deductive Method' has to be supplemented, in many instances, with the 'Inverse Deductive Method' through which

instead of deducing our conclusions by reasoning, and verifying them by observation, we in some cases begin by obtaining them provisionally from specific experience, and afterwards connect them with the principles of human nature by *a priori* reasonings, which reasonings are thus a real Verification (A System of Logic, Book VI, c. ix, § 1: 585).

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<sup>338</sup> Nassau William Senior (1790-1864), in particular, is characterised by Schumpeter (1954: 459) as the first pure theorist of the period 1820-1870.

This method, Mill observes, is elaborated by Comte who looks “upon the social science as essentially consisting of generalisations from history, verified, not originally suggested, by deduction from the laws of human nature” (p. 585). Evidently therefore, Mill’s proposal for the conjunction between Concrete and Inverse Deductive Method is the *sui generis* element of his method:

[T]here is a kind of sociological inquiries to which, from their prodigious complication, the method of direct deduction is altogether inapplicable, while by a happy compensation it is precisely in these cases that we are able to obtain the best empirical laws: to these inquiries, therefore, the Inverse Method is exclusively adapted. But there are also [...] other cases in which it is impossible to obtain from direct observation anything worthy the name of an empirical law; and it fortunately happens that these are the very cases in which the Direct Method is least affected by the objection, which undoubtedly must always affect it in a certain degree (p. 585).

As Schumpeter (1954: 427) eloquently puts it:

The standard method of economics was what he called the Concrete Deductive Method supplemented by the Inverse Deductive or Historical Method for research into historical changes of the social set-up as a whole.

In conclusion, Mill is partially departing from the *aprioristic* methodological tenets of his early writings and, through Comte’s influence, incorporates inductive research and history as structural elements of his proposed method. *In vivo*, Mill’s method opens the doors to history to become an epistemic dimension of his political economy, which led to the differentiation of his economic epistemology from that of orthodox post-Ricardians. Be that as it may, as Viner (1949: 379) observes, Mill never assigned to induction “the right to an independent role in the ‘science’ of political economy”.

## **4.5 Relativity of economic doctrines: from the epistemology of ‘hierarchy of laws’ to ‘ethical’ individualism**

### **4.5.1 Variable institutionalist framework and historical specificity**

The aforementioned discussion with regard to Mill’s methodology illustrates his firm belief that moral (or social) sciences are ontologically different to natural

sciences. For Mill, their main difference lies in the fact that “the same subject of mediation presented to different minds, will excite in them very unequal degrees of intellectual action” (A System of Logic, Book VI, c. iv, § 4: 560).<sup>339</sup> Moreover, in natural sciences, particular laws, such as the law of gravity, are but the complex result of a plurality of general laws which had already been testified. On the other hand, in social sciences, and in political economy in particular, specific laws are confined to specific circumstances. Mill follows the tradition of Saint-Simon and believes in the historical and spatial relativism of theoretical outlines (Platteau 1985: 8). He observes that it was partly by the writings of Saint-Simonians

that my eyes were opened to the very limited and temporary value of the old political economy, which assumes private property and inheritance as indefeasible facts, and freedom of production and exchange as the *dernier mot* of social improvement (Autobiography, c. v: 174).

Mill’s theory of structure and agency and his ‘Concrete Deductive Method’ illustrate the fact that human actions are animated by historical circumstances, namely by the institutional, hence historically, framework of society. However, institutions are historically variable and specific. Mill notes that:

[A]ll questions of institutions are relative, not absolute, and that different stages of human progress not only *will* have (which must always have been evident), but *ought* to have, different institutions (Autobiography, c. v: 168).

Human actions are only relative to specific historical circumstances. Accordingly, the science of political economy- which interprets those actions- has limited geographical and historical implications. Mill believes that political economists cannot apply their conclusions to other states of society since the historical, social, political, cultural, and even economic elements are not the same. In Mill’s own words:

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<sup>339</sup> Mill develops this view through Comte’s distinction between abstract and concrete sciences. In his review of Comte’s philosophy of science Mill notes that Comte is the first theorist who “distinguishes between abstract and concrete sciences. The abstract sciences have to do with the laws which govern the elementary facts of Nature; laws on which all phenomena actually realised must of course depend, but which would have been equally compatible with many other combinations than those which actually come to pass. The concrete sciences, on the contrary, concern themselves only with the particular combinations of phenomena which are found in existence” (Auguste Comte and Positivism, Part I: 33).



In political economy, *for instance*, empirical laws of human nature are tacitly assumed by English thinkers, which are calculated only for Great Britain and the United States [...] An English political economist, like his countrymen in general, has seldom learned that it is possible that men, in concluding the business of selling their goods over a counter, should care more about their ease or their vanity than about their pecuniary gain. Yet those who know the habits of the Continent of Europe are aware how apparently small a motive often outweighs the desire of money-getting, even in the operations which have money-getting as their direct object (A System of Logic, Book VI, c. ix, § 3: 590).

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makes entire abstraction of every other motive, except those which may be regarded as perpetually antagonising principles to the desire of wealth, namely aversion to labour, and desire of the present enjoyment of costly indulgences (p. 588).

He accepts the fact that the individual motive relevant to Political Economy is “the familiar one that a greater gain is to be preferred to a smaller” (p. 590). However, Mill’s historical specificity is shown by the importance he attaches to the historical element in determining the actions of individuals. For Mill, each human action is a complex phenomenon constituted through the influence of intrinsic human instincts and the impact of specific historical circumstances. In his revision of Bentham’s utilitarian philosophy, Mill offers a laudable piece of historical specificity of an institutionalist kind:

The same laws would not have suited our wild ancestors, accustomed to rude independence, and a people of Asiatics bowed down by military despotism: the slave needs to be trained to govern himself, the savage to submit to the government of others. The same laws will not suit the English, who distrust everything which emanates from general principles, and the French, who distrust whatever does not so emanate. Very different institutions are needed to train to the perfection of their nature, or to constitute into a united nation and social polity, an essentially subjective people like the Germans, and an essentially objective people like those of Northern and Central Italy; the one

not practical enough, the other overmuch; the one wanting individuality, the other fellow-feeling; the one failing for want of exacting enough for itself, the other for want of conceding enough to others (EERS, Bentham: 105).

Additionally, in his more mature phraseology:

Institutions need to be radically different, according to the stage of advancement already reached. The recognition of this truth, though for the most part empirically rather than philosophically, may be regarded as the main point of superiority in the political theories of the present above those of the last age; in which it was customary to claim representative democracy for England or France by arguments which would equally have proved it the only fit form of government for Bedouins or Malays (Considerations, c. ii: 393-394).

Mill believes that like their counterpart ‘old school’ of political theorists:

it has been greatly the custom of English political economists to discuss the laws of distribution of the produce of industry, on a supposition which is scarcely realised anywhere out of England and Scotland [...] *The conclusions of the science, being all adapted to a society thus constituted, require to be revised whenever they are applied to any other* (A System of Logic, Book VI, c. ix, § 3: 589, emphasis added).

Evidently therefore, the traditions, habits, thoughts and mores of a society or ‘the character of people in one age’ in Millian terms, are of crucial importance in determining the actions of its people and their form of governance. According to Mill, in manifold historical situations the behavioural axiom of wealth-maximisation is historically violated and it is in these situations that the science of *Ethology*, even infant, really matters. For Mill the motifs of wealth maximisation and competition are appropriate to the analysis of Great Britain and United States but are unsuitable for the analysis of Continental Europe (Hollander and Peart 1998: 381). *Mutatis mutandis*, when historical conditions are transformed “economists need to modify their conclusions by means of verification, to take account of ‘circumstances almost peculiar to the particular case or era’” (Zouboulakis 2001: 33).

Mill believes that the study of social phenomena, based on the epistemic pillars of Ricardian political economy, is historically, institutionally, and socially specific and as such is restricted to the industrial societies of the mid-nineteenth century Britain (Hollander 1993: 156; Zouboulakis 2002: 8). For Mill:

No one who attempts to lay down propositions for the guidance of mankind, however perfect his scientific acquirements, can dispense with a practical knowledge of the actual modes in which the affairs of the world are carried on, and an extensive personal experience of the actual ideas, feelings, and intellectual and moral tendencies of his own country and of his own age (Essays, On the Definition of Political Economy: 155).

It follows that:

The deductive science of society will not lay down a theorem, asserting in a universal manner the effect of any cause; but will rather teach us how to frame the proper theorem for the circumstances of any given case. It will not give the laws of society in general, but the means of determining the phenomena of any given society from the particular elements or data of that society (A System of Logic, Book VI, c. ix, § 2: 586).

Furthermore, and contrary to any kind of *economics imperialism*, Mill is ready to accept, already by 1836, that:

Oversights are committed by very good reasoners, and even by a still rarer class, that of good observers. It is a kind of error to which those are peculiarly liable whose views are the largest and most philosophical: for exactly in that ratio are their minds more accustomed to dwell upon those laws, qualities, and tendencies, which are common to large classes of cases, and which belong to all place and all time; while it often happens that circumstances almost peculiar to the particular case or era have a greater share in governing that one case (Essays, On the Definition of Political Economy: 154-155).

The term 'particular case' despite its seemingly scanty content, is epistemologically animated and is connected with the variant historical circumstances in which each individual is susceptible. For Mill:

That the previous mental history of the individuals must have some share in producing or in modifying the whole of their mental character is an inevitable consequence of the laws of mind (A System of Logic, Book VI, c. iv, § 4: 560).

#### 4.5.2 State of society

Mill was well aware of the importance of the social context in regards to individual action. As Zouboulakis (2014: 17) observes, “individual actors, such as consumers and producers, do not act in conditions of a social vacuum but inside a pre-existing and anticipated ‘particular state of society’”. Mill’s main epistemological aim is represented by his attempt to typify the role of ‘circumstances’ in influencing human agency. The *clavis aurea* of this undertaking is the notion of ‘The State of Society’ or ‘The State of Civilisation’ as he names it.<sup>340</sup> He defines the latter as:

the simultaneous state of all the greater social facts or phenomena. Such are: the degree of knowledge, and of intellectual and moral culture, existing in the community, and in every class of it; the state of industry, of wealth and its distribution; the habitual occupations of the community; the division into classes; and the relations of those classes to one another; the common beliefs which they entertain on all the subjects most important to mankind, and the degree of assurance with which those beliefs are held; their tastes, and the character and degree of their aesthetic development; their form of government, and the more important of their laws and customs. The condition of all these things [...] constitute the state of society, or the state of civilisation, at any given time (A System of Logic, Book VI, c. x, § 2: 595).

According to Mill, ‘The State of Society’ affects the *body politick* of a given society since it involves “conditions not of one or a few functions, but of the whole organism” (p. 595). Mill believes that the qualities of individuals vary and are not the same in one age as in others. For instance, in his compendious review of the ‘State of Society in America’ he notes that:

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<sup>340</sup> Initially, Mill called it the ‘State of a Nation’. He used this notion in his review of Carlyle’s *French Revolution* (EFHH, Carlyle’s French Revolution: 143).

[T]here are in the present age four great nations, England, France, Germany, and the United States. Each of these possesses, either in its social condition, in its national character, or in both, some points of indisputable and pre-eminent superiority over all the others. Each again has some deep-seated and grievous defects from which the others are comparatively exempt (EPS, *State of Society in America*: 94).

Essentially therefore, in Mill's hands, the 'State of Society' gained a prominent epistemological status and is epistemically associated with the motif of 'historical specificity'. The 'historically specific' character of his analysis impelled Mill to oppose certain political economists who identified political economy with:

a set of catch-words, which they mistake for principles - free trade, freedom of contract, competition, 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* (EES, vol ii, Leslie on the Land Question: 671, emphasis added).<sup>341</sup>

Mill illustrates the importance of historical, social, political and cultural factors in the determining economic behaviour. For him:

Every individual is surrounded by circumstances different from those of every other individual; every nation or generation from every other nation or generation; and none of these differences are without their influence in forming a different type of character. There is, indeed, also a certain general resemblance; but peculiarities of circumstances are continually constituting exceptions even to the propositions which are true in the great majority of cases (*A System of Logic*, Book VI, c. v, § 2: 564).

Moreover these circumstances are dynamically modified and are "never the same, or even nearly the same, in two different societies, or in two different periods of the same society" (*A System of Logic*, Book VI, c. ix, § 2: 586).

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<sup>341</sup> *Exempli gratia*, Mill subjects Robert Lowe's abstract arguments to fierce criticism. Robert Lowe was one of the most severe critics of Mill's proposals of Irish Land Reform. Lowe, contrary to Mill, took "the landlord's part on rigidly orthodox grounds, expounded with the lucid aggression characteristic of him" (Steele 1970b: 445).

In addition, he observes that “in each successive age the principal phenomena of society are different from what they were in the age preceding, and still more different from any previous age” (A System of Logic, Book VI, c. x, § 3: 596). Essentially therefore, despite his adherence to an *aprioristic* epistemology, Mill promotes a political economy seated on empirical and historical grounds which reflects “a confirmed hostility to any representation of the wealth-maximization assumption as of ‘universal’ relevance” (Hollander 1993: 155). He rejects the idea of a *general theory* since no theory could cover and interpret the full spectrum of human motivation and considers any such effort as “both unnecessary and hopelessly indeterminate” (Persky 1995: 223). Mill believes that scientific ideas are dynamic and subject into a continual process of transformation. He observes, in a truly Kuhnian fashion, that in periods of transition, or in critical periods in Comtean terminology, “old notions and feelings have been unsettled and no new doctrines have yet succeeded to their ascendancy” (Autobiography, c. vii: 259).<sup>342</sup> According to Mill, in these historical instances, old doctrines are strongly criticised while new ones are not sufficiently formed. More specifically:

In all other conditions of mankind, the uninstructed have faith in the instructed. In the age of transition, the divisions among the instructed nullify their authority, and the uninstructed lose faith in them. The multitude is without a guide; and society is exposed to all the errors and dangers which are to be expected when persons who have never studied any branch of knowledge comprehensively and as a whole attempt to judge for themselves upon particular parts of it (NW, The Spirit of the Age II: 238).

On the other hand, in ‘organic periods’:

there exists a large body of received doctrine, covering nearly the whole field of the moral relations of man, and which no one thinks of questioning, backed as it is by the authority of all, or nearly all, persons, supposed to possess

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<sup>342</sup> Mill accepts Comte’s methodological distinction between organic and critical periods. More specifically in an ‘organic period’ “mankind accepts with firm conviction some positive creed, claiming jurisdiction over all their actions, and containing more or less of truth and adaptations to the needs of humanity” (Autobiography, c. v: 170). In a critical period, on the other hand, the old views are criticised and partially rejected, without being displaced by new ones. The ‘critical periods’ are, as Carlyle notes, ‘ages of unbelief’, or ‘ages without strong men’ (Hood 1875: 293).

knowledge enough to qualify them for giving an opinion on the subject (p. 244-245).

Evidently therefore, it is in those historical circumstances which are termed as ‘critical periods’ that

people of any mental activity, having given up many of their beliefs, and not feeling quite sure that those they still retain can stand unmodified, listen eagerly to new opinions. But this state of things is necessarily transitory: some particular body of doctrine in time rallies the majority round it, organises social institutions and modes of action conformably to itself, education impresses this new creed upon the new generations without the mental processes that have led to it, and by degrees it acquires the very same power of compression, so long exercised by the creeds of which it has taken the place (Autobiography, c. vii: 259-266).

*Paucis verbis*, with regard to the Millian political philosophy there are three kinds of authorities that are intruding in the governance of people: “eminent wisdom and virtue, real or supposed; the power of addressing mankind in the name of religion; and, finally, worldly power” (NW, *The Spirit of the Age* IV: 290). In ‘organic periods’ “the holders of power are chosen by people (or by the most highly civilised portion of the people) for their supposed fitness, that we should most expect to find the three authorities acting together, and giving their sanction to the same doctrines” (p. 291). Naturally, therefore, “in the natural state of things, the old would, as a matter of course, be further advanced than the young, simply because they have been longer on the road” (p. 294). *Vice-versa*, in ‘critical periods’ “there are no persons to whom the mass of the uninstructed habitually defer, and in whom they trust for finding the right, and for pointing it out” (NW, *The Spirit of the Age* V, Part I: 304). In a ‘critical period’, thoughts “which had overmatched and borne down the strongest obstacles to improvement, became itself incompatible with improvement” (p. 306).

Methodologically speaking, the organic-critical distinction, which is first elaborated by Saint-Simonians, illustrates the view that a critical period is associated with disorder, disruption of social relations and an open contestation of accepted thoughts and ideas. A critical period is followed by the acceptance of new thoughts and ideas and as such is transformed into a new ‘organic period’ with its own

dominant mode of thought and its own specific civilisation. An ‘organic period’ is unified, organised, and stable (Lukes 1971: 47).

Evidently therefore, the critical-organic distinction determines Mill’s views on scientific reasoning and influences the epistemological outlook of his analysis. More specifically, it impels him to reject the dominant opinion among political economists that political economy produces well-rounded predictions. He notes that a Social Science “considered as a system of deductions *a priori*, cannot be a science of positive predictions, but only of tendencies” (A System of Logic, Book VI, c. ix, § 1: 585). For Mill, the historical time, which is designated by the transitions from organic to critical periods - and *vice-versa* - precludes the possibilities of valid prefigurations. Let us cite Mill’s aphorism *verbatim*:

We may be able to conclude, from the laws of human nature applied to the circumstances of a given state of society, that a particular cause will operate in a certain number unless counteracted; but we can never be assured to what extent or amount it will so operate, or affirm with certainty that it will not be counteracted; because we can seldom know, even approximately, all the agencies which may coexist with it, and still less calculate the collective result of so many combined elements (p. 585)

Mill believes that scientific laws in social sciences, even well rounded and complete, would not “enable us to predict the history of society” (A System of Logic, Book VI, c. vi, § 2: 572). Mill expressed an unripe version of this view already in his 1836 essay, in which he notes that the synthetic method in social sciences “can be performed only with a certain approximation to correctness”, and “mankind can never predict with absolute certainty, but only with a less[er] or greater degree of probability” (Essays, On the Definition of Political Economy: 159). His heretical view is crystallised with astonishing clarity in the following quote:

We can never, therefore, affirm with certainty that a cause which has a particular tendency in one people or in one age will have exactly the same tendency in another, without referring back to our premises, and performing over again for the second age or nation that analysis of the whole of its influencing circumstances which we had already performed for the first (A System of Logic, Book VI, c. ix, § 2: 586).



Marwah (2011: 362) rightly observes that Mill sensed the complexity of historical circumstances and as such had developed the view that this complexity “inhibits us from foreseeing, to any accurate degree, the course of historical development”. Mill’s ‘sociological history’ stresses the fact that the political economist has “to sift and scrutinize the details of every specific experiment (Essays, On the Definition of Political Economy: 155). Otherwise:

[H]e may be an excellent professor of abstract science; for a person may be of great use who points out correctly what effects will follow from certain combinations of possible circumstances, in whatever tract of the extensive region of hypothetical cases those combinations may be found (p. 155)

Inevitably, such a non-scrutiny has been the epistemic origination of a decisive methodological error in political economy. Namely: “to draw conclusions from the elements of one state of society, and apply them to other states in which many of the elements are not the same” (A System of Logic, Book VI, c. ix, § 3: 589). It was this error which have impelled many political economists to

attempt to construct a permanent fabric out of transitory materials; that 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 (p. 590)

However, when the maxims of generalisations

collected from Englishmen, come to be applied to Frenchmen, or when those collected from the present day are applied to past or future generations, they are apt to be very much at fault (A System of Logic, Book VI, c. v, § 2: 564)

Essentially therefore:

If a political economist is deficient in general knowledge, he will exaggerate the importance and universality, of the limited class of truths which he knows [...] mistaking temporary or local phases of human character for human nature itself; having no faith in the wonderful pliability of the human mind; deeming

it impossible, in spite of the strongest evidence, that the earth can produce human beings of a different type from that which is familiar to them in their own age, or even, perhaps, in their own country. The only security against this narrowness is a liberal mental cultivation, and all it proves is that a person is not likely to be a good political economist who is nothing else (Auguste Comte and Positivism, Part I: 82)

For instance, Mill notes that one of the most decisive errors of British governance in India “arose from the inability of ordinary minds to imagine a state of social relations fundamentally different from those which they are practically familiar” (Principles, Book II, c. ix, § 4: 325). According to Mill, such an attitude – of turning economic principles of relative value into outlines of universal validity – is truly classical in its instigation and is fatal for any progress in the science of political economy. Mill, contrary to his classical breeding, has broken up his ties with this epistemic tradition and has proposed the epistemic motif of the *relativity of economic doctrines*.

#### **4.5.3 Relativity of human knowledge**

Ontologically speaking, Mill accepts the premise of the ‘Relativity of Human Knowledge’ as opposed to the German and French transcendalist philosophies. In his extended review of Hamilton’s *Discussions on Philosophy and Literature, Education and University Reform* (1853) he notes that:

But the ‘relativity of human knowledge’ [...] in one of its senses, it stands for a proposition respecting the nature and limits of our knowledge, in my judgement true, fundamental, and full of important consequences in philosophy (Sir William Hamilton, c. ii: 4)

According to Mill’s autobiographical sketch, the acceptance of this ontological motif originates from his youthful trip to France. He points out that his year-long residence in France kept him

free from the error always prevalent in England, and from which even my father with all his superiority to prejudice was not exempt, of judging universal questions by a merely English standard (Autobiography, c. ii: 63).<sup>343</sup>

Moreover, Mill's acceptance of the 'Relativity of Human Knowledge' was amplified through Bain's correspondence, who in his *The Senses and the Intellect* (1855) habitually uses the phrase 'relativity of knowledge'. In Bain's own words:

But, in reality, the principle of Relativity applies to everything that we are capable of knowing. Whatever we can conceive implies some other thing or things also conceivable, the contrast, co-relative, or negative of that. Red means the exclusion of all other colours. If we had never been affected by any colour except red, colour would never have been recognised by us [Bain (1855) 1868: 9].

Mill anatomises the motif of the 'Relativity of Human Knowledge' by noting that:

Perception of Things as they are in themselves is not entirely denied to us, but is so mixed and confounded with impressions derived from their action to us, as to give a relative character to the whole aggregate. Our absolute knowledge may be vitiated and disguised by the presence of a relative element (Sir William Hamilton, c. ii: 12).

Mill's epistemological outline of *the relativity of economic doctrines* is ontologically seated on the motif of the 'Relativity of Human Knowledge'. According to Mill's philosophy of science:

We have no knowledge of anything but Phenomena; and our knowledge of phenomena is *relative, not absolute* [...] Their essential nature, and their ultimate causes, either efficient or final, are unknown and inscrutable to us (Auguste Comte and Positivism, Part I: 6, emphasis added).

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<sup>343</sup> According to Mill, his year-long residence in France (1820) and his association with James Bentham's brother, General Samuel Bentham, was one of the most fortunate circumstances of his educational process (Autobiography, c. ii: 56). Essentially his trip in France provided Mill the opportunity to have much first-hand knowledge of botany which he regarded as a highly inductive discipline. His subsequent approval of induction seems to be connected with his early association with botanic studies.

The epistemological transmutation of the ontological ‘Relativity of Human Knowledge’ into the epistemological motif of the *relativity of economic doctrines* is crystallised in his view that

the deductive science of society will not lay down a theorem, asserting in an universal manner the effect of any cause; but will rather teach us how to frame the proper theorem for the circumstances of any given case (A System of Logic, Book VI, c. ix, § 2: 586).

Evidently therefore, according to Mill’s political economy, the conclusions of any social science – political economy included – being all adapted to a particular society, have to be revised whenever they are applied to any other societal formation, since “a wide range of economic behaviors could be observed across industries, nations and epochs” (Persky 1995: 224). For Mill, the abstract theorems of political economy are only valid in rough. In his own *verba*:

The conclusions of Political Economy [...] are only true, as the common phrase is, *in the abstract*; that is, they are only true under certain suppositions, in which none but general causes - causes common to the *whole class* of cases under consideration - are taken into the account [...] They would be true without qualification, only in a case which is purely imaginary. That which is true in the abstract, is always true in the concrete with proper *allowances* (Essays, On the Definition of Political Economy: 144-145).<sup>344</sup>

History then, as factual data, is decisive in the determinatation of political economy’s abstract outlines. Its laws are proximate generalisations, and as such have a historically specific character. Mill is explicit on this:

The order of human progress, therefore, may to a certain extent have definite laws assigned to it; while as to its celerity, or even as to its taking place at all, no generalisation, extending to the human species generally, can possibly be made, but only some very precarious approximate generalisations, confined to the small portion of mankind in whom there has been anything like

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<sup>344</sup> Such a view is almost Spencerian in its origination. Mill accepts Spencer’s view that a science is abstract when “its truths are merely ideal; when, like the truths of geometry, they are not exactly true of real things - or, like the so called law of inertia (the persistence in direction and velocity of a motion once impressed) are ‘involved’ in experience but never actually seen in it, being always more or less completely frustrated” (Auguste Comte and Positivism, Part I: 35).

consecutive progress within the historical period, and deduced from their special position, or collected from their particular history (A System of Logic, Book VI, c. xi, § 3: 612).

Mill's analysis is historically sensitive since he is aware of the fact that economic laws are of limited value due to their culturally bounded character (Zouboulakis 1997: 13). His comment, in his critical review of Comtean philosophy of science, reveals the 'positivist' germs of his political economy. He argues that economic generalisations, though possible and useful for the theorist "must necessarily be relative to a given form of civilisation and a given stage of social advancement" (Auguste Comte and Positivism, Part I: 87).

#### **4.5.4 Disturbing causes**

Mill believes that the abstract laws of political economy are valid only in the absence of disturbing causes (Zouboulakis 2014: 21). The notion of the *disturbing (economic and non-economic) causes* - which first appears in his 1836 essay *On the Definition of Political Economy* - illustrates the process through which historical circumstances affect the validity of political economy's principles. According to Mill's analysis, the *disturbing causes* are either economic or non-economic. For instance he believes that the motive of the 'pursuit of wealth' is frequently violated - and even eliminated - by two economic motives, namely the 'aversion to labour' and the 'desire of the present enjoyments of costly indulgences'. For Mill, these counter motives should be taken into account by the theorist inasmuch as:

these do not merely, like other desires, occasionally conflict with the pursuit of wealth, but accompany it always as a drag, or impediment, and are therefore inseparably mixed up in the consideration of it (Essays, On the Definition of Political Economy: 153).

On the other hand, the effect of *non-economic disturbing causes* is tightly associated with the element of uncertainty inherent in economic phenomena. Their impact is so intense that "the mere political economist, he who has studied no science but Political Economy, if he attempts to apply his science to practice, will fail" (Essay, On the Definition of Political Economy: 151). Substantially therefore, "the abstract laws of Political Economy are true only in the absence of significant disturbing causes"

(Zouboulakis 2002: 9). The persistence of *disturbing causes* is unavoidable since multiplicity and complexity are inborn elements of human history. Mill's comment is illustrative of the inevitable existence of *non-economic disturbing causes*:

the phenomena of society do not depend, in essentials, on some one agency or law of human nature, with only inconsiderable modifications from others. The whole of the qualities of human nature influence those phenomena, and there is not one, the removal or any great alteration which would not materially affect the whole aspect of society, and change more or less the sequences of social phenomena generally (A System of Logic, Book VI, c. viii, § 3: 583).

Mill did not elaborate a well-rounded theoretical outline to specify how the effect of a disturbing cause should be incorporated in economic analysis. He does, however, show that the historical context determines the course of casual analysis. The epistemological notion of the *disturbing causes* - which is highly Whewhellian in its origins<sup>345</sup> - is a heretical element of Mill's political economy and underpins the highly heterodox motif of the *relativity of economic doctrines*.

The ontological motif of the 'Relativity of Human Knowledge' is epistemically associated with the rejection of any pretension of *political economy imperialism*. More specifically, the notion of *non-economic disturbing causes* implies that a variety of human motives involving aspects best covered by other disciplines and must therefore be known to the political economist. Mill's heterodox view is crystallised in his famous aphorism that 'a person is not likely to be a good economist who is nothing else'. For him, a person "who knew nothing but political economy [...] knew that ill" since s/he ignores a variety of extra-economic factors which casually influence men's behaviour (Autobiography, c. vii: 242). Mill, in truly Comtean fashion, believes that political economy is only a separate and not an independent branch of social science (Zouboulakis 1997: 11). His aim is "the construction of a unified social science incorporating a wide range of behavioural patterns and extending far beyond the investigation of wealth [which] was the

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<sup>345</sup> Mill seems to adopt the notion of 'disturbing causes' from his methodological opponent William Whewell. Whewell in his critical account of Ricardo's political economy notes that "For my part, I do not conceive that we are at all justified in asserting the principles which form the bases of Mr. Ricardo's system, either to be steady and universal in their operation, or to be of such paramount and predominant influence, that other principles, which oppose and control them, may be neglected in comparison" (cited in Hollander 1983: 144).

ultimate ideal” (Hollander 1993: 154). Mill’s interdisciplinary thought is condensed in his ‘hierarchy laws’ motif.

#### 4.5.5 Hierarchy of laws

Zouboulakis (2014: 14) notes that Mill conceives a hierarchical structure of three levels “in such a way that higher-level laws are the result of the combination of lower-level laws”. The methodological motif of the ‘hierarchy laws’, as is masterly elaborated in his *A System of Logic*, is *in se* a crystallisation of the Comtean influence and is associated with the *relativity of economic doctrines* notion. In Book IV of his methodological essay, Mill notes that there are three distinct levels of methodological analysis through which the examination of social phenomena proceeds. In the first level we find the ‘empirical laws of mind’ which are closely related to the science of *Psychology* and are the result of accurate ‘observation and experience’.<sup>346</sup> Mill’s views on psychological studies are rooted in the associationist psychological theories of David Hartley and are connected with his twofold *terminus ad quem*: first to spear the abstract philosophy of Intuition (Franz 2002); and, second, to show “that all human beliefs come ‘from experience’” (Randall 1965: 62).<sup>347</sup> According to Jones (1992: 296), Mill “saw an urgent need to combat intuitionism”. In Mill’s own terminology:

The notion that truths external to the mind may be known by intuition or consciousness, independently of observation and experience, is [...] the great intellectual support of false doctrines and bad institutions. By the aid of this theory, every inveterate belief and every intense feeling, of which the origin is not remembered, is enabled to dispense with the obligation of justifying itself by reason, and is erected into its own all-sufficient voucher and justification.

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<sup>346</sup> It must be noted that Mill criticises Comte for not giving to Psychology its prominent place in his Classification of sciences and for speaking of it with contempt (Auguste Comte and Positivism, Part I: 63). For Comte the “study of mental phenomena, or, as he expresses it, of moral and intellectual functions, has a place in this scheme, under the head of Biology, but only as a branch of physiology” (p. 63). Lewisohn (1972: 319) notes that Comte’s “ignorance of the principles of association psychology prevented him from being in a position to judge the question”.

<sup>347</sup> According to the philosophy of Intuitionism: “Man has knowledge which is independent of observation and sense experience” (Frantz 2002: 126). Mill attacked this view by noting that intuitionism is “one of the chief hindrances to the rational treatment of great social questions, an upholder of conservative doctrines, and one of the greatest stumbling blocks to human improvement” (Nicholson 1998: 465). For Mill “All propositions rest on the evidence of experience: there are no *a priori* truths, no self-evident axioms” (Randall 1965: 71) and he believes that “the intuitionism and the (so-called) intuitive faculty fail empirical and objectivity tests” (Frantz 2002: 128).

There never was such an instrument devised for consecrating all deep seated prejudices (Autobiography, c. vii: 233).

The more complex laws are derivative from simpler laws while the latter are the direct result of induction. In Mill's own words:

The more complex laws of human action, for example, may be deduced from the simpler ones; but the simple or elementary laws will always, and necessarily, have been obtained by a directly inductive process (A System of Logic, Book III, c. xi, § 1: 299).

However, these empirical and simple laws, due to their one-dimensional character are of a very limited validity. Essentially therefore, the laws of Psychology are empirical generalisations, and as such, the classic motif that every person seeks after his own interest for 'bettering his own conditions' is an avowed generalisation which has to be taken with a grain of salt (or more).<sup>348</sup> However, Mill is ready to admit that every person belongs to a given historical and geographical context which is influential both to his volitions and his subsequent actions. This context determines the 'general character of an age' and is extended well beyond the limited spectrum of individualistic psychological laws.

Naturally, at the second level of analysis stand 'the general laws of human character' which are related to the science of *Ethology* and are deduced from the empirically defined laws of Psychology (A System of Logic, Book VI, c. ix, § 4: 590). The laws of *Ethology* are "*axiomata media* derived from the general laws of mind" (Zouboulakis 2002: 6). According to Mill, 'the laws of mind' themselves, do not interpret the full spectrum of human actions, as some extreme individualists assert, since the specific ways through which the particular character of each age is formed is decisive for human activity (Bouton 1965: 70). Mill believes that these ways have to be exemplified by the science of *Ethology*. He observes that although *Ethology* is in its scientific infancy, it is decisive for the explication of social phenomena as long as

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<sup>348</sup> For Zouboulakis (2005: 56) "Mill's principle of economic behaviour, i.e. that every person desires to get as much wealth as possible 'with the smallest quantity of labour and physical self denial', was supposed to be the result of a 'long and accurate observation', an empirical generalisation established by the experimental science of Psychology".



it is connected with the explanation of historical circumstances which are determinant for the formation of specific characters:<sup>349</sup>

The causes of national character are scarcely at all understood, and the effect of institutions or social arrangements upon the character of the people is generally that portion which is least attended to and least comprehended (p. 590)<sup>350</sup>

Mill's argument - with regards to *Ethology* - is clearly of importance in the formulation of theoretical principles:

The more highly the science of Ethology is cultivated, and the better the diversities of individual and national character are understood, the smaller, probably will the number of propositions become, which it will be considered safe to build on as universal principles of human nature (A System of Logic, Book VI, c. ix, § 4: 591).

Mill's 'hierarchy laws' motif is associated with his aforementioned theory of structure and agency. More specifically, psychological laws are connected with the way people's actions impact upon circumstances, while the ethological laws are related to the influence of circumstances upon men's character and agency (A System of Logic, Book VI, c. x, § 3: 597). These circumstances are categorised under racial, climatic, educational and legal leanings (Grollios 2014: 195).<sup>351</sup>

The third level of analysis is associated with the laws of Social Sciences which are founded upon 'the empirical laws of mind' and 'the general laws of human character'. Naturally, as *Ethology* is epistemically grounded on *Psychology*, it provides "the immediate foundation of Social Science" (A System of Logic, Book VI, c. ix, § 5: 592). According to Mill's philosophy of science, ethological laws are of prime importance for the understanding of the *general character of people*. Evidently,

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<sup>349</sup> Mill believes that *Ethology* was in its metaphysical state of scientific development while *Psychology* in its positivistic due to its attainment of the 'laws of association'.

<sup>350</sup> Mill's views on the science of *Ethology* were rooted in his acquaintance with the writings of the Romanticists and the Coleridgians who opposed the extreme individualism of the old version of utilitarianism. According to Schumpeter (1954: 398), we can glean out in Romantic anthology concepts like National Soul (*Volksseele*), National Character, National Fate etc.

<sup>351</sup> Mill, despite his intentions, never elaborated his proposed science of *Ethology*. According to Leary (1982: 155-156) "the development of a science of character demanded a more systematic, more biological, more emotionally oriented, and more empirical psychology".

the *general character of people* as a dynamic analytical entity varies with historical circumstances. For instance, a political economist who is not well acquainted with ethological laws

has seldom learned that it is possible that men, in conducting the business of selling their goods over a counter, should care more about their ease or their vanity than about their pecuniary gain (A System of Logic, Book VI, c. ix, § 4: 591).

On the other hand, those political economists who are familiarised with the specificity of historical circumstances and are acquainted with

the habits of the Continent of Europe are aware how apparently small a motive often outweighs the desire of money-getting, even in the operations which have money-getting for their direct object (p. 591).

It becomes apparent that a *Social Science* is associated with the interpretation of the dialectical relation between men and their circumstances. For Mill the social scientist has to delineate the deeper enunciations of their dynamic interrelation. However, the infant character of *Ethology* limits the analytical depth of any *Social Science* and constrains its epistemological ability to formulate accurate predictions.<sup>352</sup>

#### 4.5.6 Against universalism

Mill's philosophy of science is animated by Comte's classification of sciences and as such is moving against any version of political economy's *universalism*. Gillig (2016: 378) notes that Mill elaborates his own "criticism of political economy's pretensions to universality". More specifically, the influence of Comte is reflected in Mill's view that "the more special and complete sciences require not only the truths of the simpler and more general ones, but still more their methods" (Auguste Comte and Positivism, Part I: 40).<sup>353</sup> Mill's motif of hierarchy laws is a methodological consequence of his notion of the *relativity of economic doctrines*. Naturally, it is

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<sup>352</sup> The science of *Ethology* is connected with empirical laws which are deeply affected by historical circumstances. According to Marwah (2011: 361) "Ethology - both individual and political - is, and can only ever be, an *empirical* science, accounting for tendencies always subject to the influence of circumstances and the particular vicissitudes of our individual and collective trajectories".

<sup>353</sup> Mill observes that "the earlier sciences derive help from the later is undoubtedly true; it is part of M. Comte theory, and amply exemplified in the details of his work" (Auguste Comte and Positivism, Part I: 42).

Comtean in its animation since it avows that each science, in order to establish its own truths, has to be based on those sciences anterior to its emergence. Essentially therefore, the more complex disciplines depend on the less complex ones, as in Comte's view physics depend on astronomy and physiology on chemistry. In Mill's own phraseology:

This point of progress, at which the study passes from the parliamentary state of mere preparation, into a science, cannot be reached by the more complex studies until it has been attained by the simpler ones (p. 44).

Mill's Comtean philosophy of science is crystallised in the following comment which is worth citing *verbatim*:

A certain regularity of recurrence in the celestial appearances was ascertained empirically before much progress had been made in geometry; but astronomy could no more be a science until geometry was a highly advanced one [...] The truths of the simpler sciences are a part of the laws to which the phenomena of the more complex sciences conform: and are not only a necessary element in their explanation, but must be so well understood as to be traceable through complex combinations, before the special laws which co-exist and co-operate with them can be brought to light (p. 44).

As becomes apparent, the *Social Science* needs the scientific truths (and methods) of both Psychology and Ethology to develop its own principles. As Lewisohn (1972: 322) observes: "Each of the abstract sciences makes use of the results of the sciences preceding it in the hierarchy, as well as their methods, and adds elements peculiar to its own field of inquiry". This view is ontologically based on the fact that social phenomena are but the complicated result of psychological and ethological fermentations. In Mill's own words:

The actions and feelings of human beings in the social state, are no doubt, entirely governed by psychological and ethological laws; whatever influence any cause exercises upon the social phenomena, it exercises through those laws (A System of Logic, Book VI, c. ix, § 1: 584).

Accordingly, in ontological terms, a social phenomenon is the highly intricate result of the dialectical interaction between man and his social and historically determined environment:

men's actions are the joint result of the general laws and circumstances of human nature, and of their own particular characters, those characters again being the consequence of the natural and artificial circumstances that constituted their education, among which circumstances must be reckoned their own conscious efforts (A System of Logic, Book VI, c. xi, § 1: 608).

This interaction is open to a variety of outcomes and as such its scientific apprehension is solely true in the rough. Naturally therefore, the deductions of political economy are strictly true *in abstracto* and are *in actu* relative to historical conditions. This epistemic view is interdisciplinary in character and underlines the necessity of the close collaboration of political economy with other social sciences (Zouboulakis 2001: 32).

Although Mill proposes the separation of political economy from other social sciences in his 1836 essay, he is more cautious in his subsequent writings and supports the view that political economy is not an autonomous discipline. He notes, under Comte's influence, that political economy is

*but as a fragment of a greater whole; a branch of Social Philosophy, so interlinked with all the other branches, that its conclusions, even in its own peculiar province, that of Wealth, are only true conditionally, subject to interference and counteraction from causes not directly within its domain: while to the character of a practical guide it has no pretension, apart from other classes of considerations (Autobiography, c. vii: 242, emphasis added).*

Mill's interdisciplinary approach is crystallised in the subtitle of his *magnum opus*. As Zouboulakis (1997: 22) rightly argues, Mill's economic analysis

by underlying the partial and approximate character of economic theory, made clear that its conclusions were to be modified by those of other social disciplines, providing thus how artificial is the parceling of phenomena between social sciences.

Mill's methodological distinction of 'hierarchy of laws' and the epistemological motif of *the relativity of economic doctrines* are tightly associated with his ulterior ontological views. As it has already been noted, Mill promotes a dynamic relation between structure (through his 'State of Society') and human agency.<sup>354</sup> He believes that the end result of the interaction between the structural (institutional, legal, social, economic, political and cultural) environment and human actions cannot be a predefined outcome.

Essentially, the historical element is an intrinsic fact of this ontological interaction since the *character of people* of a particular generation is partially determined by the consequences (intentional or unintentional) of their predecessors. Mill, by anticipating Marx's famous dictum according to which 'The tradition of all dead generations weighs like a nightmare on the brains of the living', illustrates the process of *structuration*, in Giddens' terminology, according to which the consequences of human action in a precedent societal organisation are crystallised as norms, mores, or even institutions in the subsequent 'States of Society'.<sup>355</sup> According to Mill's philosophy of science men's character is the historical result of the whole previous history of humanity. It becomes apparent then that each age contains the seeds of the subsequent stage of economic development. For Mill:

Every age contains in itself the germ of all future ages as surely as the acorn contains the future forest, a knowledge of our own age is the fountain of prophecy - the only key to the history of posterity. It is only in the present that we can know the future; it is only through the present that it is in our power to influence that which is to come (NW, *The Spirit of the Age* I: 229).

However, each age is characterised by its own individuality and its self-existence in the historical arrow of time. In Mill's own phraseology:

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<sup>354</sup> Mill's ontological views are illustrated in his appraisal of Guizot, the historian. He notes that Guizot "neither attributes everything to political institutions, nor everything to the ideas and convictions in men's minds; but shows how they co-operate, and react upon one another" (EFHH, Michelet's *History of France*: 229).

<sup>355</sup> *Ipsa facto*, Mill's view has Comtean origin. He observes that for Comte "as society proceeds in its development, its phenomena are determined, more and more, not by the simple tendencies of universal human nature, but by the accumulated influence of past generations over the present. The human beings themselves, on the laws of whose nature the facts of history depend, are not abstract or universal but historical human beings, already shaped, and made what they are, by human society" (Auguste Comte and Positivism, Part I: 84).

Before men begin to think much and long on the peculiarities of their own times, they must have begun to think that those times are, or are destined to be, distinguished in a very remarkable manner from the times which preceded them (p. 228).

Evidently therefore, each stage of history is determined by all those that had preceded it but is characterised by a distinct individuality which differentiates it from the past as well as from the future ages (Bouton 1965: 570).

Additionally, Mill proposes the twofold dimension of structures since as in Smith “individuals are both constructive within and constructed through social institutions” (Zouboulakis 2005: 58). Wilson’s (1998: 229) comment is illustrative of Mill’s ‘structurative’ thought:

The social structures, then, do indeed move one, as the Structuralists claim. The point is that Mill would not disagree. But these structures that move the individual are not at the same time somehow independent of the individual or human psychology.

#### **4.5.7 Institutional individualism**

For Mill then, every human act or a given social structure of a society could be at once the effect and the cause of the interaction between men and their social structures. It is at this point that Mill’s analysis departs from Comte’s. Mill, consistent with his radical liberalism, believes that men (and women) are not only passive historical beings – shaped univocally by their ‘State of Society’ – but are active creatures, with intrinsic instincts, which are acting in a given temporal and spatial framework. He proposes a *via media* between the Scylla of extreme individualism and the Charybdis of doctrinaire necessity. On the one hand, Mill’s analysis is moving against the ultra-*Utilitarian* tradition of both Jeremy Bentham and his own father James Mill while, on the other hand, he is also spearing the doctrine of Philosophical Necessity (EPS, On Liberty, c. i: 217). Mill proposes a kind of individualism which is highly institutional and is rigidly turning away from the abstract individualism of ‘old political economists’, as Mill himself names them. Wilson (1998: 219) rightly observes that Mill’s individualism is only workable “within the limits set by existing

institutions and customs”. The insitutionalist character of his individualism is crystallised in his autobiographical - ‘proto-critical realist’ - view:

I perceived that though character is formed by circumstances, our own desires can influence those circumstances; and that what is really inspiring and ennobling in the doctrine of free will, is the conviction that our will has real power over the formation of our character; that our will, by influencing some of our circumstances, can modify our future habits or capacities of willing (Autobiography, c. v: 176).

Mill’s theory of structure, his ‘hierarchy of laws’ distinction’, and the elaboration of *the relativity of economic doctrines* are epistemically consistent and are masterly interwoven with his proposed method as was presented in the first section of the chapter. According to Mill, *Psychology* is associated with the almost ‘static’ features of human nature, *Ethology* is concerned with the explication of the ‘general character of people in an age’, while *Social Sciences* - political economy among them - representing the third level of analysis is connected with Human Praxis of individuals in a particular country or epoch. For Mill, social sciences are necessary since

The succession of states of the human mind and of human society cannot have an independent law of its own; it must depend on the psychological and ethological laws which govern the action of circumstances on men of men on circumstances. It is conceivable that those laws might be such, and the general circumstances of the human race such, as to determine the successive transformations of man and society to one given and unvarying order (A System of Logic, Book VI, § 3: 597).

The epistemic juncture amongst the threefold level of analysis is realised through the elaboration of the ‘Concrete Deductive Method’, which is the methodological thread between them. Mill believes that laws of social science:

could be connected with the psychological and ethological laws on which it must depend and, by the consilience of deduction a priori with historical evidence, could be converted from an empirical law into a scientific one (p. 597).

The methodological crystallisation of the epistemic thread between psychological and ethological laws is a methodological individualism which is not reduced to simplistic psychological terms. Surely, Mill accepts the doctrine of ‘methodological individualism’ as his most popular political text, *On Liberty*, “is famously concerned to shield eccentricity, particularly of opinion, and notably of religious heterodoxy, from over - zealous bigots” (Claeys 2004: 192). However, he believes that political economy is the science of collectives since “we shift our point of view, and consider not individual acts, and the motives by which they are determined, but national and universal results” (Principles, Book I, c. ii, § 8: 42). In this way, the eccentricity of the individual is subsumed into the intricate spectrum of social relations. In principle, Mill accepts the basic tenet of classical methodological individualism, namely the fact that individuals are greatly motivated by the “desire of obtaining the greatest quantity of wealth with the least labour and self- denial” (Essays, On the Definition of Political Economy: 140). On the other hand, his individualism does not resemble the Benthamite psychological type, but is of an institutional kind since men are still acting in a social, institutional and historical context (Zouboulakis 2002: 2).<sup>356</sup> Therefore, in Mill’s view, agents either as consumers or producers “do not act in conditions of social vacuum but inside a pre-existing and anticipated ‘particular state of society’” (p. 7). He recants the views of an abstract human nature free from concrete (historical) conditions in which men are historically situated (Bouton 1965: 569-570). Moreover, his ontology impels him to stress that the consequences of human action are not always intentional – as old utilitarians would have it - but may be unintended and as such cannot be predicted with predefined accuracy. As Bonar (1911: 720) points out: Mill’s “economic man wears the clothes of a particular society”. Mill himself, when he came to elaborate his own political economy, “deserted his monotonal and abstract economic man in favour of a broader approach” (Persky 1995: 224). Mill, in a typically Aristotelian fashion, pays attention to the portrayal and evaluation of humans as social and not lonesome animals. According to Blaug (1980: 56):

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<sup>356</sup> Persky (1995: 222) is even more heretical since he observes that while “John Stuart Mill is generally identified as the creator of economic man, he never actually used this designation in his own writings”. For him “the term did emerge in reaction to Mill’s work. In its first appearances in the late nineteenth century ‘economic man’ carried a pejorative connotation reflecting the widespread hostility of the historical school toward Mill’s theoretical abstractions” (p. 222).



What Mill says is that we shall abstract certain economic motives, namely, those of maximizing wealth subject to the constraints of a subsistence income and the desire for leisure, while allowing for the presence of noneconomic motives (such as habit and custom) even in those spheres of life that fall within the ordinary purview of economics.

In addition, Mill departs from the Benthamite calculus that the total sum of private interests is identical to society's general interest. In his discussion of Representative Government he observes that:

Whenever the general disposition of the people is such, that each individual regards those only of his interests which are selfish, and does not dwell on, or concern himself for, his share of the general interest, in such a state of things good government is impossible (Considerations, c. ii: 390).

Such an ontological and methodological framework is epistemologically associated with the outline of the *relativity of economic doctrines*. Mill's formulation of *tendency laws* – through which “Political Economy is able to explain only *what people tend to do* during their economic activities” (Zouboulakis 2006: 5) – is one of the most astonishing expressions of his proposed *relativity of economic doctrines*. According to Mill, due to the persistent presence of economic and non-economic disturbing causes, the laws of political economy are only *tendencies* and not rigid formulations.

Mill, consistent with the classical tradition, had noticed, already from the Preliminary Remarks to his Principles, that the subject of political economy is the investigation of the causes, and the typification of the laws, concerning the production and distribution of wealth. However, he was cautious of the universal character of these laws and devotes the first page of his *locus classicus* to illustrate his belief:

Not that any treatise on Political Economy can discuss or even enumerate all these causes; but it undertakes to set forth as much as is known of the laws and principles according to which they operate (Principles, Preliminary Remarks: 1).

He believes that the laws of political economy are not rigid theorems but associated with an inborn relativity. Their hypothetical and non-rigid nature is connected with the epistemic fact that

The actions of individuals could not be predicted with scientific accuracy, were it only because we cannot foresee the whole of the circumstances in which those individuals will be placed (A System of Logic, Book VI, c. iii, § 1: 554).

Evidently therefore, this relativity doctrine bounds the analytical spectrum of political economy. *Mutatis mutandis*, for Mill political economy is the social science which “concerns itself only with such of the phenomena of the social state as take place in consequence of the pursuit of wealth”, and “It makes entire abstraction of every other human passion or motive, except those which may be regarded as perpetually antagonising principles to the desire of wealth” (A System of Logic, Book VI, c. ix, § 3: 588). It is only in these situations that political economy is methodologically valid. According to Mill:

[A]ny political economist ever imagine that real men had no object of desire but wealth, or none which would not give way to the slightest motive of a pecuniary kind (Essays, On the Definition of Political Economy: 146).

However:

[T]here are also certain departments of human affairs, in which the acquisition of wealth is the main and acknowledged end. It is only of these that Political Economy takes notice (Essays, On the Definition of Political Economy, p. 323).

Mill despite conceding that such is the ‘mode in which science necessarily proceed’, is ready to admit that such a method limits political economy’s affiliations with ‘real phenomena’ and narrows its analytical spectrum:

With respect to those parts of human conduct of which wealth is not even the principal object, to these political economy does not pretend that its conclusions are applicable. But there are also certain departments of human affairs in which the acquisition of wealth is the main and acknowledged end. *It*

*is only of these that political economy takes notice* (A System of Logic, Book VI, c. ix, § 3: 589, emphasis added).

Mill's heterodox views on science are crystallised in his more mature writings. His famous aphorism in his *Principles* is indicative: "We must never forget that the truths of political economy *are truths only in the rough*; they have the certainty, but not the precision, of exact science", and, "it is impossible in political economy to obtain general theorems embracing the complication of circumstances which may affect the result in any individual case" (Principles, Book II, c. xvi, § 4: 428, emphasis added).<sup>357</sup> According to Mill's philosophy of science, a science is not exact when there is an epistemological difficulty "of ascertaining with complete precision the real derivative uniformities" (A System of Logic, Book VI, c. iii, § 1: 553). It follows that "an approximate generalisation is, in social inquiries, for most practical purposes equivalent to an exact one" (p. 554). Naturally therefore, due to the not full apprehension of the framework in which individuals act, the science of political economy should be epistemically seated on the assumption of variance (Principles, Book V, c. ix, § 2: 893). Mill believes that the theories of social sciences – political economy included – are not as universal as those of physical sciences. As he notes in his *System of Logic*:

if our science of human nature were theoretically perfect, that is, if we could calculate any character as we can calculate the orbit of any planet, *from given data*; still, as the data are never all given, nor ever precisely alike in different cases, we could neither make positive predictions, nor lay down universal propositions (A System of Logic, Book VI, c. iii, § 1: 554).

According to the Millian epistemology, different historical, social, political and cultural conditions, or different historical circumstances, produce different theorems. In the proto-mercantilist period, the doctrine of 'the balance of trade' had been univocally accepted as a theoretical dogma of absolute truth. However, the publication of Smith's *Wealth of Nations* discarded it and exhibited its variation from

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<sup>357</sup> Mill believes that Political Economy, like the science of tides, and unlike Astronomy is an inexact science. He notes that in an inexact science: "the only laws as yet accurately ascertained are those of the causes which affect the phenomenon in all cases, and in considerable degree; while others which affect it in some cases only, or, if in all, only in a slight degree, have not been sufficiently ascertained and studied to enable us to lay down their laws, still less to deduce the completed law of the phenomenon, by compounding the effects of the greater with those of the minor causes" (A System of Logic, Book VI, c. iii, § 1: 553).

the economic and social conditions of the late eighteenth century Britain. Mill is conscious of this ‘relativity’:

It often happens that the universal belief of one age of mankind - a belief from which no one *was*, nor, without an extraordinary effort of genius and courage, *could* at that time be free - becomes to a subsequent age so palpable an absurdity, that the only difficulty then is to imagine how such a thing can ever have appeared credible (Principles, Preliminary Remarks: 3).

Thus the typification of historical distinctions is an important operation for the political economist since:

Inattention to these distinctions has led to improper applications of the abstract principles of political economy, and still oftener to an undue discrediting of those principles, through their being compared with a different sort of facts from those which they contemplate, or which can fairly be expected to accord with them (Principles, Book III, c. i, § 5: 441).

Essentially, Mill’s epistemology is associated with his endeavour to formulate tendency and not rigid economic laws and is tightly knitted with his general philosophy of history. More specifically, his theory of economic development (or his theory of economic history) is typified through a series of stages and each stage is explicated through its own political economy. For instance, he notes that as long as the commercial system of private property is maintained, the Ricardian economics are “as so far applicable to existing conditions as to call for no substantial revision in method or conclusions” (Ashley 1909: xxiii). However, on the other hand, in the co-operative stage of economic development, Ricardian economics had to be seriously modified. Evidently, Mill’s political economy is historically specific since “it is bounded in particular socio-economic systems, in time and space” (Zouboulakis 2005: 59). In conclusion, Mill’s heterodox views on the partial character of political economy are associated with Comte’s philosophy of science and place political economy under the umbrella of a General Science of Society.

## 4.6. ‘Laws of Production’ and ‘Laws of Distribution’

### 4.6.1 Statics vs. dynamics

One of the most interesting and heterodox themes of the Millian political economy is the distinction between the ‘laws of production’ and those ‘of distribution’ of wealth. Many theorists regard this methodological distinction as one of Mill’s most important contributions to political economy (Schapiro 1943: 142; Smith 1985; Vallier 2010: 113). Mill, *en converso* to the classical tradition, is moving against the classical belief that production dictates (and determines) distributive arrangements. His epistemic innovation lies on his argument that production and distribution are governed by independent agents and factors and as such are characterised by different laws. According to Mill, this distinction is of prime importance since

The common run of political economists confuse these together, under the designation of economic laws, which they deem incapable of being defeated or modified by human effort; ascribing the same necessity to things dependent on the unchangeable conditions of our earthy existence, and to those which, being but the necessary consequences of particular social arrangements, are merely coextensive with these. Given certain institutions and customs, wages [...] profits, and rent will be determined by certain causes: but this class of political economists drop the indispensable presupposition, and argue that these causes must be an inherent necessity, against which no human means can avail, determine the shares which fall, in the division of the produce, to labourers, capitalists, and landlords (Autobiography, c. vii: 255, 257).

Mill notes that an ontological deficiency of classical political economy is rooted in the non-distinction between the necessities that arise from the nature of physical things, and those created by social arrangements (Principles, Book III, c. i, § 1: 436). It was this error which impelled Mill to believe that it is an epistemological priority to make the proper distinction between the laws of the Production of Wealth – which are real laws of nature, dependent on the properties of physical objects – and the modes of its subsequent Distribution, which are subject to specific historical

conditions and are directly dependant on human will.<sup>358</sup> According to Vallier (2010: 107), Mill's separation "was intended to illuminate the fact that while increasing or decreasing production is mainly a scientific enterprise, distribution is primarily a social phenomenon not strictly governed by economic laws". Comte's influence has been decisive in the formulation of Mill's distinction. According to Zouboulakis (2008: 89), Comte's ontological distinction between Statics and Dynamics "shaped Mill's belief in the relativity of the laws of distribution as against the universality of the laws of production".<sup>359</sup> Essentially, the laws of production are *statically* interpreted since they are of transhistorical validity in Mill's economic analysis, while the laws of distribution are *dynamically* treated inasmuch as they are connected with the relative nature of the historico-social environment. This distinction is associated with Mill's attempt to defend and incorporate historical and sociological elements in his economic analysis (Franz 2002: 131). This separation elucidates the fact of "the malleability of distribution within the confines of a system of production" (Vallier 2010: 105). The laws of distribution are in Mill's own words:

the economic generalisations which depend, not on necessities of nature but on those combined with the existing arrangements of society, it deals with only as provisional, and as liable to be much altered by the progress of social improvement (Autobiography, c. vii: 257).

Such a view, which is apparently connected with *Saint-Simonian* historical relativism, renders the historical and social element a crucial feature of Mill's political economy.<sup>360</sup> Vallier (2010: 115) rightly underlines the influence of Saint-Simonians

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<sup>358</sup> Vallier (2010: 105) notes that the distinction did not originate in Mill's writings, since a "contemporary of Mill's father, the Ricardian socialist William Thompson, was concerned to separate production and distribution" and a contemporary of Mill's, George Paulette Scrope, "argued that the classical economists 'idolized production to the neglect of distribution'". However, Mill's distinction was even more elaborated since it contains epistemic elements from *French Utopianism* and illustrates Comte's determining influence.

<sup>359</sup> Mill proposes his outline upon the differentiation between the laws of productions and those of distribution in his famous letter to Comte. In this letter, which is composed in French, Mill notices that he should devote himself in the separation of the general laws of production, necessarily common to all industrial societies, from the laws of distribution and exchange which assume a particular state of society (EL, vol. i, April 1844, Letter 426: 624).

<sup>360</sup> The intellectual relation between Mill and his wife, Harriet Taylor, is one of the most obscure aspects of Mill's political economy. Sumner (1974: 511) notes that "Nothing in Mill's life has been found so perplexing as his relationship with Harriet Taylor and especially the nature and extent of her influence on his work". According to Hayek (1951: 17) "her influence on his thought and outlook, whatever her capacities may have been, were quite as great as Mill asserts". Mill regarded his wife as a co-author of his more mature texts. His dedication in the Preface on his *On Liberty* is indicative of this: "To the beloved and deplored memory of her who was the inspirer, and in part the author, of all that is

on this issue and pinpoints Marx's view that *Utopian Socialism* "followed the capitalist economists in regarding and treating distribution as independent of production and hence represented Socialism as turning chiefly around the question of distribution" [Marx (1875) 2005: 32]. Mill, and Utopian Socialists, had not comprehended the fact that profits, rents and wages as typical forms of distribution presuppose the presence of capital as a factor of production. As Marx ([1857] 1971) rightly observes, they are forms of distribution whose pre-condition is the existence of capital as an explicit factor of production. Truly they are likewise modes of reproduction of capital and are tightly tethered to the production process. Essentially, as Marangos (2004b: 30) observes, "property relations in an economic system are production relations and *vice versa*". Mill showed the importance of distribution but had failed to illustrate the fact that production is directly (historically and socially) directed by distribution.

The elaboration of the distinction, despite Marx's later showing at the close relationship between production and distribution, is an important drift in the history of economic thought.<sup>361</sup> According to Blaug (1980: 180):

By this distinction Mill means not that the pricing of productive factors – functional distribution – is independent of technical conditions of production, but that the personal distribution of income among 'the three main classes of

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best in my writings - the friend and wife whose exalted sense of truth and right was my strongest incitement, and whose approbation was my chief reward [...] Like all that I have written for many years, it belongs as much to her as to me" (EPS, *On Liberty*: 216). It must be noted that Harriet Taylor, Mill's *lief* wife, played a prominent role in the elaboration of his epistemological distinction between production and distribution. In Mill's own words: "I had indeed partially learnt this view of things from the thoughts awakened in me by the speculations of the Saint-Simonians: but it was made a living principle pervading and animating the book [i.e. *Principles*] by my wife's promptings" (Autobiography, c. vii: 257). Evidently, Harriet Taylor, apart from Comte and other empiricists, had also influenced Mill with regard the importance of the empirical element. Mill's own autobiographical words are indicative: "What was abstract and purely scientific was generally mine; the properly human element came from her: in all that concerned the application of philosophy to the exigencies of human society and progress, I was her pupil, and that, too, equally in the boldly speculative and in the cautiously practical. For, on the one hand, she was much more courageous and farsighted than, without her, I should ever have been, in anticipations of a state of future improvement in which many of the limited generalisations now so often confounded with universal principles of human nature, will cease to be applicable" (p. 256). Therefore, Sumner (1974: 519) rightly comments that "Her contributions to the *Political Economy* were not to its more theoretical portions but to what we might call normative political economy: the evaluation of possible economic futures".

<sup>361</sup> According to Marx 'production' "which is constituted by a certain type of 'social relations of production', is itself always already determined by another prior distribution [...] that is, the distribution of the *instruments of production*" (Gillig 2016: 385).

society' is influenced by the distribution of property, itself the product of historical change.<sup>362</sup>

As has already been indicated, Mill in his *Principles* attempts “to defend political economy against its detractors and to give it more human side” (Vallier 2010: 108). His distinction between production and distribution has to be comprehended as part of his herculean effort to ‘humanize’ stony Ricardian political economy. His wife, Harriet Taylor, has been the true inspirer and the most ardent supporter of this effort.

Evidently therefore, Mill’s separation between the laws of production and those of distribution cannot be adequately understood unless being placed under his overall epistemic project: to rescue the Ricardian economics from their ‘Vice’ and their a-historical dimension. It was this project which impelled Mill to accept epistemological and methodological insights from anti-Ricardians and un-Ricardians. This compromise is most explicitly reflected in his distinction between ‘laws of production’ and ‘laws of distribution’. Mill accepts the Ricardian principles of production (diminishing returns of scale, falling rate of profit etc.) while at the same time, in an 1831 article, he agrees with George Paulette Scrope’s heterodox view that post-Ricardian economists focused their attention on production and downgraded the importance and problems of distribution (NW, No 80, 30 Jan 1831: 248-250). Ricardo wrote extensively on distributive matters but regarded distribution as directly determined by production. Due to this tendency, Mill believes that the ‘old’ school of political economy was unequivocally confined to matters of production of wealth and neglected the importance of distribution. Even in his economic *locus-classicus*, which is regarded as the most serious defence of *laissez-faire* in the post-Ricardian tradition, Mill recognises that neglect of production can be socially and morally deleterious.

#### **4.6.2 Production Laws: universal physical laws?**

Mill follows the Smithian tradition in arguing that the ‘laws of production’ are like ‘physical laws’ and have attained their theoretical status due to their static nature. For him, the ‘laws of production’ are like 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” (de Marchi 1974: 142). For Mill,

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<sup>362</sup> Whitaker (1975: 1044) observes that the distinction between laws of production and of distribution does not mean that “either set of laws is any less scientific or necessary, but any narrowly economic formulation of distribution is liable to be disturbed by changes in the noneconomic motives at work”.



the production of wealth is driven by nature-like ‘economic laws’ which are operating rigidly, inexorably, impersonally, and inevitably (Schapiro 1943: 142). These laws of production are either influenced by natural forces or by the inherent properties of human beings and as such could be scientifically derived. According to Mill’s early political economy, “the laws of the production of objects which constitute wealth, are the subject-matter both of Political Economy and of almost all the physical sciences” (Essays, On the Definition of Political Economy: 132). The ‘laws of production’ attain an epistemically static character which is associated with the fact that production is governed by specific agents which are independent of the historical-social context. Essentially therefore, “regardless of one’s opinions or feelings, the laws of production are fixed” (Frantz 2002: 131). As Mill himself puts it:

The laws and conditions of the Production of wealth partake of the character of physical truths. There is nothing optional or arbitrary in them. Whatever mankind produce, must be produced in the modes, and under the conditions, imposed by the constitution of external things, and by the inherent properties of their own bodily and mental structure. Whether they like it or not, their productions will be limited by the amount of their previous accumulation, and, that being given, it will be proportional to their energy, their skill, the perfection of their machinery, and their judicious use of the advantages of combined labour. Whether they like it or not, a double quantity of labour will not raise, on the same land, a double quantity of food, unless some improvement takes place in the processes of cultivation. Whether they like it or not, the unproductive expenditure of individuals will *pro tanto* tend to impoverish the community, and only their productive expenditure will enrich it. The opinions, or the wishes, which may exist on these different matters do not control the things themselves (Principles, Book II, c. i, § 1: 199).

The ontological spirit of the aforementioned quote is lucid enough. According to Mill, production which is limited by the constitution of things such as accumulated wealth, energy, skill and perfection of machinery, division of labour, is subject (in land) to diminishing returns of scale and is highly independent of any human opinion or will. In Mill’s political economy, as in Ricardo’s, production is identified by certain limits which box out the deeper desires of the human mind. The classical character of Mill’s views on production is illustrated by the fact that Jevons, one of the pioneers of

British neoclassical orthodoxy, praises Mill for his methodology on the side of production [Jevons (1876) 1957: 16]. Mill elaborates the Ricardian theory of value as the epistemic pillar of his ‘theory of production’ and preaches the transhistorical nature of its ontology.

More specifically, he reproduces, without really elaborating upon them the central Smithian motifs, namely that the ‘division of labour’ augments the productive powers of labour and “is limited by the extent of the market” (Principles, Book I, c. viii, § 6: 130).<sup>363</sup> He notes that,

It is found that the productive power of labour is increased by carrying the separation [e.g. of labour] further and further; by breaking down more and more every process of industry into parts, so that each labourer shall confine himself to an even smaller number of operations (Principles, Book I, c. viii, § 4: 122).

To support his view, he cites famous examples from economic literature, namely Smith’s pin-maker and Say’s manufacture of playing-cards (p. 122). According to Mill, as for Smith and Ricardo, the direct economic effects of the ‘division of labour’ – and more specifically the increase in the dexterity of the individual workman – are universal in their character. For Mill, as for Smith, the rapidity of operations in certain manufactures “*is naturally attained* after shorter practice, in proportion as the division of labour is more minute” (Principles, Book I, c. viii, § 5: 125).<sup>364</sup> Mill illustrates the ‘natural’ character of production by noting that production “is most efficient when precise quantity of skill and strength, which is required for each part of the process, is employed in it, and no more” (Principles, Book I, c. viii, § 5: 129).

However, even the process of production is not an abstract entity disassociated from human history but is dependent on the general ‘State of Society’. Mill argues

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<sup>363</sup> Mill, in a truly Smithian vein, observes that “In an early stage of civilisation, when the demand of any particular locality was necessarily small, industry only flourished among those who, by their command of the sea-coast or of a navigable river, could have the whole world, or all that part of it which lay on coasts or navigable rivers, as a market of their productions” (Principles, Book I, c. viii, § 6: 130).

<sup>364</sup> Although Mill’s reasoning on the ‘division of labour’ is of Smithian origination he rejects Smith’s view that without the division of labour workmen ‘saunter along different occupations’ and lose time. However, he accepts that with the ‘division of labour’ “the more economic distribution of labour” emerges “by classing the work-people according to their capacity” (Principles, Book I, c. viii, § 5: 129).

that production and the general riches of the world are increased when they are connected with security, infrastructures and freedom provided by a central government.<sup>365</sup> At the same time,

Much also depended on the better political institutions of this country, which by the scope they have allowed to individual freedom of action, have encouraged personal activity and self-reliance, while by the liberty they confer of association and combination, they facilitate industrial enterprise on a large scale. The same institutions in another of their aspects, give a most direct and potent stimulus to the desire of acquiring wealth (Principles, Book I, c. xi, § 4: 174).

Evidently therefore, production, despite being naturally and extra-humanly animated, is a historical act which is highly influenced by historical circumstances or - in Mill's view - by the socio-economic and political environment. Be that as it may, in Mill's view, the 'laws of production' are mostly physical and static in nature.

Mill puts forward an axiomatic demographic theory which is tightly connected with his views on production. According to Mill, population control is one of the most important conditions of the production process. His anti-classical demographic views and his full acceptance of the 'Malthusian law of population' impelled many analysts to characterise him as a neo-malthusianist (Mokyr 1980).<sup>366</sup> According to Mill himself, "Population has the power of increasing in a uniform and rapid geometrical ration" (Principles, Book I, c. xi, § 1: 163) and accentuates the "providential adaption of the fecundity of the human species to the exigencies of society" (Principles, Book I, c. x, § 2: 157). Mill notes, in a typical Malthusian fashion, that population growth is

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<sup>365</sup> Mill believes that the productivity of labour and the production of wealth are increased "with freedom of commercial intercourse, improvements in navigation, and inland communication by roads, canals, or railways" (Principles, Book I, c. viii, § 6: 130). Mill, like Smith, thinks highly of security by observing that "the more perfect the security, the greater will be the effective strength of the desire of accumulation. Where property is less safe, or the vicissitudes ruinous to fortunes are more frequent and severe, fewer persons will save at all" (p. 130).

<sup>366</sup> Mill notes in his autobiographical essay that in his adolescence, mainly due to his Benthamite upbringing, he had thought that "Malthus's population principle was quite as much a banner [...] This great doctrine, originally brought forward as an argument against the indefinite improvability of human affairs, we took up with ardent zeal in the contrary sense" (Autobiography, c. iv: 107). To the contrary, in his adulthood, Mill's comments on Malthus are more than praiseworthy. He observes that "the evidence which he collected on the subject, in his *Essay on Population*, may even now be read with advantage" (Principles, Book II, c. xi, § 3: 351). At another point of his treatise, he notes that, "The publication of Mr. Malthus' *Essay* is the era from which better views of this subject [e.g. of population] must be dated" (Principles, Book IV, c. vi, § 1: 747).

proportionally connected with economic prosperity since “according to all experience, a great increase invariably takes place in the number of marriages, in seasons of cheap food and full employment” (Principles, Book II, c. xi, § 2: 348). Mill reproduces the ontological ‘hard core’ of Malthus’ demographic reasoning since he believes that when population is not kept down by the political prudence either of individuals or of the state it is kept down by starvation or diseases. As Blaug (1980: 192) rightly observes:

In Mill’s hands, the Malthusian theory becomes a relentless argument in favour of family limitation and every conceivable policy measure is judged in the light of its effects upon the birth rate.

His Malthusian views on population underlie Mill’s belief that “a society requires population restraint to prevent the ratio of workers to capital from increasing and ‘the condition of the classes who are at the bottom of society from being deteriorated’” (Vallier 2010: 109). In Mill’s *manus*, the Malthusian theory gains its most repugnant form since Malthus’s heterodox ‘law of population’ is epistemically tied to the Ricardian classical ‘law of diminishing returns of scale’.<sup>367</sup> For Mill, the disastrous effects of their linkage are moderated through population’s control together with greater investment in agriculture. He believes that this moderation is the necessary condition for the increase in production.

For Mill, “Nothing in political economy can be of more importance than to ascertain the law of this increase of production” (Principles, Book I, c. x, § 1: 155). In the last chapters of the Book I of his *Principles*, which are devoted to Production, Mill attempts to specialise this law by dissecting it into its constituent elements – Chapter X ‘Law of the Increase of Labour, Chapter XI ‘Law of the increase of Capital’, Chapter XII ‘Law of the increase of Production from Land’. In the synthetic Chapter XII, Mill reiterates the Ricardian law of diminishing returns in agriculture by noting that “This general law of agricultural industry is the most important proposition in political economy” (Principles, Book I, c. xii, § 2: 177). Mill illustrates the general character of the law by noting that if it were different “nearly all the phenomena of the

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<sup>367</sup> Mill’s attitude towards Malthusianism seems to be animated by autobiographical tenets. Mill was critical of his father’s propensity to create a large family despite having no material resources. He notes that there are two things in his father’s life “which it is impossible not to be struck with [...] The first is, that in his position, with no resource but the precarious one of writing in periodicals, he married and has a large family” (Autobiography, c. i: 7).

production and distribution of wealth would be other than they are” (p. 177). In Mill’s own words:

After a certain, and not very advanced, stage in the progress of agriculture, it is the law of production from the land, that in any given state of agricultural skill and knowledge, by increasing the labour, the produce is not increased in an equal degree; doubling the labour does not double the produce [...] every increase of produce is obtained by a more than proportional increase in the application of labour to the land (p. 177).<sup>368</sup>

In Mill’s political economy: “the produce of land increases, *ceteris paribus*, in the labour employed, is a truth” (Principles, Book I, c. xii, § 3: 180). It follows that “The cost of production of the fruits of the earth increases, *ceteris paribus*, with every increase of the demand” (Principles, Book IV, c. ii, § 2: 702). Though Mill’s views are typically classical in their conception, he was ready to foretell that “The principle which has been stated must be received, no doubt, with certain explanations and limitations”, while noting that it must not be “pretended that the law of diminishing return was operative from the very beginning of society” (Principles, Book I, c. xii, § 2: 179; Principles, Book I, c. xii, § 3: 181). Mill illustrates these limitations by accepting, despite his virulent comments of his nationalist political economy, Carey’s critical arguments.<sup>369</sup> He notes that, “Mr. Carey has a good case against several of the highest authorities in political economy, who certainly did enunciate in too universal a

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<sup>368</sup> For Mill, the ‘law of diminishing returns in agriculture’ is totally independent of human will and is free from political decisions. Mill illustrates its independence by citing as a historical manifestation the restrictive laws concerning the production of corn (Corn Laws): “Where a hundred quarters of corn are all that is at present required from the lands of a given village, if the growth of population made it necessary to raise a hundred more, either by breaking up worse land now uncultivated, or by a more elaborate cultivation of the land already under the plough, the additional hundred, or some part of the of them at least, might double or treble as much per quarter as the former supply” (Principles, Book III, c. v, § 1: 469).

<sup>369</sup> Mill is a virulent critic of mercantilist and protectionist literature. However, his criticism is uniformly addressed to H.C. Carey’s writings. He notes that, “The only writer of any reputation, as a political economist, who now adheres the protectionist doctrine [is] Mr. H.C. Carey” (Principles, Book V, c. x, § 1: 922). However, he is highly critical of Carey’s *Principles of Social Science* as the “worst book on political economy I ever toiled through” (cited in O’ Brien 1943: 274). Mill notes that “I never met with any modern treatise with such an apparatus of facts and reasonings, in which the facts were so untrustworthy and the interpretations of facts so perverse and absurd” (p. 280). Strangely enough, Mill makes no reference to List’s famous *The National System of Political Economy* despite its having been published in 1841 –seven years before the publication of his *Principles*- and having been highly influential both in terms of the economic thought and commercial policy. Evidently therefore, Steele’s (1970b: 450) view that Mill was a ‘convinced imperialist’ is an exaggerated one since Mill, despite developing imperialist opinions in certain cases, is critical of mercantilist views and schemes.

manner the law which they laid down” (Principles, Book I, c. xii, § 3: 181).<sup>370</sup> Carey’s criticism lies behind Mill’s acceptance of some of the limitations of the ‘law of diminishing returns of scale’. Mill, in fact arrays a variety of historical conditions which violate the *ceteris paribus* assumption – extension of human knowledge, command of the properties and powers of human agents etc. (p. 188). His historical narration is intermingled with his theoretical (classical) propositions and produces a balanced relation between theory and history. It is indicative that the Millian list of offsetting factors against the law “is so impressive as to throw doubt on the existence of any tendency towards historically diminishing returns in agriculture” (Blaug 1980: 190).

*En converso*, and in a typical Ricardian fashion, Mill is ready to admit that the ‘law of diminishing returns’ is not a general law in manufacturing. He predicts, as Blaug rightly observes, “an increase in scale of business firms in the course of economic progress” (p. 190). In his own words:

In manufactures, accordingly, the causes tending to increase the productiveness of industry, preponderate greatly over the one cause which tends to diminish it: and the increase of production, called forth by the progress of society, takes place, not at an increasing, but at a continually diminishing proportional cost. *This fact has manifested itself in the progressive fall of the prices and values of almost every kind of manufactured goods during two centuries past* (Principles, Book I, c. xii, § 3: 186, emphasis added).<sup>371</sup>

To the contrary, the ‘law of diminishing returns’ is valid in certain circumstances since as manufactures “depend for their materials either upon agriculture, or mining, or the spontaneous produce of the earth, manufacturing industry is subject, in respect

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<sup>370</sup> Mill is however critical of Carey’s insistence to reverse the ‘law of diminishing returns in agriculture’ while also rejecting his attempt to subvert the very foundation of the English political economy “with all its practical consequences, especially the doctrine of free trade” (Principles, Book I, c. xii, § 3: 181).

<sup>371</sup> Mill however, criticises Senior’s principle, according to which in manufacturing an “increased production takes place at a smaller cost, while in agricultural industry increased production takes place at a greater cost” and notes that “I cannot think, however, that even in manufactures, increased cheapness follows increased production by anything amounting to law. It is probable and usual, but not a necessary consequence” (Principles, Book IV, c. ii, § 2: 703).

of one of its essentials, to the same law as agriculture” (Principles, Book IV, c. ii, § 2: 703).

In the concluding chapter of Book I, Mill summarises his arguments with regard to production and frames the *universal principles* that lie behind it. He associates the ‘law of diminishing returns to production’ with demographic pressures and observes that the effects of the law appear whenever population makes a more rapid progress than improvement in production (Principles, Book I, c. xiii, § 3: 196). However, his historical sensitivity impels him to be cautious when drawing generalisations at the production level. In a highly *ethological* vein, Mill notes that the desire of accumulation, which is a necessary condition of wealth, is

of unequal strength, not only according to the varieties of individual character, but to the general state of society and civilization [and] all other moral attributes, it is one in which the human race exhibits great differences, conformably to the diversity of its circumstances and the stage of its progress (Principles, Book I, c. xi, § 2: 165).

Mill notes that foreign direct investments are “opposed by differences of language, differences of manners, and a thousand obstacles arising from the institutions and social relations of the country” (Principles, Book I, c. xiii, § 3: 195). However, despite these ethological limitations, the ‘laws of production’ are same, regardless of customs and morals, and indifferent to whether the economy is market oriented or centralised according to socialist doctrines.

#### **4.6.3 Distribution laws: historical specificity**

At the same time, Mill believes that the ‘laws of distribution’ are directly influenced by cultural, social, political, and even religious factors and are in a dynamic process of historical alterations. For him, the ‘laws of distribution’ are transformed *in perpetuum*. He notes that the distribution of wealth is a social matter which is dependent on human will and naturally society has the power to arrange its own form of distributing wealth which is produced in its dominion (Schapiro 1943: 142-143). Being historically influenced, the ‘laws of distribution’ are only rough historical generalisations and, contrary to the ‘laws of production’, are not as rigid and lusty principles. Evidently therefore, the inborn malleability of the ‘laws of

distribution' both rules out the possibility of a general theory of 'Distribution' and opens the door for history to become a structural element of Mill's economic theorising.

Furthermore, the most influential feature of the Mill's theory of Distribution is that Mill himself, in truly Saint-Simonian fashion, believes that Distribution is of equal importance to Production. According to de Marchi (1974: 156), one of the factors behind *Principles* great success was that Mill, contrary to the Ricardian tradition, believes "that distribution and the well being of individuals are quite as important as the amount of wealth produced". Mill's originality lies in his assertion that "several distribution schemes are conceivable and that there is no sacrosanct principle or inflexible law of income distribution" (Platteau 1985: 5). Substantially therefore, Mill's modifications and discarding of Ricardo's views on distribution had given him the place as one of the pioneers of social and economic policies (Schapiro 1943: 142). Mill rejects the view that the production of wealth determines the way of its distribution and criticises the classical view of the reward of each agent of production – namely landlord, capitalist, and labourer – as distinct elements in the production process. He criticises the classical views on distribution and accepts the theoretical arguments of *Utopian Socialism* which are moving against Ricardian distributive principles.

Mill, already in the Preliminary Remarks of his *locus classicus*, noticed that the 'laws of distribution' are partly of human institution since "the manner in which wealth is distributed in any given society depends on the statutes or usages therein obtaining" (*Principles*, Preliminary Remarks: 21). In Book II of his *Political Economy*, devoted to Distribution, he emphasises the role of custom in the formation of human institutions and observes that institutions are not invariable but "man-made, changeable, malleable, and progressive" entities (Schumpeter 1954: 506). Evidently therefore, contrary to the production of wealth:

It is not so with the Distribution [...] That is a matter of human institution solely. The things once there, mankind, individually or collectively, can do with them as they like. They can place them at the disposal of whomsoever they please, and on whatever terms [...] The distribution of wealth, therefore,



depends on the laws and customs of society (Principles, Book II, c. i, § 1: 200).

#### **4.6.4 The role of power and property rights**

According to Mill's political theory, the distribution of wealth is a matter of *power* since the laws and customs by which distribution is decisively determined, "are what the opinions and feelings of the ruling portion of the community make them, and are very different in different ages and countries; and might be still more different, if mankind so choose" (p. 200-201). Mill believes that private property – and property rights – is a political issue subject to negotiations in the social and political realms (Gillig 2016: 381). For him, the distribution of wealth in a societal organisation is subject to the rules of its ruling class. It follows that power is a decisive element of distribution since:

Government is always either in the hands, or passing into the hands, of whatever is the strongest power in society, and what this power is, does not depend on institutions, but institutions on it (Autobiography, c. v: 168).

Mill believes that power activates the most selfish feelings and notes that "All privileged and powerful classes [...] have used their power in the interest of their own selfishness" (Principles, Book IV, c. vii, § 1: 754). Actually, the *res gestae* of the British ruling classes in the mid-nineteenth century illustrate Mill's heterodox views. As Schapiro (1943: 143) notes:

After a century of rapid industrial development the distribution of wealth in England exhibited gross inequalities. A small class of capitalists had succeeded in becoming enormously wealthy, but the mass of the population was sunk in dire poverty.

Naturally therefore, Mill, in his highly symbolic chapter on the 'Stationary State', elaborates a penetrating critique of capitalism's distributive networks and provides the epistemic foundation for the separation of distribution from production. He notes that:

Hitherto it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an

increased number of manufactures and others to make fortunes. They have increased the comforts of the middle class. But they have not yet begun to affect those great changes in human destiny, which it is in their nature and in their futurity to accomplish. Only when, in addition to just institutions, the increase of mankind shall be under the deliberate guidance of judicious foresight, can the conquests made from the powers of nature by the intellect and energy of scientific discoverers become the common property of the species, and the means of improving and elevating the universal lot (Principles, Book IV, c. vi, § 2: 751).

Mill's firm conviction that the distribution of wealth is a matter of social arrangement lies behind his observation that "a cooperative society accomplishes a juster distribution than did the competitive economy" (Schapiro 1943: 147). He uses his 'Method of Difference' to trace the differences between private property rights and communal ownership. For him, the systems of common ownership proposed by Saint Simonism and Fourierism are different to Communist schemes - like those of Louis Blanc - and "Whatever may be the merits or defects of these various schemes, they cannot be truly said to be impracticable" (Principles, Book II, c. i, § 2: 204).<sup>372</sup> He believes that these systems "are among the most remarkable production of the past and present age".<sup>373</sup> Mill argues that the philosophers of these systems (like Fourier and Owen) are "the more thoughtful and philosophic Socialists generally" (EES, vol ii, Chapters on Socialism: 737), and observes that the great advantage of these systems is their experimental character. For instance, the Fourierist or the Owenite system has:

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<sup>372</sup> In his seminal *Chapters on Socialism*, Mill notes that "The clearest, the most compact, and the most precise and specific statement of the case of the Socialists generally against the existing order of society in the economic department of human affairs, is to be found in the little work of M. Louis Blanc, *Organisation du Travail*" (EES, vol ii, Chapters on Socialism: 716). However, Mill was favourably inclined to Saint Simonism for its counter-revolutionary content. He believes that Saint Simonians "have studiously impressed upon the minds of the working people, in every way in which they could gain access to them, that nothing can, in the present age, be so prejudicial to their chances of improving their condition as violence in any shape" (Hains 1946: 104). Mill was against any form of violent revolution. Feurer (1949: 300-301) notes that Mill "used his influence with the leaders of the English working class to combat any appeal for revolutionary action". However, although Mill "thought their influence to be salutary than subversive" he "could not approve many of their conclusions" (Hains 1946: 105).

<sup>373</sup> According to Blaug (1980: 191) Mill draws the distinction between communism which is a society in which income is equalized regardless of the productivity of individuals and socialism, "which retains the incentives of differential pecuniary rewards". This distinction is identical to the one Marx drew between rewarding 'each according to his ability' under socialism and rewarding 'each according to his need' under communism.

the great advantage that it can be brought into operation progressively, and can prove its capabilities by trial. It can be tried first on a select population and extended to others as their education and cultivation permit (p. 737).<sup>374</sup>

On the other hand, Mill is highly critical of the communist systems and holds the view that strict equality is neither possible nor workable. In his own words, from his notes on Socialism:

The very idea of distributive justice, or of any proportionality between success and merit, or between success and exertion, is in the present state of society so manifestly chimerical as to be relegated to the regions of romance (EES, vol ii, Chapters on Socialism: 714).

More specifically, he believes that the Saint-Simonian co-operative system is superior to the system promoted by Robert Owen, since the later weakens the real incentives to work.<sup>375</sup> According to Saint-Simon, “each man was to be employed ‘according to his capacity’ and his reward ‘proportioned so far as possible to his services’” (de Marchi 1972: 355). On the other side, in Owen’s hands, individuals are freely permitted “to receive from the general store of the community whatever they may require irrespective of the value of their particular contribution” (p. 356).

Although Mill believes that a labourer is more productive in a communal society – as long as he “has less personal interest in his work than a member of a Communist association, since he is not, like him, working for a partnership of which he is himself a member (Principles, Book II, c. i, § 4: 204-205) – he arrays a variety of objections on both communist property and management. Mill, in a typical economic historian fashion, produces a short but compact history of property rights to ground

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<sup>374</sup> Their experimental character is highlighted by Ten (1998: 391): “In this case socialism is decentralised, being applied to smaller units such as villages and townships, and being extended to the whole country only by a multiplication of such self-contained units [...] Socialism, brought about in this way, will only be implemented on an increasingly broad scale when it has been shown to be successful on a smaller scale”.

<sup>375</sup> According to Kurer (1992: 227) the Owenite versions were rejected by Mill “because of the extreme equality of condition, leaving room for individual liberty, self-development, and individuality”. Naturally, Mill’s views are closer to those of St. Simon. His mature autobiographical words are illustrative of this propinquity: “The scheme gradually unfolded by the St. Simonians, by which the labour and capital of the community would be managed for the general account, every individual being required to take a share of labour either as thinker, teacher, artist or producer, and all being classed according to their capacity and rewarded according to their works, appeared to me a far superior kind of Socialism to Owen’s” (Autobiography, c. v: 174).

his theoretical reasoning. According to his historical analysis, the intimate essence of private property was violated in modern Europe since its social arrangements “commenced from a distribution of property which was the result, not of just partition, or acquisition by industry, but of conquest and violence”, and “the laws of property have never yet conformed to the principles on which the justification of private property rests” (Principles, Book II, c. i, § 3: 208).<sup>376</sup> *Ipsa facto*, the enforcement of property rights depends on a variety of historical circumstances and is socially, culturally, politically and legally animated.<sup>377</sup> Mill stresses the historically relative character of property rights, as his concluding remarks in *Chapters on Socialism* illustrate:

The idea of property is not some one thing, identical throughout history and incapable of alteration, but is variable like all other creations of the human mind; at any given time it is a brief expression denoting the fights over things conferred by the law or custom of some given society at that time; but neither on this point nor on any other has the law and custom of a given time and place a claim to be stereotyped forever (EES, Chapters on Socialism: 753).

More specifically, Mill supports individual property since it secures and promotes *individual liberty* which is for him the *raison d' être* of social well being. He notes, in a truly Voltairean vein, that

The perfection both of social arrangements and of practical morality would be, to secure to all persons complete independence and freedom of action, subject to no restriction but that of not doing injury to others (p. 210).<sup>378</sup>

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<sup>376</sup> According to Mill, “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” (Principles, Book II, c. i, § 4: 217).

<sup>377</sup> For instance, the customs and laws of early nineteenth century were related to ‘property in human beings’. Mill, like Smith, opposes the institution of slavery and notes that “It is almost superfluous to observe, that this institution can have no place in any society even pretending to be founded on justice, or on fellowship between human creatures” (Principles, Book II, c. ii, § 7: 236).

<sup>378</sup> According to Mill, this was the main reason that Socialist experiment (mainly in France) while started “by sharing the remuneration equally, without regard to the quantity of work done by the individual [...] was after a short time abandoned, and recourse was had to working by the piece” (Principles, Book II, c. i, § 3: 211). Mill believes that “It is the declared principle of most of these associations that they do not exist for the mere private benefit of the individual members but for the promotion of the co-operative cause” and “With every extension, therefore, of their business, they take in additional members, not [...] to receive wages from them as hired labourers, but to enter at once into the full benefits of the association” (Principles, Book IV, c. vii, § 6: 781).

However, he believes that the extreme inequalities in the properties among the people of the same society arise from its laws and customs. According to his historical analysis of property rights, the law of primogeniture and the law of entails are of prime importance for the unequal distribution of wealth. He notes that, according to the principle of individual liberty, “Each person should have power to dispose by will his or her whole property; but not to lavish it in enriching some one individual beyond a certain maximum”, since this mode of disposition is moving against the permanent interests of the human race (Principles, Book II, c. ii, § 4: 228).<sup>379</sup> In Mill’s view, “any general improvement in land by the landlords is hardly compatible with a law or custom of primogeniture” (Principles, Book II, c. ii, § 6: 231). For Mill, this historical framework is the firm reason behind the fact that, “Landed property in England is thus very far from completely fulfilling the conditions which render its existence economically justifiable” (p. 232). Essentially therefore, Mill emphasises a motif which had already been phrased by Richard Jones: that for the most part landlords had not acted so encourage the ryot to effect improvements. His concluding comment in Chapter II of his Book II is indicative of his relativist views on property:

So much on the institution of property, a subject of which, for the purposes of political economy, it was indispensable to treat, but on which we could not usefully confine ourselves to economic considerations (Principles, Book II, c. ii, § 7: 237).

Essentially therefore, the product of a society is distributed according to its laws, its institutions and its governmental actions (Principles, Book II, c. iii, § 1: 238). Mill observes that in industrial societies the produce, as the motifs of political economy assert, “may be considered as divided into landowners, capitalists, and the productive labourers” (p. 238). However

*there are only one or two communities in which the complete separation of these classes is the general rule. England and Scotland, with parts of Belgium and Holland, are almost the only countries in the world, where the land,*

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<sup>379</sup> More specifically, in Mill’s own words: “I see nothing objectionable in fixing a limit to what any one may acquire by the mere favour of others, without any exercise of his faculties, and in requiring that if he desires any further accession of fortune, he shall work for it” (Principles, Book II, c. ii, § 4: 228-229).

capital, and labour employed in agriculture are generally the property of separate owners (Principles, Book II, c. iii, § 2: 238-239, emphasis added).

According to his historical analysis, the ordinary case is “that the same person owes either two of these requisites, or all three” (p. 239).<sup>380</sup> Evidently, there are historically variable forms of this separation since in some parts of Continental Europe “the same person owes the capital and the land, but not the labour”, while in others “the labourer does not own the land, but owns the little stock employed on it, the landlord not being in the habit of supplying any” (Principles, Book II, c. iii, § 3: 240). The historical form of the separation is socially, politically, and culturally determined.

Mill’s heterodox view that the ‘laws of distribution’ are historically determined is crystallised in Chapter IV of Book II of his *Principles*, entitled ‘Competition and Custom’. In this chapter, which reflects a highly *ethological* spirit, Mill places custom – a historical condition - side by side with competition as agential factors in the determination of the division of the product. This chapter reflects Mill’s aversion to transhistorical analysis and reflects both his historical sensitivity and the inductive (historical) side of his methodology. But let Mill speak for himself:

Under the rule of individual property, the division of the produce is the result of two determining agencies: Competition and Custom [...] Political economists generally, and English political economists above others, have been accustomed to lay almost exclusive stress upon the first of these agencies; to exaggerate the effect of competition, and take into little account the other and conflicting principle. They are apt to express themselves as if they thought that competition actually does, in all cases, whatever it can be shown to be the tendency of competition to do (Principles, Book II, c. iv, § 1: 242).

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<sup>380</sup> Mill notes that when land, labour and capital are belonging to the same person, we are speaking of slave communities. For instance, in Mill’s words: “Our West India colonies before emancipation, and the sugar colonies of the nations by whom a similar act of justice is still unperformed are examples of large establishments for agricultural and manufacturing labour [...] in which the land, the factories (if they may be so called), the machinery, and the degraded labourers, are all property of a capitalist” (Principles, Book II, c. iii, § 2: 240).

#### 4.6.5 Competition vs. custom

Though Mill accepts the view that it is through ‘the principle of competition’ that political economy gained its scientific character - since “so far as rents, profits, wages, prices are determined by competition, laws may be assigned to them” (p. 242) - he is skeptical when it comes to its transhistorical validity. He reproduces the ‘principle of competition’ but adds the Galilean *ceteris paribus* assumption and warns his readers that historical experience limits the validity of the principle, even in the case of perfect competition. More specifically:

It would be a great misconception of the actual course of human affairs, to suppose that competition exercises in fact this unlimited sway [...] I speak of cases in which there is nothing to restrain competition; no hindrance to it either in the nature of the case or in artificial objects; yet in which the result is not determined by competition, but by custom or usage; competition either not taking place at all, or producing its effect in quite a different manner from that which is ordinarily assumed to be natural to it (p. 242-243).

According to Mill, even competition is a historical condition and not a phenomenon which is functioning perpetually. As he puts it, “Competition, in fact, has only become in any considerable degree the governing principle [...] at a comparatively modern period”, and “the farther we look back into history, the more we see all transactions and engagements under the influence of fixed customs” (Principles, Book II, c. iv, § 2: 243). In his *On Liberty*, Mill stresses the ‘magical influence of custom’ “which is not only, as the proverb says, a second nature, but is continually mistaken for the first” (EPS, *On Liberty*, c. i: 220). For Mill, therefore, the custom is frequently moving against the individual nature of men and determines the evolution of social and economic phenomena. The influence of custom goes beyond human agency since a man “who does anything because it is the custom, makes no choice” (EPS, *On Liberty*, c. iii: 262).<sup>381</sup>

For instance, Mill uses the case of rent to validate the influence of custom, while he utilises historical evidence to illustrate his argument. According to Mill’s

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<sup>381</sup> As Gillig (2016, ff. 10: 389) notes, “Mill uses the concept of ‘custom’ to designate a set of tacit and explicit obligations as opposed to individual free choice”.

historical narrative, in the rude stages of society, “Rights thus originating, and not competition in any shape, determine [...] the share of the produce enjoyed by those who produce it” (Principles, Book II, c. iv, § 2: 243). Historically, the relations “between the landowner and the cultivator, and the payments made by the latter to the former, *are in all states of society but the most modern, determined by the usage of the country*”, while “never until late times have the conditions of the occupancy of land been (as a general rule) an affair of competition” (p. 243, emphasis added). What is more, in most of Asiatic countries rents are customarily determined, since “usurpation, tyranny, and foreign conquest [have] to a great degree obliterated the evidences of them” (p. 244). Furthermore, the obligations of servants to their lords in Western Europe feudalism – obligatory labour, fixed rents, the obligatory milling in the lord’s mill, etc. – had been determined “by the usage or law of the country and not by competition” (p. 245). Moreover, in the *metayer system* the land is divided into small farms and is distributed among single families. In this system, the landlord supplies the necessary stock and his remuneration is connected with a certain rent or profit of the proportion of production. For Mill, this proportion is determined by customary orders and is fixed, since “the custom of the country is the universal rule; nobody thinks of raising or lowering rents, or of letting land on other than customary conditions. *Competition, as a regulatory of rent, has no existence*” (p. 245, emphasis added). In fact, as Mill notes, the influence of custom upon rents is manifested even in industrial societies. Mill accepts the Ricardian ‘law of rent’ according to which rent is determined by land’s fertility and its geographical situation, but apprehends the impact of law and custom on its determination.<sup>382</sup> This apprehension reflects Mill’s epistemic *eclecticism* and crystallises his compromise between Ricardo and his severe critic Richard Jones.

On the other hand, Mill believes that the prices of commodities - despite coming earlier under the influence of competition than rent - are not always competitively determined. According to Ricardian political economy, untrammelled competition is associated with one and single price in the same market. However, as Mill argues,

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<sup>382</sup> According to Ricardian ‘law of rent’ “if all lands were equally fertile, those which are nearer to their market than others, and are therefore less burthened with cost of carriage, would yield a rent equivalent to the advantage; and that the land yielding no rent would then be, not the least fertile, but the least advantageous situated” (Principles, Book II, c. xvi, § 5: 433).



everyone knows that there are, almost always, two prices in the same market. Not only are there in every large town, and in almost every trade, cheap shops and dear shops, but the same shop often sells the same article at different prices to different customers (Principles, Book II, c. iv, § 3: 246).

Evidently, the “[r]etail price, the price paid by the actual consumer, seems to feel very slowly and imperfectly the effect of competition; and when does exist, as often, instead of lowering prices, merely divides the gains of the high price among a greater number of dealers” (p. 246). For Mill, therefore, the frequent regulator of prices is customary and is modified from time to time by notions existing in the minds of purchasers and sellers of some kind of equity or justice.<sup>383</sup> Mill’s analysis elevates the historically specific character of his political economy, since the role of the historical element is decisive in the determination of economic variables. In another heterodox passage he notes that:

Where competition, though free to exist, does not exist, or where it exists, but has its natural consequences overruled by other agency, the conclusions will fail more or less applicable. To escape error, we ought, in applying the conclusions of political economy *to the actual affairs of life*, to consider not only what will happen supposing the maximum competition, but how far the result will be affected if competition falls short of the maximum (p. 247-248, emphasis added).

In subsequent chapters of Book II Mill narrates the historical instances in which the principle of competition does not hold. For instance, in the Chapter V he is engaged with the institution of Slavery. His criticism resembles Smith’s criticism since, as he puts it, that it is “incompatible with any high state of the arts of life, and any great efficiency of labour” since “labour extorted by fear of punishment is inefficient and unproductive” (Principles, Book II, c. v, § 2: 251). Mill cites Jones’ observations on his *Essays on the Distribution of Wealth and on the Sources of Taxation* (1831) by noting that “in Russia, where everything is cheap, the labour of a serf is doubly as expensive as that of a labourer in England” (Principles, Book II, c. v, § 3: 254). For Mill, serfdom, which is a human institution, is an unproductive system

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<sup>383</sup> The notion of medieval or ‘just’ price was already perceived by Thomas Aquinas (cited in Milonakis 1995: 351) “who talking about artisanal production, insisted that ‘arts and crafts are doomed to destruction if the producer did not recover his outlays in the sale of his product’”.

influenced by demographic fluctuations (Principles, Book II, c. v, § 3: 254). *Ad addendum*, in Chapter VI, he describes the system of ‘Peasant Proprietorship’ in which the greater part of the arable land belongs neither to landowners nor to capitalist farmers, but to the labourer who tills the soil. Mill cites Sismondi’s views that such a system is highly efficient as is historically illustrated by countries like Switzerland, Norway, and in some regions in Germany (Principles, Book I, c. x, § 3: 160). Mill observes that the system of ‘Small Proprietorship’ had not been promoted in England. According to his ethological and historical analysis the non-adoption is a matter of custom and prejudice since,

Englishmen being in general profoundly ignorant of the agricultural economy of other countries, the very idea of peasant proprietors is strange to English mind and does not easily find access to it (Principles, Book II, c. vi, § 2: 257).

Mill adduces the advantages of peasant proprietorship in Switzerland and Norway by citing the observations of English travellers.<sup>384</sup> Mill’s heterodox analysis of the system of small peasant proprietors highlights the historical character of his thought which is intermingled with the more deductive tenets of his economic theory. The inductive spirit of his methodology is crystallised in Chapter VIII, in which he describes the farming system of *Metayers* and in the Chapter IX, devoted to the system of *Cottiers*. These chapters refer to historical divergences from competitive situations and illustrate Mill’s heterodox view that rent is in these cases governed by customary conditions.

With regard to the remuneration of other agents of production, Mill, despite noting that wages “like other things, may be regulated either by competition or by custom”, is ready to accept that, “Competition [...] must be regarded, in the present state of society, as the principal regulator of wages, and custom or individual character only as a modifying circumstance, and that in a comparatively slight degree” (Principles, Book II, c. xi, § 1: 343). For Mill, wages are regulated by competition only in the commercial stage of society, since in other forms of societal organisation custom had been decisive for their determination.

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<sup>384</sup> Mill cites Arthur Young’s observations and notes that even Young, the true apostle of *grande culture*, may be said to believe that “the effect of small properties, cultivated by peasant proprietors, is admirable when they are not *too* small: so small, namely, as not fully to occupy the time and attention of the family” (Principles, Book II, c. vi, § 7: 281).

#### 4.6.6 Wages fund doctrine

Mill reproduces the classical ‘wages fund doctrine’ according to which wages “depend mainly upon the demand and supply of labour; or, as it is often expressed, on the proportion between population and capital” (p. 343). However, his historical sensitivity impels him to notice that it is convenient to employ the expression of ‘wages fund’ “remembering, however, *to consider it as elliptical, and not as a liberal statement of the entire truth*” (p. 344, emphasis added). With this qualification in mind, Mill delineates the epistemological content of the ‘wages fund doctrine’ by noticing that wages “cannot rise, by an increase of the aggregate funds employed in hiring labourers, or a diminution in a number of the competitors for hire; nor fall, except either by a diminution of the funds devoted to paying labour, or by an increase in the number of labourers to be paid” (p. 344). Or, most eloquently:

Wages depend, then, on the proportion between the number of the labouring population, and the capital or the funds devoted to the purchase of labour; we will say, for shortness, the capital. If wages are higher at one time or place than at another, if the subsistence and comfort of the class of hired labourers are more ample, it is for no other reason than because capital bears a greater proportion to population (Principles, Book II, c. xi, § 3: 349).

These views are connected with the classical ‘wages fund doctrine’ or the ‘iron law of wages’, according to which wages are paid from a fund, which is provided by the capitalist out of a given revenue, and as such is almost fixed and inelastic in a short-run period. Hence, in the short-run the average wage is defined as Stiegler (1988: 16) notes:

$$\text{Average Wage Rate (AWR)} = \frac{\text{Wages-Fund}}{\text{Number of Workers Employed}}$$

According to this abstract model, the distribution from the fund is zero-sum, since a portion of it goes to labourers and another portion to the reproduction of capital. In fact, “if labourers demand higher wages, then the capitalist will simply employ fewer workers” (Vallier 2010: 121). Substantially therefore, the ‘wages fund doctrine’ provides the epistemological basis for post-Ricardians to argue “that any attempt to ameliorate the conditions of the working class through legislation, e.g., by means of

the Poor Laws, would in fact make conditions worse” (Wilson 1998: 207).<sup>385</sup> According to this epistemological motif, “in the absence of legal or customary checks on population, this wage level tends to be driven down to the customary minimum” (Riley 1998: 309).

Mill himself, in the early years of his intellectual development, primarily due to his Ricardian upbringing, had defended the epistemic content of the ‘wages fund doctrine’ by a series of letters to a leading working-class newspaper in which he argued “that it was only through competition caused by overpopulation that the working class did not have high wages” (Claeys 1987: 124). The ‘wages fund doctrine’ is inextricably tethered to the Malthusian theory of population and according to their epistemic linkage, “the only possible way for the workers to raise their standard was [...] to limit their numbers” (Schapiro 1943: 145). Naturally therefore, Mill condemned as pernicious the active efforts of trade unions to raise wages above their minimum level. Similarly, he criticised all remedies for low wages (Poor Law of 1834, Allowance System &c.) which had attempted “to regulate wages without regulating population” (Principles, Book II, c. xii, § 3: 367).<sup>386</sup> Thus,

No remedies for low wages have the smallest chance of being efficacious, which do not operate on and through the minds and habits of the people. While these are unaffected, any contrivance, even if successful, for temporarily improving the condition of the very poor, would but let slip the reins by which population was previously curbed (Principles, Book II, c. xii, § 4: 372).

According to Mill’s firm belief, the altering of minds and habits of poor people lies in a twofold framework: an effective national educational system of the children of the labouring class and a system of measures for the confrontation of extreme poverty (Principles, Book II, c. xiii, § 3: 380).

On the other hand, as with other classical themes, Mill was not a blind supporter of the ‘wages fund doctrine’ and his dissidence from its ‘classical’ readout

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<sup>385</sup> Ricardo compares the ‘wages fund doctrine’ with the Newtonian laws of gravitation. In his own words: “The principle of gravitation is no more certain than the tendency of such laws to change wealth and power into misery and weakness; to call away the exertions of labour from every object, except as providing mere subsistence; to confound all intellectual distinction; to busy the mind continually in supplying the body’s wants; until at last all classes should be infected with the plague of universal poverty” (cited in Wilson 1998: 208).

<sup>386</sup> For Mill, these half-baked redistributive measures, as the Allowance System, compressed wages “to a lower state than had been known in England before” (Principles, Book II, c. xii, § 3: 368).

can be found even in his early manuscripts. Subsequently, in his *Principles*, he employs historical evidence to illustrate divergences from this view by citing the examples of North America and Australian colonies in which “All [...] who can work can find employment without overstocking the market” (*Principles*, Book II, c. xi, § 3: 349). Moreover, he uses the historical experience of the British economy, in which technological innovations had violated the validity of the ‘wages fund doctrine’. In Mill’s words:

A similar advantage, though in a less degree, is occasionally enjoyed by some special class of labourers in old countries, from an extraordinary rapid growth, not of capital generally, but of the capital employed in a particular occupation. So gigantic has been the progress of the cotton manufacture since the inventions of Watt and Arkwright, that the capital engaged in it has probably quadrupled in the time which population requires for doubling (p. 349).

However, these circumstances are transitory and the general rule which is derived from the ‘wages fund doctrine’ is that “it is impossible that population should increase at its utmost rate without lowering wages” (p. 351). For these reasons he notes that marriage in many countries is restricted either by law or by custom.<sup>387</sup> Mill is aware that all these are articulated at an abstract and deductive level of analysis. He is cautious of the universal character of the ‘wages fund doctrine’ and notes that there are “some facts in apparent contradiction to this doctrine” (*Principles*, Book II, c. xi, § 2: 344). Essentially, these historical facts are moving against the operation of the theoretical principle. He points out that in many cases when the demand in a particular occupation, after a period of decline, revives, the manufacturer is able to “sell his commodity even faster than he can produce it: his whole capital is then brought into complete efficiency, and if he is able, he borrows capital in addition, which would otherwise have gone into some other employment. At such times, wages, in his particular occupation, rise” (p. 345). However, apart from these fluctuations, “nothing can permanently alter general wages, except an increase or a diminution of capital

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<sup>387</sup> According to Mill, due to the ontological thread between population and wages “either actual legal restraint, or a custom of some sort [...] affords immediate inducements not to marry” (*Principles*, Book II, c. xi, § 4: 353). Mill elaborates historical facts to illustrate his views. He uses the historical experience of regions in which marriage is restricted by law (e.g. Macklenburg, Saxony, Wurtneburg). Accordingly, he quotes Sismondi who had observed that “in some parts of Italy it is the practice [...] among the poor, as it is well known to be in the higher ranks, that all but one of the sons remain unmarried” (*Principles*, Book II, c. xi, § 5: 356).

itself [...] compared with the quantity of labour offering itself to be hired” (p. 345). Mill argues that according to the Ricardian ‘theory of wages’ “there is everywhere a minimum rate of wages: either the lowest with which it is physically possible to keep up the population, or the lowest with which the people will choose to do so. *To this minimum he assumes that the general rate of wages always tends*” (p. 347, emphasis added).<sup>388</sup> Though Mill accepts the epistemology of Ricardo’s theory, he adds that

in the application to practice, it is necessary to consider that the minimum of which he speaks, especially when it is not a physical, but what may be termed a moral minimum, is liable to vary (p. 347).

The incorporation of the ethical element is moving against the idea of a fixed capital for the remuneration of labourers and impels Mill to criticise the universal validity of the ‘wages fund doctrine’. Later on the doctrine was partially abandoned by Mill himself in his critical essay ‘Thornton on Labour and Its Claims’ (1869), in which he claims that the ‘wages fund doctrine’ is a series of deductions received by all classical political economists (himself included) as incontrovertible. In this highly heterodox review, Mill “denies that there is any fixed amount of money from a previous time period that the capitalist uses to pay wages to his workers” (Vallier 2010: 122). He recognises that the available amount of wages is not fixed but rather, in certain historical periods, flexible and as such trade unions did thus have the capacity to raise wages through strikes (Claeys 1987: 139-140). In his own words:

This series of deductions is generally received as incontrovertible. They are found, I presume, in every systematic treatise on political economy, my own certainly included. I must plead guilty to having, along with the world in general, accepted the theory without the qualifications and limitations necessary to make it admissible (EES, vol ii, Thornton on Labour and its Claims: 643).

According to the ‘wages fund doctrine’, capitalist’s pecuniary means are his capital and his profits or income. His capital is the accumulation of the monetary fund by

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<sup>388</sup> Mill notes that “by improvements in agriculture, the repeal of Corn Laws, or other such causes, the necessaries of the labourers are cheapened, and they are enabled, with the same wages, to command greater comforts than before. Wages will not fall immediately [...] but they will fall at last, so as to leave the labourers no better off than before” (Principles, Book II, c. xi, § 2: 348).

which he starts at the beginning of the year, or in the commencement of a new business operation. Essentially, the very abstract idea of the theory lies in the fact that

his income he does not receive until the end of the year, or until the round of operation is completed. His capital, except such part as is fixed in buildings and machinery, or laid out in materials, is what he has got to pay wages with. He cannot pay them out of his income, for he has not yet received it. When he does receive it, he may lay by a portion to add to his capital, and as such it will become part of next year's wages-fund, but has nothing to do with this year's (p. 644).

Mill criticises this theoretical assertion as 'wholly imaginary' and observes that "the real limit to the rise is the practical consideration, how much would ruin him, or drive him to abandon the business: not the inexorable limits of the wages-fund" (p. 645).

Though it cannot be argued that Mill rejects the 'wages fund doctrine' *per se*, as Schapiro (1943: 144) believes, he recants its various vulgarisations and the subsequent tenets of its universal character. Mill did not incorporate the fierce criticism of his review into the subsequent editions of his *Principles* and, as such, his recantation has to be associated with non-analytical considerations which should be viewed as "an attempt to construct a stronger defense of labour unions or a wish the role of the state in assisting" (Stiegler 1988: 18).<sup>389</sup> Mill had intended to show that the rate of wages is subject to negotiation, a fact that legitimises union action. As Platteau (1985: 15) rightly observes:

Mill's mysterious retraction of such an important analytical piece of classical economic doctrine seems to have at least partly arisen from his disillusion and impatience with prevailing doctrines in the face of crucial social problems which he felt more and more concerned toward the end of his life.

Mill, already in his *Principles*, had elaborated heretical views which though not tantamount to the rejection of the 'wages fund doctrine', were moving against its enunciations. Evidently, these views are tightly connected with the historical side of his economic epistemology. Mill, despite of accepting that wages are both determined

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<sup>389</sup> According to Gillig (2016: 391) "Mill let the last edition of his *Principles* (1871) unchanged, for he did not have enough time and strength to carry out the general overhaul he would accordingly have wished".

by the bulk of (circulating) capital employed and by the supply of labour power, is ready to concede, in a modified Smithian fashion (WN, Book I, c. x), that there are “kinds of work which are habitually paid at different rates, depending in some degree on different laws” (Principles, Book II, c. xiv, § 1: 385).<sup>390</sup> The word *habitually* illustrates the role of custom or the absence of competition in the determination of these differences.

The wage of goldsmiths, of jewellers, of physicians and of lawyers is not the consequence of competition “but of its absence [...] a kind of monopoly price, the effect not of a legal, but of what has been termed a natural monopoly” (Principles, Book II, c. xiv, § 2: 391). On the other hand, the ‘liberal professions’ which are associated with high wages, are chiefly recruited “from the children of those already employed in it, or in employments of the same rank with it in social estimation, or from the children of persons who, if originally of a lower rank, have succeeded in raising themselves by their exertions” (p. 393). Essentially therefore, wages in these professions are formed either by custom (or by habitual thoughts) or by population’s mobility within a specific social rank. For instance, in truly Malthusian vein, “If the wages of artisans remain so much higher than those of common labourers, it is because artisans are a more prudent class, and do not marry so early or so inconsiderably” (p. 393).

According to Mill’s ethological analysis, custom’s effect on the determination of wages is reflected in the difference in wages between of men and women. Mill believes that the difference is explained by customary conditions which are

grounded either *in prejudice, or in the present constitution of society*, which, making almost every woman, socially speaking, an appendage of some man [and] enables men to take systematically the lion’s share of whatever belongs to both (Principles, Book II, c. xiv, § 5: 400, emphasis added).

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<sup>390</sup> Mill accepts Smith’s distinction by noting that “A well-known and very popular chapter of Adam Smith contains the best exposition yet given of this portion of the subject. I cannot indeed think his treatment so complete and exhaustive as it has sometimes been considered; but, as far as it goes, his analysis is tolerably successful” (Principles, Book II, c. xiv, § 1: 385). Mill modifies the core of Smith’s argument by noting that he opens “a class of considerations which Adam Smith, and most other political economists, have taken into far too little account” (Principles, Book II, c. xiv, § 2: 391). Evidently, this class of considerations is associated with Mill’s feminist, anti-racist and liberal views.



In particular, Mill's proto-feminist economics is moving against the abstract connotations of the 'wages fund doctrine', and illustrate the role of custom in the determination of wages. For Mill, as is eloquently demonstrated in his *Subjection of Women* (1869), presumptions about gender (or racial) differentiation is one of the most serious impediments to social progress.<sup>391</sup> For Mill "women are as capable as men of appreciating and managing their own concerns, and the only hindrance to their doing so arises from the injustice of their present social position" (Principles, Book V, c. xi, § 9: 959).

In conclusion, the 'wages fund doctrine' is frequently violated by historical circumstances since "law or custom may interfere to limit competition" (Principles, Book II, c. xiv, § 6: 401). For instance, "If apprentice laws, or the regulation of corporate bodies, make the access of particular employment slow, costly, or difficult, the wages of that employment may be kept much above their natural proportion to the wages of common labour" (p. 401). Mill's inductive (historical) methodology impels him to accept the variations of the 'wages fund doctrine' by observing that "there are kinds of labour of which the wages are fixed by custom, and not by competition" (Principles, Book II, c. xiv, § 7: 403). Mill cites as significant examples of this variation the wages of physicians, surgeons, barristers and attorneys by noting that the cause for their high wages "has been the prevalence of an opinion that such persons are more trustworthy if paid highly in proportion to the work they perform" (p. 404). In addition, in many instances, "Liberality, generosity, and the credit of the employer, are motives which, to whatever extent they operate, preclude the utmost advantage of competition" (p. 404).

All these exceptions can never affect the correlation of the average wage with the ratio of population and capital. However, in fact, there are many instances which move against the abstract outline and elevate the role of the historical element in the determination of economic variables. Evidently, it is in these circumstances that *Ethology* really matters.

On the other side, with regard to profits, these are for the capitalist, as Mill argues, the net income produced by the elaboration of his capital which can be either

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<sup>391</sup> According to Frantz (2002: 134), Mill's feminism is illustrated by his support of "women's suffrage, educational and occupational openings for women, and legislation such as Married Woman's Property Bill, and the Divorce Act of 1857".

spent in necessities or pleasure or can be added to his initial capital (Principles, Book II, c. xv, § 1: 405).<sup>392</sup> According to Mill, the profit must afford “a sufficient equivalent for abstinence, indemnity of risk, and remuneration for the labour and skill required for superintendence” (p. 406). The profit *per se* is divided into three constituent parts: interest, insurance, and wages of superintendence. For Mill, the remuneration of capital is tightly associated with the security of the country (Principles, Book II, c. xv, § 2: 408-409). Additionally, much more than the remuneration of labour, profit “varies according to the circumstances which render one employment more attractive, or more repulsive, than another” (Principles, Book II, c. xv, § 3: 409). However, except in some specific circumstances in which there is inequality of profit (differences in the risk or agreeableness of different employments), Mill accepts in typical classical fashion that “the rate of profit on capital in all employments tends to an equality” (Principles, Book II, c. xv, § 4: 410).

*En converso*, Mill did not accept the universal character of this argument “such is the proposition usually laid down by political economists, *and under the proper explanation is true*” (p. 411, emphasis added). For Mill, though the rate of interest is totally influenced by competition, since “there is no employment in which, in the present state of industry, competition is so active and incessant as in the lending and borrowing of money” (p. 411), it is far otherwise with gross profit. According to Mill, the gross profit depends on “the knowledge, talents, economy, and energy of the capitalist himself, or of the agents whom he employs; on the accidents of personal connexion; and even on chance” (p. 411). Essentially therefore, what is equal with interest is the expectations on profit, not the rate of profit itself.<sup>393</sup>

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<sup>392</sup> Mill provides an outline for the dissociation of profit from interest by noting that interest “is all that a person is enabled to get by merely abstaining from the immediate consumption of his capital, and allowing it to be used for the productive powers of others” (Principles, Book II, c. xv, § 1: 406).

<sup>393</sup> According to Mill, “if there were, evidently, and to common experience, more favourable chances of pecuniary success in one business than in others, more persons would engage their capital in the business, or would bring up their sons to it [...] If on the contrary, a business is not considered thriving; if the chances of profit in it are thought to be inferior to those in other employments; capital gradually leaves it, or at least new capital is not attracted to it” (Principles, Book II, c. xv, § 4: 412). Essentially, “If any popular impression exists that some trades are more profitable than others, independently of monopoly, or such rare accidents as have been noticed in regard to the cotton trade, the impression is in all probability fallacious, since if it were shared by those who have the greatest means of knowledge and motives to accurate examination, there would take place such an influx of capital as would soon lower the profits to the common level” (p. 414).

The rate of (gross) profit is influenced by a variety of agents which cannot be squeezed under the umbrella of an abstract outline. For Mill, profits are determined by historical, geographical, customary and social factors. His theoretical reasoning is illustrative of this view:

Hardly any two dealers in the same trade, even if their commodities are equally good and equally cheap, carry on their business at the same expense, or turn over their capital in the same time. That equal capitals give equal profits, as a general maxim of trade, would be as false as that equal age or size gives equal bodily strength, or that equal reading or experience gives equal knowledge. The effect depends as much upon twenty other things, as upon the single cause specified (p. 411-412).

According to Mill, “even in countries of most active competition, custom *also has a considerable share in determining the profits of trade*” (p. 415, emphasis added). He employs historical material to illustrate his views: “There has been in England a kind of notion [...] that fifty per cent is a proper and suitable rate of profit in retail transactions” (p. 415). Essentially, “if this custom were universal, and strictly adhered to, competition indeed would still operate, but the consumer would not derive any benefit from it, at least as to price” (p. 415). This observation is based on the historical fact that competition is frequently violated by the customary *status quo* and its influence is limited even in the formulation of retail prices.

Therefore, profits “are very different to different individuals and to the same individual in different years” (p. 414). However, while the profits of a particular trade are likely to oscillate either above or below the general level, they tend to return to the general level (Principles, Book II, c. xv, § 4: 414). Mill accepts Ricardo’s theorem that the rate of profit, properly speaking, is *in toto* dependable on wages since it is “rising as wages fall, and falling as wages rise” (Principles, Book II, c. xv, § 7: 419). For Mill, the *cost of labour*, the most influential factor for the determination of the rate of profit, is

in the language of mathematics a function of three variables: the efficiency of labour; the wages of labour (meaning thereby the real reward of the labourer); and the greater or less cost at which the articles composing that real reward can be produced or procured (p. 420).

Mill's interesting analysis of profits incorporates both abstract and historically delineated concepts. For instance, in discussing the general rate of profit, Mill introduces the concept of equilibrium and presents the fluctuations from it as the oscillations of the pendulum. On the other hand, these oscillations are typified as historically and socially animated. The Millian methodology contains both deductive and inductive elements and as such justifies the twofold reading of his political economy.

In conclusion, Mill's epistemic distinction between 'laws of production' and 'laws of distribution' is one of the leading tenets of his political economy. His heterodox analysis of the 'laws of distribution' illustrates the inductive side of his methodology and inserts a historical dimension into his economic analysis. He argues that wages, profits, and rents are determined by certain causes and depend on certain institutions and customs. This dependence renders the 'laws of distribution' provisional in their character. Evidently therefore,

The economic generalisations which depend not on necessities of nature but on those combined with the existing arrangements of society, it deals with only as provisional, and as liable to be much altered by the progress of social improvement (Autobiography, Yale Fragment: 257).

For instance, in discussing the distribution of the surplus product in the agricultural stage of society, he points out the social (historical) character of the 'laws of distribution':

The surplus too, whether small or great, is usually torn from the producers, either by the government to which they are subject, or by individuals, who by superior force, or by availing themselves of religious or traditional feelings of subordination, have established themselves as lords of the soil (Principles, Preliminary Remarks: 12).

Koot (1987: 17) rightly notes that for Mill, the 'laws of distribution', *en converso* to the 'laws of production', "are partly of human institution [...] since the manner in which wealth is distributed in a given society, depends upon the statutes and usages their containing". Hutchison (1998: 50-51) believes that the epistemological distinction between Production and Distribution illustrates the importance of history

in political economy and differentiates Mill from his fellow political economists. Substantially, Mill's epistemological doctrine of the *relativity of economic doctrines* finds its most astonishing crystallisation in his analysis of the 'laws of distribution'.<sup>394</sup> The famous distinction between the 'laws of production' and of 'distribution', despite its analytical weaknesses, has been Mill's epistemic attempt to synthesise the ideas of Ricardo and Malthus on production, with those of his wife's and Saint-Simon on distribution. As Mill himself proclaims:

I had indeed partially learnt this view of things from the thoughts awakened in me by the speculations of the Saint-Simonians: but it was made a living principle [...] by my wife's promptings (Autobiography, Yale Fragment: 257).

## 4.7 Mill's radical economic and social policy - the case of Ireland

### 4.7.1 Laissez-faire vs. government intervention

Evidently, John Stuart Mill is a true liberal who has both promoted the *laissez-faire* doctrine and has defended the maintenance of private property rights. Schapiro (1943: 142) summarizes well his liberalism:

Free enterprise, so distinctive of modern capitalism, was to Mill the very touchstone of economic progress, without which mankind would be thrust back into the straitjackets of mercantilism and feudalism. And private property he regarded as the one sure guarantee that whatever economic progress was made would be both maintained and strengthened by still greater advances.

For Mill, individuals have the ability to know their interests better than any governmental committee, and as such a nationally implemented socialist programme cannot ensure their well-being.<sup>395</sup> Such an ontological claim impels Mill to regard the *laissez-faire* doctrine as an unavoidable practice and any deviation from it as a certain evil. For him, the *laissez-faire* dictum is acceptable since "Government Management

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<sup>394</sup> Semmel (1970: 188) notes that, according to Mill, "a tax on exports might, under certain circumstances, be paid entirely by the foreigner, and sometimes even more than the amount taxed might be drawn from him; however, the exact determination as to how a country might gain or lose by such a tax was very uncertain".

<sup>395</sup> In Mill's own words: "People understand their own business and their own interest better, and care for them more, than the government does, or can be expected to do. This maxim holds true throughout the greatest part of the business of life" (Principles, Book V, c. xi, § 5: 947).

is, indeed proverbially jobbing, careless, and ineffective” (Principles, Book V, c. xi, § 11: 960).

Mill believes that government policy is crucial in the determination of production and (chiefly) of the distribution of wealth. He notes that if a government is tyrannical and rapacious, “it is not likely that many [agents] will exert themselves to produce much more than necessities” (Principles, Book I, c. vii, § 6: 113). This explains “the poverty of many fertile tracts of Asia, which were once prosperous and populous” (p. 113).<sup>396</sup> For Mill, as has already been indicated, custom, culture and institutional framework are decisive factors for economic advancement. For instance, the deficiency of industry in India is rooted in its “village institutions and customs, which are the real framework of Indian society” (Principles, Book I, c. viii, § 3: 121). Granted this institutional framework the “implements and processes of agriculture are however so wretched, that the produce of the soil, in spite of great natural fertility and a climate highly favourable to vegetation, is miserably small” (p. 121-122). The inescapable conclusion is that production can be “kept back by bad institutions, or a low state of the arts of life” (Principles, Book I, c. x, § 1: 155).

Mill reproduces the classical motifs with regard to protection and unwise state intervention. For instance, in truly Smithian fashion, he readily claims that a tax (tariff) on necessities (like corn) must have either of two effects:

Either they lower the condition of the labouring class; or they exact from the owners of capital, in addition to the amount due to the state of their own necessities, the amount due on those consumed by the labourers” and “In the last case, the tax on necessities, like a tax on wages is equivalent to a peculiar tax on profits which is [...] specially prejudicial to the increase of the national wealth” (Principles, Book V, c. iv, § 3: 840).<sup>397</sup>

Generally, he believes that any protectionist intervention, which violates the function of free enterprise, is not economically justifiable. In contrast to any mercantilist view, Mill notes that “It is ridiculous to found a general system of policy on so improbable a

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<sup>396</sup> Additionally, “In many provinces of France before the Revolution, a vicious system of taxation on the land, and still more the absence in redress against the arbitrary exactions which were made under colour of the taxes, rendered it the interest of every cultivator to appear poor, and therefore to cultivate badly” (Principles, Book I, c. vii, § 6: 113).

<sup>397</sup> Generally Mill accepts the taxation of luxury goods “and not of necessary goods since these kind of taxes do not reduce the welfare of the workers” (Drakopoulos and Karayiannis 2004: 369).

danger as that of being at war with all the nations of the world at once” (Principles, Book V, c. x, § 1: 920-921). For Mill, free trade is beneficial and desirable when global interests are considered in general. His ontological outlook is illustrated in his discussion of the extreme situation of scarcity:

[Evidently] to the exporting country considered separately, it may, at least on the particular occasion, be an inconvenience: but taking into account that the country which is now the giver will in some future season be the receiver, and the one that is benefited by freedom, I cannot but think that even to the apprehension of food-rioters, it might be made apparent, that in such cases they should do to others what they would wish done to themselves (p. 921).

Mill is highly critical of the Corn Laws, noting that their abolition permitted the import of cheaper grain into England from Russia, Poland and the plains of the Danube. Mill’s advocacy of free trade is crystallised in his view that “The admission of cheaper food from a foreign country is equivalent to an agricultural invention by which food be raised at a similarly diminished cost at home. *It equally increases the productive power of labour*” (Principles, Book I, c. xiii, § 3: 193, emphasis added). For him, as for post-Ricardians, the repeal of the Corn Laws “has opened to this country a long era of rapid increase of capital with an undiminished rate of profit” (Principles, Book IV, c. iv, § 7: 736). Mill is equally critical of the “discriminating duties which favour importation from one place or in one particular manner, in contradistinction to others”, such as “the higher duties formerly imposed by our *navigation laws* on goods imported in other than British shipping” (Principles, Book V, c. iv, § 5: 850, emphasis added). Mill, as Smith before him, elaborates the historical necessity which enforces their imposition but notes that these laws - despite being economically disadvantageous, were politically expedient.<sup>398</sup> As Mill himself claims:

The ends which may once have justified Navigation Laws require them no longer, and afforded no reason for maintaining this invidious exception to the general rule of free trade (Principles, Book V, c. x, § 1: 920).

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<sup>398</sup> Mill notes that Navigation Laws were enacted when “the Dutch, from their maritime skill and their low rate of profit at home, were able to carry for other nations, England included, at cheaper rates than those nations could carry for themselves: which placed all other countries at a great comparative disadvantage in obtaining experienced seamen for their ships of war” (Principles, Book V, c. x, § 1: 920).

Mill also criticises Usury Laws by noting that they had either limited industry or developed subterfuges and, in similar vein, he is skeptical of the Poor Laws claiming that good administration is as helpful to the improvement of production “as the invention of the spinning-jenny or the steam-engine” (Principles, Book I, c. xiii, § 3: 187). According to Mill, income support “should be designed so that work incentive is not destroyed [...] A disincentive to work on the part of those working would be created if the guaranteed subsistence were too large” (Ekelund and Tollison 1976: 227).

John Stuart Mill should be regarded as a true exponent of the liberal doctrines and of free trade. Particularly, he devotes Book V of his economic treatise to the functions of government. He believes that every deviation from *laissez-faire* is bad and claims that the exaggeration of the province of government “prevails most, both in theory and in practice among the Continental nations, *while in England the contrary spirit has hitherto been predominant*” (Principles, Book V, c. i, § 1: 796, emphasis added).

However, Mill’s inborn liberalism did not prevent him from phrasing the limitations of *laissez-faire* doctrine and illustrating market failures. His proposals are in many instances moving against the motif of unobstructed freedom. Mill was one of the first political economists who elaborated the proto-distinction between economic theory and applied economic policy and on this basis he proposed a variety of governmental interventions in economic matters.<sup>399</sup> As has already been noted, Mill was a constant allegiant of the *laissez-faire* gospel but he slowly and tentatively “came to believe in the right, and even in the duty, of the government to intervene in the relations between capital and labor when the common good demanded it” (Schapiro 1943: 144). Platteau (1985: 17) goes even further by noting that:

Indeed, the proclamation of the general rule [e.g. *laissez-faire*] is followed in the *Principles* by such a long list of exceptions that it would be incorrect to regard Mill as an orthodox, let alone a doctrinaire, liberal economist.

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<sup>399</sup> For instance, he notes that the decision of superintendence of public objects either by a central government or by a mixed system of local management and central superintendence “is a question not of political economy, but of administration” (Principles, Book V, c. v, § 4: 862). Furthermore, in his discussion concerning the taxation of commodities, he notes that, “In what manner the finer articles of manufacture, consumed by the rich, might most advantageously be taxed, *I must leave to be decided by those who have the requisite practical knowledge*” (emphasis added, p. 862).



According to Schwartz (1966: 71), Mill's opinions on the role of administration puzzled the commentators of his work and encouraged them to classify him either "among those who cried 'Laissez-Faire and advocated private activity in most areas of society'" or those who expressed the view "Let the state be up and doing". This analytical confusion is rooted in Mill's eclecticism in matters of both economic methodology and economic policy.

*In vivo*, Mill's proposals on state intervention have to be seen in conjunction with his views on the necessity of 'equality of opportunities'. According to Mill's political ontology, the *sine qua non* of individual liberty is equal opportunities for all. In his own words:

Many, indeed, fail with greater efforts than those with which others succeed, not from differences of merits, but difference of opportunities; but if all were done which it would be in the power of a good government to do, by instruction and by legislation, to diminish this inequality of opportunities, the difference of fortune arising from people's own earnings could justly give umbrage (Principles, Book V, c. ii, § 3: 808).

#### **4.7.2 Political vs. economic liberalism**

According to Mill's political theory, the most influential duty of a government is to establish and exert "social and economic policies which would promote equality of opportunity" (Ekelund and Tollison 1976: 216). Mill's *radical political liberalism* should not to be confused with *laissez-faire* and *economic liberalism*, since political liberalism is the supreme end of progress while economic liberalism one of the means of attaining it.<sup>400</sup> The ontological distinction between them is explicitly stated in Mill's apotheosis of liberty. He notes that "the so-called doctrine of Free-Trade, which rests on grounds different from, though equally solid with, the principle of individual liberty" (EPS, On Liberty, c. v: 293). More specifically:

Restrictions on trade, or on production for purposes of trade, are indeed restraints; and all restraint, qua restraint, is an evil: but the restraints in

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<sup>400</sup> Schumpeter (1954: 372) rightly notices that among capitalists liberalism was the *bête noir* of *laissez-faire*. He notes that political liberalism "differed widely, and not only as between different classes, but also between different subgroups of the bourgeoisie" and "came to large sectors of it like an undesired child".

question affect only that part of conduct which society is competent to restrain, and are wrong solely because they do not really produce the results which it is desired to produce by them. As the principle of individual liberty is not involved in the doctrine of Free Trade, so neither is it in most of the questions which arise respecting the limits of that doctrine (p. 293).

Mill's radicalism is centred on the purely political level and as such is connected with his firm belief that government should be the trustee of political liberalism and should intervene – in the economic sphere – for its promotion. Even at the political level, Mill is in favour of government's interference since "Liberty exerts a progressive, but also disruptive, force on society; it must therefore be balanced by the cohesive forces in society" (Bouton 1965: 575). Though Mill regarded economic freedom as an ingredient of freedom in general, he elaborates a political liberalism which anticipates the egalitarian liberalism of the twentieth century and is radically different to the classical liberalism of John Locke, Adam Smith and others as egalitarian policies are an integral part of his economic analysis. According to Schumpeter (1954: 524), Mill "was not in principle averse to a large amount of government activity", and he had no "illusions about any philosophically determined 'necessary minimum' of state functions".

Mill believes a government, if need to be, has to develop functions that are either compatible with the function of market or are moving against the principle of *laissez-faire*. The most striking aspect of the former fact is the provision of education. According to Mill, government should be "capable of offering better education and better instruction to the people, than the greater number of them would spontaneously demand" (Principles, Book V, c. xi, § 8: 953). He notes that elementary education ought to be compulsory and free. In his own phraseology:

There are certain primary elements and means of knowledge, which it is in the highest degree desirable that all human beings born into the community should acquire during childhood [...] It is therefore an allowance exercise of the powers of government to impose on parents the legal obligation of giving elementary instruction to children. This, however, cannot fairly be done, without taking measures to insure that such instruction shall be always accessible to them, either gratuitously or at a trifling expense (p. 954).

According to Mill, a well-constructed educational system is requisite among the poor people in order to be acquainted with the necessity of ‘population’s control’, and is regarded by him as the mean of invigorating the individual character of people and comforting its enervation (EPS, Civilization: 136). Mill adopted the philosophy of the French educational system and proposed that education should be the duty of municipal government.<sup>401</sup> He was influenced, as was his father James Mill, by “the French materialist philosopher, Helvetius, that education and environment, not original endowments, are the most important factors in the development of an individual” (Schapiro 1943: 128). However, he notes that government must not claim any monopoly over educational services “either in the lower or in the higher branches” and “it is not endurable that a government should either *de jure* or *de facto*, have a complete control over the education of the people” (Principles, Book V, c. xi, § 8: 956).

#### **4.7.3 Cases for governmental intervention**

At the same time, there are interventions which prohibit or proscribe market forces. Mill proposes some specific cases in which the principle of *laissez-faire* should be violated by government itself. His proposals in this regard illustrate his inborn radicalism since he calls for the ability of a society to use government both actively and effectively (Stiegler 1988: 9). First, legislature intervenes and regulates the labour contracts of individuals who are “incapable of judging or acting” for themselves (Principles, Book V, c. xi, § 8: 953).<sup>402</sup> Second, he notes that legislature has to leave contracts free but with “great limitations in cases of engagements in perpetuity” (Principles, Book V, c. xi, § 10: 960). Third, Mill believes that the State should be, in absence of enterprises, the main provider of infrastructure. He notes that “in countries where the practice of co-operation is only in the earlier stages of its growth, the government can alone be looked to for any of the works for which a great combination of means is requisite; because it can obtain those means by compulsory taxation” (Principles, Book I, c. ix, § 2: 137). For example, “Making or improving harbours, building lighthouses, making surveys in order to have accurate maps and

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<sup>401</sup> According to Schwarz (1966: 75), “the role granted to municipal government appears to be the distinguishing characteristic of Mill’s special brand of *laissez-faire*”.

<sup>402</sup> The state has to protect children from over-labouring. Mill is a fierce opponent of child labour and underlines the necessity of its regulation. He notes that “it is right that children and young persons not yet arrived at maturity should be protected, so far as the eye and hand of the state can reach, from being over-worked” (Principles, Book V, c. xi, § 9: 958)

charts, raising dykes to keep the sea out, and embankments to keep rivers in” are provisions that are provided by the general government or a municipal authority (Principles, Book V, c. i, § 2: 800). Additionally, in cases of roads, canals, or railways which are necessary for the backing of economic growth:

a government [...] concedes such monopoly unreservedly to a private company, does much the same thing as if it allowed an individual or an association to levy any tax they chose, for their own benefit, on all the malt produced in the country, or on all the cotton imported into it (Principles, Book V, c. xi, § 11: 962-963).

In these instances, the state “may be the proprietor of canals or railways without itself working them; and that they will almost always be better worked by means of a company renting the railway or canal for a limited period from the state” (p. 963). Fourth, the ontological nuances of the *laissez-faire* doctrine cannot be applied in cases “in which those acts of individuals with which the government claims to interfere, are not done by those individuals for their own interest, but for the interest of other people” (Principles, Book V, c. xi, § 13: 966-967). For instance, the certainty of subsistence “should be held out by law to the destitute able-bodied, rather than their relief should depend on voluntary charity” (p. 969). A fifth case in which the government intervenes against the principle of *laissez-faire* is when “the acts done by individuals, though indeed solely for their own benefit, involve consequences extending indefinitely beyond them, to interests of the nation or prosperity, for which society in its collective capacity is alone able, and alone bound, to provide” (Principles, Book V, c. xi, § 14: 970). Especially, the case of colonisation is a case of general societal consequences and should be a national undertaking (p. 972).

Mill is opposed to restrictive laws in the trade of commodities (tariffs, entails, customs, tolls etc.) and observes that “to whichever class they belong, and at whatever stage in the progress of the community they may be imposed, they are equivalent to an increase of the cost of production” (Principles, Book V, c. iv, § 1: 837).<sup>403</sup> For him, tariffs represent ignorant attempts to restrain commerce and often cost the consumer much more than they bring into the treasury of the state (Principles, Book IV, c. ii, §

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<sup>403</sup> For Mill, “A tax of any one commodity, whether laid on its production, its importation, its carriage from place to place or its sale [...] will as a general rule, raise the value and price of the commodity by at least the amount of the tax” (Principles, Book V, c. iv, § 2: 838).

1: 701; Principles, Book V, c. iv, § 2: 839). Mill then rejects the policy of tariff protection

It is a well-known fact that the branches of production in which fewest improvements are made are those which the revenue officer interferes; and that nothing, in general, gives a greater impulse to improvements in production of a commodity, than taking off a tax which narrowed the market of it (p. 839).

Mill, then, regards the theory which supports the ‘doctrine of protection of Native Industry’ as the most notable of false theories. For him, this political creed means “the prohibition, or the discouragement by heavy duties, of such foreign commodities as are capable of being produced at home” (Principles, Book V, c. x, § 1: 917). He notes that this doctrine, which pretends to secure ‘public good’, is grounded on the pseudo-economic theory of the Mercantile System.<sup>404</sup> According to Mill, to prohibit or to limit the importation of foreign goods, “is to render the labour and capital of the country less efficient in production than they would otherwise be” (p. 917).

Be that as it may be, Mill accepts the imposition of tariffs for the protection of ‘infant industries’ in those newly founded states which are trying to promote their own ‘comparative advantage’. Such a heretical stance is explicitly connected with a historical point of view and is tightly tethered on the course of economic development. However, Mill points out that these duties have to be imposed *temporarily*. Mill’s famous aphorism is illustrative of this temporariness and should be cited *verbatim*:

The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part, or

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<sup>404</sup> According to Mill, the ontological foundation of this doctrine lies in the idea “of employing our own countrymen and our national industry, instead of feeding and supporting the industry of foreigners” (Principles, Book V, c. x, § 1: 918).

disadvantage on the other, but only a present superiority of acquired skill and experience (Principles, Book V, c. x, § 1: 922).

In addition:

[I]t is essential that the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will after a time be able to dispense with it; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of accomplishing (p. 922).

Mill justifies these duties on the ground that the expenses of production are highest in the beginning of the production process and should be somehow covered. His concluding sentence illustrates the nature of the word ‘temporarily’ which was previously used:

I have therefore conceded that in a new country a temporary protecting duty may sometimes be economically justifiable; on condition, however, that it be strictly limited in point of time, and provision be made that during the latter part of its existence it be on a gradually decreasing scale (p. 923).

Essentially therefore, this exemption does not violate the liberal ontological premises of the Millian political economy and does not move against Mill’s dithyrambs of free trade, but is connected with his historical sensitivity and his theory of history.

Mill’s exemption has impelled many of his contemporary commentators to describe him as a latent protectionist. It is indicative that through his correspondence with A.M. Francis, Mill expresses an intention to withdraw his admission of tariffs for ‘infant industries’:

Even on this point I continue to think my opinion was well grounded, but experience has shown that protectionism, once introduced, is in a danger of perpetuating itself [...] and I therefore now prefer some other mode of public aid to new industries, though in itself less appropriate (LL, vol. iv, May 1869, Letter 1428: 1598).

Mill altered his arguments for the protection of infant industries due to the fact that they were being utilised by advocates of protectionism in the United States and the

colonies (Bell 2010: 45). For Bonar (1911: 722), Mill's reservation with regard "to what have been called 'infant industries' of a young nation was so misused that he repented of it". And for Hollander (1911: 705):

Misuse by partisan protectionists in the United States, New South Wales, Australia and New Zealand of Mill's qualified approval for protection to infant industries leads to complete recantation even of this concession.

On the other hand, Mill's heretical views on distribution and socio-economic policy are explicitly crystallised in his engagement with the Irish Land Question, which rendered him the most radical of the representatives of classical political economy.

#### **4.7.4 The Irish Land Question**

Mill was worried by Ireland's social and economic status and expressed his worries in manifold ways.<sup>405</sup> According to Mill every generation of British people is concerned with the rhetorical question 'What is to be done with Ireland?' (Mill 1868: 2).<sup>406</sup> Ireland faced a violent social transformation in the 1830s' and 40s' which was "marked by rapid social changes and by considerable political and agrarian agitation" (Smith 1935: 21). This period is characterised by the emergence of the Great Famine and is associated with an

extremely low standard of living, a wretched agricultural technique much inferior to that in England, considerable overpopulation and absolute refusal on the part of those who possessed capital to take the risks inherent in such a disordered society only magnified evils already serious beyond belief (p. 21).

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<sup>405</sup> It is indicative that Mill published his first article on Ireland in the *Parliamentary History and Review* in 1825 when he "was not yet twenty years old" (Kinzer 1984: 111). As has already been indicated, a similar attitude was developed by Adam Smith in his *Wealth of Nations*. Generally, as Black (1953: 26) rightly observes, "an examination of the attitude of the classical economists to the 'Irish Problem' may prove to be of much wider significance than at first appears". However, it is J.S. Mill (and Nassau Senior) who devoted much analytical insight to the question of Ireland and her economic backwardness.

<sup>406</sup> Generally, Mill was sympathetic towards Ireland and Irish people. Particularly, his first vote in the House of Commons in 1866 "was in support of an amendment in favour of Ireland, moved by an Irish member and for which only five English and Scotch votes were given, including my own" (Autobiography, c. vii: 276). According to Mill, this vote is connected with a defence "of advanced Liberalism on occasions when the obloquy to be encountered was such as most of the advanced Liberals in the House, preferred not to incur" (p. 276).

The Union with England in 1800 had not solved the problems of the Irish agrarian economy. The *elite* of Irish (Whately, Butt, and Cliffe Leslie) and English (McCulloch, Senior *et al.*) political economists believed that the *causa mortis* of the Irish economy was the system of land tenure. It is significant that land reform problems overshadowed even the emigration questions in public discussion.

#### ***4.7.4.a The Irish Land Question in Principles: against the Cottier System***

The political economist who was most engaged with the analysis of the Irish land system is John Stuart Mill. His interest was so intense that he postponed the penning of his *Principles* for six months in order to compose a series of forty-three articles in the *Morning Chronicle* (from October 5 1846 to January 7 1847) “urging the formation of peasant properties on the waste lands of Ireland” (Autobiography, c. vii: 242). Mill incorporated many of his views on Irish Question in the first edition of his *Principles* and updated the subsequent versions of his *locus classicus* by subsuming numerous references to the Irish agrarian question. Evidently, mass emigration which resulted from the Great Famine shocked Mill and impelled him to enrich the ‘Irish material’ of his *Principles*. The sixth edition of 1865 especially “contained much additional Irish material” supplied by his fellow political economist Cairnes (O’ Brien 1943: 275).<sup>407</sup> Mill’s own recognition of the Irish problem occupied a space disproportional to the size of his *Principles* and accentuates the importance that Mill attached to the project of Irish Land Question (Principles, Book II, c. x, § 2: 342).

More specifically, Mill was critical of the English government and with regard to the Irish Famine and the subsequent mass emigration of Irish people to America:

When the inhabitants of a country quit the country *en masse* because its Government will not make it a place fit for them to live in, the Government is judged and condemned (Principles, Book II, c. x, § 1: 331).

Chapter ix of Book II of his *Principles* is devoted to the critical appraisal of the Cottier System which is highly Irish. Mill observes that in this system, contrary to that

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<sup>407</sup> We have to keep in mind that Mill’s view on the Irish Question had been in a state of continual challenge. His correspondence with Cairnes illustrates this. For instance, in one of his letters to Cairnes he notes that “On Ireland I shall cancel all I had newly written on that subject, and wait for further communication you kindly promised” (LL, vol. ii, December 1864, Letter 734: 975).



of the French system of Metayers, “the conditions of the contract, especially the amount of rent, are determined not by custom but by competition” (Principles, Book II, c. ix, § 1: 318). In the Cottier System, the cottiers are a class of subtenants who rent a cottage and an acre or two of land from small farmers. According to Mill, such a system precluded a large number of labourers from obtaining “even the smallest patch of land as permanent tenants” (p. 318). Moreover, the deficiency of capital, a result of the demographic pressure from unemployed population, was the reason of both low wages and high rents. Mill, following the ‘wages fund doctrine’, notes that the effects “of cottier tenure depend on the extent to which the capacity of population to increase is controlled, either by custom, by individual prudence, or by starvation and disease” (p. 319).<sup>408</sup> His classical training, leads him to believe that in Ireland “the increase of population had far out-distanced the growth of capital, so causing the average rate of wages to fall to the barest minimum of subsistence and, in the absence of employment outlets other than agriculture, creating intense competition for land” (Black 1953: 27-28). He also believes that the Malthusian ‘canker’ is connected with thrifty rents. He condemns Irish aristocracy for demanding higher rents and notices that their own exactions propelled the propensity of procreation. The landlords, by calling for “anything over and above what was needed to provide the bare existence of the tenant and his dependants”, deprived him of the most effectual incentive to restrain his family (Steele 1970: 223).

As becomes evident, according to Millian political economy, the Malthusian spectre was haunting Ireland. For him, the absence of custom for the prevention of improvident multiplication was one of the main obstacles of the Cottier system and is directly associated with the growth of rents. For instance, “a cottier family, however prudent and self-restraining, may have the rent raised against it by the consequences of the multiplication of other families” (Principles, Book II, c. ix, § 2: 321). Mill notes that the effect of custom is accomplished by diseases and the subsequent shortness of peoples’ life. Consequently, “this was the state of the largest portion of the Irish peasantry” (p. 321). In his own words:

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<sup>408</sup> Mill’s epistemological intermingle between the ‘wages fund doctrine’ and of Malthusianism is illustrated by his view that “by a sufficient restraint on population, competition for land could be kept down, and extreme poverty prevented” (Principles, Book II, c. ix, § 2: 321).

When the habits of people are such that their increase is never checked but by the impossibility of obtaining a bare support, and when this support can only be obtained from land, all stipulations and agreements respecting amount of rent are merely nominal; the competition for land makes the tenants undertake to pay more than it is possible they should pay, and when they have paid all they can, more almost always remains due (p. 322).

Mill believes that the inefficient Cottier system had been supported for two reasons: an economic and a political one. The political is associated with the great power of Anglo-Irish aristocracy in the House of Lords, which had opposed any land reform, and the economic one is connected with the superstitions related to the English tripartite farming system. Mill argues against this reasoning and paints with the darkest colours the situation of the Irish peasantry by using historical evidence to illustrate his views. He cites the Report of Mr. Revans, the Secretary to the Irish Poor Law Enquiry Commission, to note that landless people were supported by begging while those tenants who cannot afford high rents “become indebted to those under whom they hold, almost as soon as they take possession”, and by giving up “in the shape of rent, the whole produce of the land with the exception of a sufficiency of potatoes for a subsistence” (p. 322). According to Mill, under the Cottier system, the tenant is always in debt to his landlord and “his miserable possessions – the wretched clothing of himself and of his family, two or three stools, and the few pieces of crockery, which his wretched hovel contains, would not, if sold, liquidate the standing and generally accumulating debt” (p. 323). He anatomises the inefficiency of the Cottier system and provides its linkages with demographic explosion. He notes that if

by extra exertion [the peasant] doubled the produce of his bit of land, or if he prudently abstained from producing mouths to eat it up, his only gain would be to have more left to pay to his landlord; while, if he had twenty children, they would still be fed first, and the landlord could only take what was left (Principles, Book II, c. ix, § 3: 323).

Moreover, he cites historical evidence to illustrate the miserable condition of Irish peasantry. He uses the facts taken by Lord Devon’s Commission with regard to the rent’s height and notes that in 1848 “In no European country are wages so low as they are in Ireland: the remuneration of an agricultural labourer in the west of Ireland not being more than half of wages of even the lowest-paid Englishman, the Dorsetshire

labourer” (Principles, Book II, c. xv, § 7: 419). For Mill, low wages and high rents are the main causes of limited productivity.

According to Millian political economy, rent is a price paid due to the limitation of land (Principles, Book I, c. i, § 3: 26). More specifically, in Mill’s words, “When there is more land wanted for cultivation than a place possesses, or than it possesses of a certain quality and certain advantages of situation, land of that quality and situation may be sold for a price, or let for an annual rent” (Principles, Book I, c. i, § 4: 27-28). Mill, in a truly Smithian fashion, is ready to note that “Land proprietors are the only class, of any numbers of importance, who have a claim to share in the distribution of the produce, through their ownership of something which neither they nor anyone have produced” (Principles, Book II, c. xvi, § 1: 422).<sup>409</sup>

For Mill, rent is justified economically when the proprietor uses it for land’s improvement. To the contrary, the interest of the landlord “is decidedly hostile to the sudden and general introduction of agricultural improvements” (Principles, Book IV, c. iii, § 4: 718). Essentially, a landlord is caught up in a kind of dilemma since he may benefit from the improvement of his own land with higher rents, but he does not at all benefit from a general improvement of all lands since “he is injured by the improvement of the estates of other people, although his own included” (p. 718).<sup>410</sup> For Mill, the Cottier system was not conducive to land improvement since “any increased value given to the land by the exertions of the tenant, would have no effect but to raise the rent against himself, either the next year, or at farthest when his lease expired” (Principles, Book II, c. ix, § 1: 319). It follows naturally that the cottier cannot secure his own interest since he can scarcely be either better or worse of his condition by any act of his own agency, since “If he were industrious or prudent, nobody but his landlord would gain; if he is lazy or intemperate, it is at his landlord’s expense” (Principles, Book II, c. ix, § 3: 323). Mill notes that the Irish cottier “neither gained anything by industry and frugality, nor lost anything by idleness and reckless multiplication” (Mill 1868: 40). *In vivo*, such a condition was against any increase in

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<sup>409</sup> Mill’s comment is connected to his social economics according to which the state has to elaborate “a possible mode of restraining the accumulation of large fortunes in the hands of those who have not earned them by exertion, a limitation of the amount which any person should be permitted to acquire by gift, bequest, or inheritance” (Principles, Book V, c. ii, § 3: 809).

<sup>410</sup> Mill, in a truly Ricardian spirit, points out that “Nobody doubts that he would gain greatly by the improvement if he could keep it to himself, and unite the two benefits, an increased produce from his land, and a price as high as before. But if the increase of produce took place simultaneously on all lands, the price would not be as high as before; and there is nothing unreasonable in supposing that the landlords would be, not benefited, but injured” (Principles, Book IV, c. iii, § 4: 718).

productivity. He believes that the Cottier system was the leading reason behind the fact that

The majority of a population of eight millions, having long grovelled in helpless inertness and abject poverty [...] reduced by its operation to mere food of the cheapest description, and to an incapacity of either doing or willing anything for the improvement of their lot, had at last, by the failure of that lowest quality of food, been plunged into a state in which the alternative seemed to be either death, or to be permanently supported by other people, or a radical change in the economic arrangements under which it had hitherto been their misfortune to live (Principles, Book II, c. x, § 1: 329).

As Steele (1970a: 222) rightly observes, Mill's

understanding of human nature told him that people would not toil and invest their savings to see others than themselves and their own enjoy the fruits of labour and thrift.

As a consequence, Mill argues that the Landed Property in Ireland did not justify its existence in economic terms since landlords were the most serious impediment to general agricultural improvements and constituted the *prima causa* of the Irish Problem. He observes that with individual exceptions (some of them very honorable ones), the landowners of Irish estates did nothing for land's improvement but drain it of its produce (Principles, Book II, c. ii, § 1: 232). According to Mill's class radicalism: "the greatest 'burthen on land' is the landlords" (p. 232).<sup>411</sup> As a true follower of Ricardo, he had directed his socialism against the landlords and not the capitalists as Marx did. For instance, he condemns Irish and English landlords for

Returning nothing to the soil, they consume its whole produce, minus the potatoes strictly necessary to keep the inhabitants from dying of famine; and when they have any purpose of improvement, the preparatory step usually consists in not leaving even this pittance, but turning out the people to beggary if not to starvation (p. 232).

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<sup>411</sup> Mill develops his anti-lordist feelings from his early writings. As Kinzer (1984: 111) informs us "Mill began his career as a political journalist with the conviction that the foremost obstacle to the social and political improvement of his country was the institutional dominance of a powerful and self-interested aristocracy".

Methodologically speaking, Mill's theoretical arguments with regard to land were derived inductively by the experience of the Irish Great Famine. During this period (1845-1849), landlords were unable to secure great numbers of labourers for their estates, hundreds of thousands of the agricultural population were affected by the 'Malthusian bacterium' while others were forced to seek survival abroad and if they stayed they were kept alive by generous philanthropy from outside (Steele 1970a: 221).

Mill uses the case of Ireland to validate his theoretical reasoning. The 'hard core' of his proposal, which moves against the tradition of the tripartite system, is crystallised in his view that, "When land is not intended to be cultivated, no good reason can in general be given for its being private property at all" (Principles, Book II, c. ii, § 1: 235). For him, the best solution to the Irish problem was "that the actual cultivators should be enabled to become in Ireland [...] proprietors of the soil which they cultivate" (Principles, Book II, c. x, § 1: 331).

He believes that the laws of primogeniture and of entails are feudal residues and represent a serious obstacle to agrarian development. Naturally therefore, he was one of the leading members of the radical Land Tenure Reform Association (LTRA) which proposed "the abolition of primogeniture, a reform of the entail laws which prevented estates from being sold, and a policy of progressive taxation on rent and inheritance" (Claeys 1987: 140). Mill, writing in the tradition of Smithian political economy, believes that monopoly in land, through the maintenance of both inheritance and entails, was one of the main hindrances to agricultural productivity. He illustrates the necessity of 'Free Trade in Land' through generalised Land Reforms and chiefly by the direct restraint of landlord's power of bequest. Mill is explicit in his view that "the evil having originated in a system of land tendency which withdrew from the people every motive to industry or thrift except the fear of starvation" (Principles, Book II, c. x, § 1: 329). He reserves his most virulent comments for those economists who "were friends of entail, primogeniture, high rents, great landed properties, and aristocratic institutions generally" (Mill 1868: 38). Mill sees this group of economists as the obsolete (or Tory) school of English political economists characterised by their support for the unproductive Cottier system. Mill opposed their views in principle, and devoted a chapter of his economic classicus to propose the 'Means of abolishing cottier tenancy'. His comment is indicative:

The very foundation of the economic evils of Ireland is the cottier system; that while peasant rents fixed by competition are the practice of the country, to expect industry, useful activity, any restraint on population but death, or any the smallest diminution of poverty, is to look for figs on thistles and grapes on thorns (Principles, Book II, c. x, § 1: 329).

Accordingly, he proposes the division of Irish estates into small proprietorships. Despite being a staunch supporter of individual property rights, he believes that individual property in land is justified only on the ground that the proprietor will improve the land. For Mill, “in the case of land, no exclusive right should be permitted in any individual, which cannot be shown to be productive of positive good” (p. 235). He condemns the institution of ‘Land Property’ in Ireland and notes that great landlords return nothing to the soil of their estates in order to improve it, and “when they have any purpose of improvement, the preparatory step usually consists in not leaving even this pittance, but turning out the people to beggary if not starvation”, while for him, “when landed property has placed itself upon this footing it ceases to be defensible, and the time has come for making some new arrangements of the matter” (Principles, Book II, c. ii, § 6: 232-233).

Mill’s *relativist* and *historicist* view of economic phenomena impels him to reject the classical solution to the Irish problem, namely the process of transforming cottiers into hired labourers of capitalist farmers and of introducing capitalist relations in Irish agriculture.<sup>412</sup> The classical solution is crystallised in Torrens’s *Plan of an Association in the Aid of the Irish Poor Law* (1838). According to Boyle (2006: 29), Torrens is the “most indefatigable publicist” of the classical view. In his own words:

The want of combined labour and capital on the land, is the cause of the low effective powers of agricultural industry in Ireland. Industry performs her miracles only when many hands are employed at the same time upon the same

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<sup>412</sup> The classical view is crystallised in the famous English tripartite system of land tenure, according to which “landowners received contractual rents paid by capitalistic tenant farmers in search for profit, employing wage labour in the process” (Winch 2013: 9). Mill had not been an open opponent of this view, but argues that the institution of great land estates, cultivated by capitalist social relations is not one of the truths which shine so brilliantly by their own light” (Mill 1868: 10). Mill, consistent with his classical training, believes that the large landlord “was permissible ‘in an economic point of view’, as he shows himself to be ‘an improver’ and only so long” (Steele 1970a: 222). Mill supports a view, partly developed by his father, that “the large-scale ownership of land was wrong in principle, and except perhaps in the special circumstances of the United Kingdom, harmful in practice” (Steele 1968: 71). According to Winch (2013: 10), Mill functions as “the link between the early Ricardian-inspired attacks on the landowning interest during the post-1815 Corn Law debates and the revival of land-reforming campaigns from the 1860s onwards”.

work. In England a farmer possessing adequate capital, cultivates 500 acres with the combined labour of fifteen hired labourers; and therefore the produce is large in proportion to the number of hands employed in raising it. In Ireland, a peasant, nearly destitute of capital, cultivates ten acres by means of his own isolated and unassisted exertions; and therefore the quantity of produce is small, in proportion to the quantity of labour employed in raising it (Torrens 1838: 6).

Torrens proposes the centralisation of small holdings into great, capitalistically cultivated estates *media* the introduction of capitalist tenant farming resembling the English model. More specifically, according to his proposals:

When the cause of the poverty of Ireland is placed in the proper point of view, we see at once the nature of the remedies which ought to be applied, and the extent of the difficulties which are opposed to their application. Two objects must be accomplished. In the first place, farms must be consolidated, until the agricultural labour of Ireland can be performed by two-fifths of the labourers now employed in performing it; and in the second place, adequate provision must be made for maintaining the other three-fifths of the present agricultural population, which the consolidation of farms must displace from their small holdings (p. 8).

According to the ‘classical view’, the large population of Ireland was the direct consequence of the subdivision of lands into small economic plots. The ‘classical view’ is ontologically connected with the view that overpopulation in Ireland “caused poverty not only directly through diminishing returns, but compounded the damage by prohibiting the realisation of scale economies in agriculture” (Mokyr 1980: 160). This proposal is associated with Malthus’ views on the Irish economy. Malthus wrote in a letter to Ricardo in 17 August 1817 that:

the land in Ireland is infinitely more peopled than in England; and to give the full effect to the natural resources of the country, a great part of the population should be swept from the soil into large manufacturing and commercial towns (Ricardo 1951: 175).

Between 1841 and 1851, the centralisation of landed property was set forth since “farms smaller than five acres dropped from 45 percent of all farm holdings to 15 percent at the same time farms larger than 15 acres climbed from 19 percent of all holdings to 51 percent” (Boyle 2006: 25).

Mill was grouped with heterodox economists and outsiders, such as Richard Jones, Poulett Scrope, William Thornton and Robert Kane, who regarded the ‘classical view’ as an inappropriate solution for Ireland. All these authors, despite their political and scientific differences, believe that the historical root of the Irish problem is lies in the supposition that English institutions are appropriate for all other countries, Ireland included.<sup>413</sup> Mill seems to reject the view that generalisations from English institutional assumptions are always valid.<sup>414</sup> This rejection is connected with the epistemological motif of the *relativity of economic doctrines*. As Mill notes “What was not too bad for us, must be good enough for Ireland” since “things which in England find their chief justification in their being liked, cannot admit of the same justification in a country where they are detested” (Mill 1868: 8, 10).<sup>415</sup>

More specifically, Mill’s ethological sensitivity impels him to believe that the character of Irish people is the historical *causa* which constrains an English type transformation of Irish agriculture.<sup>416</sup> In his own words:

If the Irish peasantry could be universally changed into receivers of wages, the old habits and mental characteristics of the people remaining, we should merely see four or five million of people living as day-labourers in the same wretched manner in which as cottiers they lived before; equally passive in the absence of every comfort, equally reckless in multiplication, and even, perhaps, equally listless at their work (Principles, Book II, c. x, § 1: 331-332).

For Mill, the institution of great land properties, which was dominant in England, had “the most direct connexion with the most practical grievances of Ireland” (Mill 1868: 10). He did not propose the tripartite system and was critical of the Cottier system by

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<sup>413</sup> For instance, George Poulett Scrope, the *homo universalis* of English heterodox economics, notes in 1833 that, “in Ireland [...] centuries of turbulence and misgovernment have prevented the utilization of her rich natural powers [...] vast tracts of great natural fertility are still lying waste [...] only requiring drainage or embankments to render them extraordinarily productive” (cited in Mokyr 1980: 160).

<sup>414</sup> A similar view was shared by Richard Jones in his *Introductory Lecture on Political Economy delivered at King’s College, 27<sup>th</sup> of February 1833*: “There are persons among us, and of no mean rank in the intellectual world [...] who think that English political economists may allowably consider the state of things about them, if not as a picture of the condition of the world, yet as a pattern towards which the institutions and economic habits of other nations are approaching with a quicker or slower motion [...] Gentlemen I cannot join in these views” (Literary Remains, An Introductory Lecture on Political Economy: 558).

<sup>415</sup> Mill’s opposition to classical views on the Irish problem may have emerged as a direct consequence of Carlyle’s writings with which he was well acquainted. The case of Ireland became one of the most vehement examples of Carlyle’s ‘dismal science’. Carlyle denounced the principle of *laissez-faire* in Ireland and criticised the economists who had supported and taught it as ‘the cold political-economy mongers’ (Black 1953: 34).

<sup>416</sup> Mill notes in his essay on *England and Ireland* that he liked to explain the Irish disaffection “by a special taint or infirmity in the Irish character” (Mill 1868: 2).



noting that Irish cottiers proved to be far less industrious since they were alienated from land's ownership. Mill believed that the farmer should be the owner of land in order to be industrious and productive. The central idea behind the project of the institutional reform of Irish agriculture is the creation of small proprietorships.<sup>417</sup> Although, there were heterodox political economists, including Poulett Scrope and W.T. Thornton, who were ardent supporters of small holdings, it was Mill, a leading economist of the first rank, who proposed the formation of small proprietorships in Ireland.<sup>418</sup>

Mill regards the system of small proprietorships as the best guarantee of agricultural improvement and advancement than any other alternative. The ontological backbone of Mill's analysis of 'small proprietorships', is seated on Arthur Young's famous descriptions in his fashionable *Travels in France* (1792). According to Young:

*The magic of property turns sand into gold [...] the efforts of industry the most vigorous; the animation the most lively. An activity has been here, that has swept away all difficulties before it, and has clothed the very rocks with verdure. It would be a disgrace to common sense to ask the cause; the enjoyment of property must have done it. Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine years' lease of a garden, and he will convert it into a desert*" (cited in Principles, Book II, c. vi, § 7: 278, emphasis added).

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<sup>417</sup> Mill may be described as a Liberal Radical Reformer. His chief aim was the transformation of the world toward more equitable conditions. His autobiographical comment is illustrative of this tendency: "From the winter of 1821, when I first read Bentham, and especially from the commencement of the *Westminster Review*, I had what might truly be called an object in life; to be a reformer of the world [...] All my happiness was to have been found in the continual pursuit of this end" (Autobiography, c. v: 137-138). As has already been noted, Mill rejects the possibility of an open *laissez-faire* situation and proposed, as Giouras (2000:167) rightly notes, a moderate liberalism. As Randall (1965: 61) points out: "In his ethical and political thinking, Mill made a noble plea for freedom, which he combined with a realization of the limits of individualism and *laissez-faire*". Ekelund and Tollison (1976: 214), echoing Schwartz (1972), point out that Mill "was also in the vanguard of those espousing progressive policies regarding the equality of women, trade unions, education, and welfare".

<sup>418</sup> It must be noted that Mill, despite his objections to W.T. Thornton, is ready to praise him as a great practical political economist. Mill highlights his essays 'Over Population and its Remedy' (1846) and 'A Plea for Peasant Proprietors' (1848) as works of great merit (EES, vol ii, Thornton on Labour and its Claims: 633). More specifically, he notes that Thornton's *Plea for Peasant Proprietors* is "a book which, by the excellence of its materials and of its execution, deserves to be regarded as the standard work on that side of the question" (Principles, Book II, c. vi, § 6: 276).

For Mill, the system of small proprietors is ideal for Ireland since it provides the most active stimulus to industry, namely perpetuity of property and fixed quit-rents.<sup>419</sup> He believes that small-scale farming and peasant proprietorship are the necessary conditions for the improvement of Irish agriculture and he stresses the importance of long leases and fixed rents. In particular, a quit-rent is an effective remedy “for converting an indolent and reckless into a laborious, provident, and careful people” (Zastoupil 1983: 710). Mill notes that:

The possession of property would make him [e.g. Irish farmer] an orderly citizen. It would make him a supporter of the law, instead of a rebel against all law but that of his confederacy. It would make him industrious and active, self-helping and self-relying, like his Celtic brother of France. And it would (if anything would) make him, like the same Celtic kinsman, frugal, self-restraining, and provident, both in other things, and in the main article of all, population (NW, *The Condition of Ireland* [25], vol iii: 973).

For Mill, such an institutional reform is associated with economies of scale both in economic and in demographic terms:

A permanent interest in the soil to those who till it, is almost a guarantee for the most unwearied laboriousness: against over-population, though not infallible, it is the best preservative yet known, and where it failed, any other plan would probably fail much more egregiously; the evil would be beyond the reach of merely economic remedies (*Principles*, Book II, c. x, § 1: 332).

He believes that the best policy for Ireland is that of

making the whole land of Ireland the property of the tenants, subject to the rents now really paid (not the nominal rent) as a fixed rent charge (*Principles*, Book II, c. x, § 1: 334).

However, such a policy should be the crystallisation of an active governmental intervention. Mill believes that the state is “at liberty to deal with landed property as the general interests of the community may require, even to the extent, if it so happen, of doing with the whole, what is done with a part whenever a bill is passed for a railroad or a new street” (*Principles*, Book II, c. ii, § 6: 234). He counsels the

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<sup>419</sup> It must be noticed that Mill is not the first economist who had called for the creation of small proprietorships in Ireland. A similar approach had been recorded as early as 1834 by an experimental economist, named William Blacker, “who had carried out successful experiments in raising the productivity of small farms on the estates for which he was agent in Country Armagh” (Black 1953: 35).

appropriation of unused (waste) lands and their redistribution to landless people. Mill proposes the enactment that every person who reclaims waste land becomes the owner of it, at a fixed quit-rent equal to a moderate interest on its mere value as a waste piece of ground (Principles, Book II, c. x, § 1: 335). He believes that no “stronger action was necessary on the part of the state [...] than the compulsory acquisition of wastelands”, and notes that these proprietorships “would absorb enough of the population to make it possible to convert the actual cultivated area into large farms worked by landless labourers” (p. 228). According to Millian political economy, it is even more indispensable to adopt perpetuity as the rule for the ownership of waste lands.<sup>420</sup> In his words:

long leases at moderate rents, like those of the Waste Land Society, would suffice, if a prospect were held out to the farmers of being allowed to purchase their farms with the capital which they might acquire, as the Society’s tenants were so rapidly acquiring under the influence of its beneficent system (Principles, Book II, c. x, § 1: 337).

In contrast, the policy of the English government moved against Mill’s proposals and bolstered the pauperisation and the subsequent mass emigration of Irish people. Mill’s harsh criticism should be quoted *in verbatim*:

But the idea was new and strange; there was no English precedent for such a proceeding: and the profound ignorance of English politicians and the English public concerning all social phenomena not generally met with in England (however common elsewhere) made my endeavours an entire failure. Instead of a great operation on the waste lands and the conversion of cottiers into proprietors, Parliament passed a Poor Law for maintaining them as paupers: and if the English Government has not since found itself in inextricable difficulties from the joint operation of the old evils and the quack remedy, it is indebted for its deliverance to that most unexpected and surprising fact, the depopulation of Ireland, commenced by famine, and continued by emigration (Autobiography, c. vii: 243).<sup>421</sup>

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<sup>420</sup> According to Mill, “Giving tenant-right in this sense the precision and rigidity of statute law and extending it to the whole of Ireland [...] would be tantamount to fixity of tenure” (Steele 1970a: 228).

<sup>421</sup> As has already been indicated, Mill was one of the most favourable classical economists for Irish people. It is indicative that his *A System of Logic* was found in the house of a peasant in Ireland (Schumpeter 1954: ff. 8, 424). It is no accident that the greatest of Irish political economists, including Cairnes, Cliffe Leslie and Ingram, were influenced by Millian political economy. Mill himself notes that as a consequence of his views on the Irish question, “Mr. Lucas and Mr. Duffy, in the name of the

Mill observes that even after the ruinous Great Famine, and the generalised depression of the Irish industry, the alienated and displaced cottier, who was transformed into agricultural labourer, remained in a state of absolute poverty without but a slight prospect of improvement. He believes that the ‘capitalisation’ of Irish agriculture preserved the wretched living standards of agrarian population. Mill as a true chronicler, indexes the best information to which he had access and notes that

Money wages, indeed, have risen much above the wretched level of generation ago: but the cost of subsistence has also risen so much above the old potato standard, that the real improvement is not equal to the nominal [...] The population in fact, reduced though it be, is still far beyond what the country can support as a mere grazing district of England (Principles, Book II, c. x, § 2: 339).

He believes that great capitalistically cultivated farms are insufficient to feed the great body of the peasantry in Ireland. He points out that this fact is illustrated by fluctuations of emigration which in “bad seasons, revived in all its strength” (p. 340). Mill provides historical evidence, which is confirmed by recent scholarship, that in one year, 1864, “not less than 100.000 emigrants left the Irish shores” (p. 340).

Even in the late 1860’s, when John Stuart Mill became a member of the House of Commons, the Irish question in all its aspects (economic, social, demographic etc.) “was by no means in so advanced a position: the superstitions of landlordism had up to that time been little challenged, especially in Parliament” (Autobiography, c. vii: 279). As Mill notes, in the subsequent editions of his *Political Economy*, the English government “has only the choice between the depopulation of Ireland, and the conversion of a part of the labouring population into peasant proprietors” (Principles, Book II, c. x, § 2: 340). He criticises it of its one-sided policies and notes that there are germs of a tendency for the formation of peasant proprietors on Irish soil which

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popular party in Ireland, offered to bring me into Parliament for an Irish County, which they could easily have done; but the incompatibility of a seat in Parliament with the office I then held in the India House precluded even consideration of the proposal” (Autobiography, c. vii: 272). Mill held the belief that being a member of the Parliament is one of the most decisive modes to influence public opinion, the other was editorship. He notes “There are now in this country, we may say, but two modes left in which an individual mind can hope to produce much direct effect upon the minds and destinies of his countrymen generally; as a member of parliament, or an editor of a London newspaper. In both these capacities much may still be done by an individual” (EPS, Civilization: 135). Truly, Mill (and David Ricardo) “sought parliamentary seats because they, and even more their friends, felt that their presence in Parliament would advance the cause of sound economics and of social and political reform” (Fetter 1975: 1054).

require only the aid of a friendly legislator to foster them (p. 340). Zastoupil (1983: 708) rightly stresses the moral dimension of Mill's proposed reforms and notes that,

[E]conomic reforms were intended to create the conditions by which the Irish tenants could raise themselves up to a position of moral independence, akin to the process which Mill envisaged for the working classes of England (Zastoupil 1983: 708).

However, it must be noted that Mill's radicalism in relation to Ireland is not present in his early writings. In the earlier editions of his *Principles* he was hesitant about the expropriation of landlords' lands and offered "his own compromise plan for Ireland, drawn in part from common claims about the viability of reclaiming the waste lands of Ireland" (p. 710). According to Mill, the reclaim of waste lands would be beneficial since it would make Irish tenants more industrious and better citizens as "it would help make them conscious of the need for improving their condition through prudence in estimating resources and family size" (p. 710). Mill notes that this reclamation would be determinant in diffusing

among the Irish peasantry a new spirit of industry, and of gradually suppressing agrarian crime by making even the lowest class feel that their own interests are concerned in the enforcement of the laws (cited in Zastoupil 1983: 711).

At the same time, he notes that the British farming system could not be extirpated from Ireland due to specific economic and social circumstances. His mild radicalism, compared to his more mature writings, is crystallised in the following comment:

Large farms, cultivated by large capital, and owned by persons of the best education which the country can give [...] are an important part of a good agricultural system. Many such landlords there are even in Ireland; and it would be a public misfortune to drive them from their posts. A large proportion also of the peasant holdings are probably still too small to try the proprietary system under the greatest advantages; nor are the tenants always the persons one would desire to select as the first occupants of peasant-properties (Principles, Book II, c. x, § 1: 334).

Mill's *via media* elevate his early belief that such a compromise would offer to Irish agriculture the best of the British tripartite system, and of the system of small

proprietorship as was developed in countries like France, Switzerland and Norway. Through such a mixed system the “cottiers would be cleared away to reclaim the waste lands for their own benefit, and the rest of Ireland would then be able to emulate the British scheme of large, capitalist farms” (Zastoupil 1983: 711). Therefore, Mill’s belief, until the early 1860’s, was that even in Ireland there were capitalist farmers and landlords of substantial capital and education engaged in the elaboration of modern farming techniques. It follows then that, “it would be a public misfortune to drive them from their posts” (*Principles*, Book II, c. x, § 1: 334).

As becomes evident, in the successive editions of his *Principles*, Mill proposed a set of *desiderata* which did not question the ‘sacred right’ of land property. Mill expresses his reluctance to urge a massive violation of established property rights in Irish land. Consequently, his proposals centered on the reclamation of waste lands (Steele 1968: 70). In the 1852 and 1857 editions of his *Principles* his reluctance was expressed in more explicit terms, while in the revised edition of 1862 he elaborated a more optimistic outlook of Ireland’s future. In this edition, Mill chamfered his views and “stated quite plainly that drastic land reform was no longer needed” (Steele 1970b: 428). According to Kinzer (1984: 115), Mill had “reservations about fixity of tenure, and these deterred him from advocating a thorough implementation of that principle”.

Essentially, the partially inconsistent and elliptical references contained in Mill’s subsequent editions of his *Principles* are rooted in the fact that with “the progress of the changes in the economy and society set in motion by the Great Famine, Mill became more strongly convinced that the country should be left to evolve slowly under the existing law of tenure, only slightly amended” (Steele 1970b: 419). Evidently therefore, the original text was thoroughly revised as a dynamic crystallisation of different historical conditions. Mill’s views seem to become less and less radical as their depth became thinner. It can be argued that Mill’s ambivalences originate in his lack of information with regard to the Irish rural economy. Steele (1970a: 230) stresses this view and notes that either Mill’s hesitations in the fifth edition of his *Principles* (1862) or his optimism in the *Considerations on Representative Government* (1861) are the direct consequences of this lack of information. It is the historical material provided to Mill by Cairnes which might have changed Mill’s epistemic attitude. He came to the conclusion that “the amelioration Ireland had experienced since the Famine was, apparently, a delusion” (Steele 1970b:

429). However, the ‘hard core’ of Mill’s views on the Irish problem did not change dramatically since the penning of his first articles in the *Morning Chronicle*. His waste lands proposals remained intact and the value attached to the institution of peasant proprietorship had not refracted. Moreover, “the moral nucleus of Mill’s commitment to the creation of a propertied Irish peasantry is once again evident” (Kinzer 1984: 116).

It is therefore not remarkable that Mill himself challenged the avowed optimism of the fifth edition of his *Principles* by noting that the position of the Irish tenant had not improved since before the Great Famine. Particularly, in the sixth edition of his *Principles* (1865) he expunged the optimistic framework of the former 1862 edition. His assessment of the Irish problem in the sixth edition was completed with Cairnes’ helpful assistance. In the 1865 edition, Mill recognises the social and economic improvement of Ireland but observes the emigration of the cottier population and the impoverishment of landless labourers (Kinzer 1984: 118). He believes that such a miserable condition was the direct consequence of England’s inefficient administration. He notes that

The loss, and the disgrace, are England’s: and it is the English people and government whom it chiefly concerns to ask themselves, how far it will be to their honour and advantage to retain the mere soil of Ireland, but to lose its inhabitants (Principles, Book II, c. x, § 2: 340).

From 1865 onwards, Mill became certain that the English model was not appropriate for Ireland and criticised the English government for wishing to establish a bad copy of the English agricultural system. His certainty is explicitly crystallised in his *England and Ireland* (1868) in which he notes that the Irish land system “was so much worse than he had described it only three years earlier in his most authoritative work” (Steele 1970b: 447). As Kinzer (1984: 212) rightly notes,

By late 1867 Mill’s perspective had changed dramatically. The intervening year and a half had seen the agitation and revolt in Ireland, and the Fenian incidents at Manchester and Clerkenwell.

In his *England and Ireland* Mill left aside the ambivalence and his numerous hesitations of his first editions of his *Principles* (1848, 1849, 1852 and 1857), which were all published by Parker and Co, and declared his preference for small proprietorship and fixity of tenure. Evidently, the *Risorgimento* of Mill’s radicalism is

tightly associated with the socio-economic conditions of the late 1860's. By 1866, his views were radically transformed and he told Cairnes that "he was 'disposed' to support a measure securing compensation to Irish tenants, which should be drawn to give them a very wide claim against the landlords" (Steele 1970b: 420).

#### **4.7.4.b 'England and Ireland': an open appeal on the Irish land reform**

Mill's pamphlet *England and Ireland*, written in the winter of 1867 and published in February 1868, is the intellectual product of specific historical circumstances.<sup>422</sup> The 'hard core' of the text is highly political in its character as Mill blames the English Government for leaving Irish agricultural population "to plough or dig the ground and pay rent to their task-masters" (Mill 1868: 4). The 'Fenian outrages' of 1867 had impelled Mill to adduce the historical necessity of shaping an alternative reform policy that would both be fit for Irish *res publica* and would preserve the union between England and Ireland. Evidently, this essay, which is among the least known of Mill's copious writings, is a passionate critic of Britain's administration of Irish affairs both past and present.<sup>423</sup> For Steele (1970a: 21), this pamphlet is surprising by its polemical character *en converso* to the judicious tone that readers had come to expect from Mill. The political essence of *England and Ireland* is pinpointed in Mill's firm belief that radical reforms in Ireland would both minimise the possibilities of a generalised outrage by Fenians and would secure the integrity of the British Empire. In essence, Mill is proposing brave and sharp land reforms in order to prevent an overthrow of the established order in all its aspects. He believes that the ethnical, class and cultural struggle between the English landlord and the Irish tenant was the most important reason of the retardation of the political, economic and social integrity between the two countries. He illustrates the political necessity of transforming their relation for the maintenance and the integrity of the Empire. He defends on both economic and political grounds the converting of the Irish tenant into a substantial owner of his holding in order to annihilate "the difficulties of centuries in

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<sup>422</sup> More specifically, according to Steele (1970b: 425), the pamphlet *England and Ireland* seems to be connected with Fenians' "latest stroke and its aftermath".

<sup>423</sup> The chief reasons for its low publicity are rooted in its highly polemical spirit. According to Steele (1970b: 428), "The tone of *England and Ireland*, and the extraordinary arrogant references to the stupidity as well as the perils of opposing its demands, militated effectively against its chances of securing a favourable reception".



governing Ireland” (Mill 1868: 36).<sup>424</sup> In his *England and Ireland* Mill expresses the firm belief that a “further postponement of radical action was now tantamount to an abdication of British authority in Ireland, with highly unfortunate consequences for both the English and the Irish” (Kinzer 1984: 121).

Mill describes the real incentive behind the composition of his *England and Ireland* by noting that:

the signs of Irish disaffection had become much more decided; the demand for complete separation between the two countries had assumed a menacing aspect, and there were few who did not feel that if there was still any chance of reconciling Ireland to British connexion, it could only be by the adoption of much more thorough reforms in the territorial and social relations of the country, than had yet been contemplated. The time seemed to me to have come when it would be useful to speak out my whole mind; and the result was my pamphlet *England and Ireland* (Autobiography, Yale Fragment: 279-280).

According to Steele (1970b: 427) Mill:

was clearly conscious of the pressure of events and was straining what has unkindly been called his ‘power loom prose’, to make an impact, to create a vivid awareness of the gravity of the Irish question, and to impart his strong conviction that there was not too much time left for Britain to come to terms with a people whom she had severely oppressed not so long ago and had persisted in misunderstanding and neglecting.

Truly Mill, in a variety of instances, considered the Irish as both barbarous and uncivilized people, incapable of governing themselves (Sullivan 1983: 606). However, he believes that the English policy in Ireland was both brutal and hazardous for the maintenance of the Empire. It must always be remembered that “Mill justified this complex Empire on grounds that it served England’s economic, cultural, and political interests” (p. 606). Evidently therefore, he penned the *England and Ireland* to provide the ontological backbone of this justification.

However, apart from the political side of Mill’s intentions, it is in this pamphlet in which he successfully summarises, and radicalizes his arguments concerning the Irish land Question. These arguments, which are scattered in his

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<sup>424</sup> Steele (1970b: 430) suggests Mill penned his *England and Ireland* “firstly to vindicate the Union and only secondly to make known his scheme of land reform”.

*Principles* and in the *Morning Chronicle*, are now masterfully summarised and proposed.<sup>425</sup> *England and Ireland* is even more shocking and trenchant in its content. It is ideologically coloured by Mill's patriotic feelings which are directly addressed to 'the popular mind'. Mill illustrates the national necessity of the integrity of the Empire and stresses its importance for Britain's special place in world affairs. It must be remembered that a decade earlier, in his short brochure *A Few Words on Non-Intervention* (1859), Mill expressed his belief that:

We are now in one of those critical moments, which do not occur once in a generation, when the whole turn of European events, and the course of European history for a long time to come, may depend on the conduct and on the estimation of England (EELE, *A Few Words on Non-Intervention*: 113).

Evidently therefore, the maintenance of the British Empire was regarded by Mill as an essential condition of England's continental hegemony. In Mill's own words:

But there is a contingency beyond all this, from the possibility of which we ought not to avert our eyes. Ireland might be invaded and conquered by a great military power. She might become a province of France. This is not the least likely thing to befall her, if her independence of England should be followed by protracted disorders, such as to make peaceably disposed persons welcome an armed pacificator capable of imposing on the conflicting parties of a common servitude [...] But I ask any patriotic Englishman what he would think of such a prospect; and whether he is disposed to run the risk of it (Mill 1868: 29-30).

*Ad Addendum*, Mill incorporates a kind of diplomatic analysis in his *England and Ireland*. He notes that Fenians had strong bonds with Americans and believes that in the European region "liberals and reactionaries were both far more inclined to take Ireland's part than England's" (Steele 1970b: 430). For him, an open animosity with Ireland is not a manageable condition for England's administration due to its scattered

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<sup>425</sup> Winch (2013: 18) rightly notes that the pamphlet *England and Ireland* is the most impassioned of Mill's political writings and "went all beyond any of the solutions to the land problem he had previously supported in Parliament and in his *Principles*". For Steele (1970a: 216), "*England and Ireland* is seen, when noticed at all, as the compact and forceful expressions of ideas which Mill had been trying to inculcate for the best part of a generation". Moreover, Steele (1970b: 427) notices that, "Taking the pamphlet in the round Mill never wrote anything so reckless of criticism, and so vulnerable to it".

possessions and its overseas trade. According to his analysis, such a situation would be in favour of England's opponents who would have "time to complicate the situation by a foreign war" (Mill 1868: 24).<sup>426</sup>

The pamphlet elevates many features of Mill's philosophy of history. His arguments represent a valuable part of his theory of economic history and are masterly composed. He elaborates an ethological analysis of the national character of Irish people and explores the historical evolution of Irish national culture by exposing its differences to those of English people. Mill's materialism agitated him to connect Fenian nationalism with the misgovernment of Ireland by England. He notes that as Ireland is entering into its farming stage of economic development it requires a new and more democratic type of representative government.

He argues for the non-transferability of land, since land, *en converso* to any form of moveable property, is

A thing which no man made, which exists in limited quantity, which was the original inheritance of all mankind, and which whoever appropriates, keeps others out of its possession. Such appropriation, when there is not enough left for all, is at the first aspect, an usurpation on the rights of other people (p. 11).

Mill provides an ethologically sketched short history of property rights in Ireland and notices that "Before the Conquest, the Irish people knew nothing of absolute property in land" since "the land virtually belonged to the entire sept; the chief was little more than the managing member of association" (p. 13).<sup>427</sup> He notes that feudal property rights, according to which all rights in land are emanated from the head of the landlord, were "associated with foreign dominion, and has never to this day been recognised by the moral sentiments of the people" (p. 12). Mill's ethological analysis of the history of Irish property rights impels him to observe that "In the moral feelings of the Irish people, the right to hold the land goes, as it did in the beginning, with the right to till it" (p. 13). He notes that in the pre-Conquest society the tenant was tightly

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<sup>426</sup> According to Steele (1970b: 433), "Concern for 'the safety, and even the power' of his country figured prominently among Mill's arguments in *England and Ireland* for maintaining the Union in its present form".

<sup>427</sup> This view is more fully developed in George Campbell's *The Irish Land* (1869) in which by "Tracing the custom of tenant-right from its origins in the structure of Celtic society before the English conquest of the sixteenth and seventeenth centuries, he showed its firm hold on peasantry" (Steele 1968: 74). According to Steele, "With the exception of *England and Ireland*, no other publication on Irish land during the period approached it in that respect. The book was vigorous, almost racy, in style, and informed if highly controversial" (p. 76).

associated with his land and he had the customary right to transfer it. According to Steele (1968: 75) until the sixteenth century,

a large number of landlords, especially in the northern province of Ulster, allowed tenants to dispose of the occupancy of their holdings; even where the practice was not sanctioned by the estate, the incoming tenant frequently purchased a quiet life by a surreptitious payment to his predecessor.

It follows then that the Ulster Custom provided the right to the Irish tenant to have a share of tribal property and remain on the soil. The Ulster Custom, being the Celtic concept of land tenure, prevented the augmentation of rents through competition and had provided the most effective incentive for industriousness and demographic control.

In Mill's historical analysis, the Conquest abolished the Ulster Custom, transformed the flexibility of property rights in land and directed the formation of large farms through the famous tripartite system. Mill believes that the formation of great estates, which followed the Conquest of Ireland, was totally unproductive due to the distinctiveness of Ireland's history, traditions, customs and institutions. For him, that the majority of landlords had been foreigners and nearly all of a foreign religion, boosted the nationalist feeling of Irish people while the relations between the landlord and the tenant are different in Ireland to those in England. Mill's view is fortified by a civil servant of India Office, named Northcote, who in the Annual Congress of the Social Science Association in October 1869 notes that:

The facts are stubborn and cannot be bent [...] the leading fact in the case is, that the national idea of the relations of landlord and tenant is something totally different from the national idea in England (cited in Steele 1968: 77).

Mill treats Ireland's case as similar to that of India. He believes that the historical circumstances in Ireland call for a *sui generis* policy with regard to land's property rights. He observes that the 'English' land policy in India was a total failure. In his own words:

The measure proved a total failure, as to the main effects which its well meaning promoters expected from it. Unaccustomed to estimate the mode in which the operation of any given institution is modified even by such variety of any given institution is modified even by such variety of circumstances as exists within a single kingdom, they [e.g. the English governors] flattered

themselves that they had created, throughout the Bengal provinces, English landlords, and it proved that they had only created Irish ones. The new landed aristocracy disappointed every expectation built upon them. They did nothing for the improvement of their estates, but everything for their own ruin (Principles, Book II, c. ix, § 4: 326).

In his *England and Ireland* Mill employs his Method of Difference, as delineated in his *A System of Logic*, and uses historical analysis to illustrate the divergence of historical circumstances between England and Ireland. As Kinzer (1984: 122) acutely points out, “having sketched in the historical context, Mill turns to a comparative treatment of the social economies of England and Ireland”. He utilises the comparative technique which is an essential part of his ‘Inverse Deductive Method’. He notes that the first difference between England and Ireland is that Ireland is an agricultural country and its “entire population, with some not very important exceptions, cultivates the soil, or depends for its subsistence on cultivation” and as such “if all the countries of Europe [...] were arranged in a scale, Ireland would be at one extremity of the scale, England and Scotland at the other” (Mill 1868: 14). He notes that the Irish agrarian population is tightly connected with land and as such “the well being of the whole population depends on the terms on which they are permitted to occupy the land” (p. 15). However the real conditions of Irish agriculture “are the very worst in Europe” since even the serfs “could not be turned out of their holdings” (p. 15).<sup>428</sup> Essentially therefore, these terms had an enormous impact on the social welfare of the majority of agricultural population.

Mill, as a typical social historian, provides historical material to illustrate the wretched condition of Irish peasantry. He notes that both *metayers* in France and Italy are irremovable from their lands and Prussian peasants had positive rights in the soil which they could not be deprived of (p. 16). On the other side, Mill presents the backward features of Irish agriculture by noting that

In Ireland alone the whole agricultural population can be evicted by the mere will of the landlord, either at the expiration of a lease, or, in the far commoner case of their having no lease, at six months’ notice. In Ireland alone the bulk of a population dependent wholly on the land, cannot look forward with

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<sup>428</sup> “I doubt if there be now any other part of Europe where, as a general rule, these farm-labourers are entirely without a permanent interest in the soil” (Mill 1868: 15).

confidence to a single year's occupation of it: while the sole outlet for the dispossessed cultivators, or for those whose competition raises the rents against the cultivators, is expatriation. So long as they remain in the country of their birth, their support must be drawn from a source for the permanence of which they have no guarantee, and the failure of which leaves them nothing to depend on but the poor-house (p. 16).

Mill's relativist outlook impelled him to illustrate that different historical circumstances produce a variety of social relations which are crystallised in his motif of the relativity of economic doctrines and are connected with his view that England's agricultural project is inappropriate for Ireland. The historically specific character of his argument motivated Mill to notice that in England, due to the explosion of commerce, "even great landlords learn to look at the management of estates in a somewhat commercial spirit, and can see their own advantage [...] in making it the interest of the tenant to improve the land; or if they can afford to do so, will often improve it for him" (p. 17). To the contrary, the average Irish landlord:

instead of improving his estate, does not even put up the fences and farm-buildings which everywhere else it is the landlord's business to provide; they are left to be erected by the labourer-tenant for himself, and are such as a labourer tenant is able to erect. If a tenant here and there is able and willing to make them a little better than ordinary, or to add in any other manner to the productiveness and value of the farm, there is nothing to prevent the landlord from waiting till it is done, and then seizing on the result, or requiring from the tenant additional rent for the use of the fruits of his own labour (p. 17-18).

Mill cites historical evidence to illustrate the aforementioned backwardness. He notes that the landlord Marquis Conyngham, the owner of the territory of Kilkee, destroyed the flourishing watering-place of Kilkee by calling for

rents equal to the full value of the improvements (in some instances an increase of 700 per cent) and not content with this, pulled down a considerable

portion of the town, reduced its population from 1879 to 950, and drove out the remainder to wander about Ireland (p. 18).<sup>429</sup>

Essentially therefore, Mill repeats the heretical view, which is implicitly stated in his *Principles*, that the “landlords were a mere burden on the land” (p. 13). He believes that the social economy of Ireland should protect the tenant by arbitrary increases of rent since in Ireland, as a general rule, “the land of a country is farmed by the very hands that till it” (p. 19).

Additionally, *England and Ireland* constitutes a dithyramb of the institution of small proprietorship. Mill’s comment is worth citing *in verbatim*:

When the great landowners had fled [...] every farm on their estates would have become the property of the occupant, subject to some fixed payment of the State. Ireland would then have been in the condition in which small farming, and tenancy by manual labourers, are consistent with good agriculture and public prosperity. The small holder would have laboured for himself and not for others, and his interest would have coincided with the interest of the country in making every plot of land produce of its utmost (p. 20).

For Mill, the formation of small proprietors is a political request and is connected with the project of Ireland’s secession from England. He believes that revolutionary acclamations concerning the independence of Ireland are tightly associated with the popular demand for the formation of small holdings. In Mill’s words:

The rule of Ireland now rightfully belongs to those who, by means consistent with justice, will make the cultivators of the soil of Ireland the owners of it; and the English nation has got to decide whether it will be that just ruler or not (p. 22)

Mill calls on English rulers to act in Ireland as they had done in the case of India, namely to reconcile themselves “to the idea that their business was not to sweep away the rights they found established, or wrench and compress them into the similitude of

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<sup>429</sup> Mill provides this historical reference by indexing the pamphlet of the Rev. Sylvester Malone *Tenant-Wrong Illustrated in a Nutshell; or, a History of Kilkee in Relation to Landlordism during the last Seven Years* (1868).

something English” (p. 23). For him, these rights should be the starting point for further steps of improvement and he believes that an *ex abrupto* transmutation of English institutions in the Irish soil is both economically ineffective and socially unfair. Accordingly, “it is not impertinent to say, that to hold Ireland permanently by the old bad means is simply impossible” (p. 24). Mill believes that his views are compatible with the general spirit of English people who in a Great Assemblage in London under one roof; ‘Do you think that England has a right to rule over Ireland if she cannot make the Irish people content with her rule?’ answered ‘No!’ (p. 25). Mill’s arguments on this matter are full of historical sensitivity and are illustrative of his philosophy of history.<sup>430</sup>

Additionally, Mill, in truly Smithian vein, describes the unavailing effects of the separation of Ireland from England to both of them. In Mill’s own words:

I should regard either an absolute or a qualified separation of the two countries, otherwise than a dishonor to one, and a serious misfortune to both. It would be a deep disgrace to us, that having the choice of, on the one hand, a peaceful legislative revolution in the laws and rules affecting the relation of the inhabitants to the soil, or on the other, of abandoning a task beyond our skill, and leaving Ireland to rule herself, incapacity for the better of the two courses should drive us to the worse [...] The mere geographical situation of the two countries makes them far more fit to exist as one nation than as two. Not only are they more powerful for defence against a foreign enemy combined than separate, but, if separate, they would be a standing menace to one another (p. 26-27) and;

It is my conviction that the separation of Ireland from Great Britain would be most undesirable for both (p. 35).

*Ad addendum*, he believes that separation is a public calamity for Ireland, and notes that

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<sup>430</sup> Steele (1970b: 430) rightly observes that, “These few lines were nevertheless the most perceptive, and the most prescient, in *England and Ireland*”.



I see nothing that Ireland could gain by separation which might not be obtained by union, except the satisfaction, which she is thought to prize, of being governed solely by Irishmen (p. 31).

Substantially therefore, Mill justifies his support for the formation of small proprietorships in both economic and political grounds. He notes that,

But in however many respects Ireland might be a loser, she would be a gainer in one. Let separation be ever so complete a failure, one thing it would do: it would convert the peasant farmers into peasant proprietors: and this one thing would be more than an equivalent for all that she would lose. The worst government that would give her this, would be more acceptable, and more deservedly acceptable, to the mass of the Irish people, than the best that withheld it (p. 35-36).

He believes that the right for the formation of small proprietorships should be provided by the English government itself and notes that “this duty once admitted and acted on, the difficulties of centuries in governing Ireland would disappear” (p. 36).

Accordingly, the rule of small proprietorships would be the safety valve of non-separation and would be the remedy of both Fenianism and revolutionary Irish nationalism. Mill urges for an updated proposal for

settling the land question by giving to the existing tenants a permanent tenure at a fixed rent, to be assessed after due inquiry by the State (Autobiography, c. vii: 280).

He believes that the execution of this project should be promoted by a Commission of English Parliament which will “examine every farm which is let to a tenant, and commute the present variable for a fixed rent” (Mill 1868: 36). According to Mill such an evaluation could be crucial since “the commission would determine the tenant’s annual financial obligation and this sum would be guaranteed to the landlord by the state” (Kinzer 1984: 124). He notes that

every farm not farmed by the proprietor would become the permanent holding of the existing tenant, who would pay either to the landlord or to the State the fixed rent which had been decided upon [...] The benefit, to the cultivator, of a

permanent property in the soil, does not depend on paying nothing for it, but on the certainty that the payment cannot be increased (Mill 1868: 37).

Mill is concerned with the fixity and perpetuity and not with the value of rent since

if the land were let below its value, to this new kind of copyholder, he might be tempted to sublet it at a higher rent, and live on the difference, becoming a parasite supported in idleness on land which would still be farmed at a rackrent (p. 37).

He rejects the conservative view that small proprietorships would function as an incentive for procreation and illustrates the historical experience of France which had shown different demographic tendencies. Mill notes that “the complaint now is that the population of France scarcely increases at all, and the rural population diminishes” (p. 38). He identifies this view with the obsolete school of English political economists who “predicted that peasant proprietorships would lead not only to excessive population, but to the wretchedest possible agriculture” (p. 38). Particularly, he directs his most scornful comments to those economists who criticised the institution of small proprietorships. But let Mill speak for himself:

Those who still believe that small peasant properties are either detrimental to agriculture or conducive to overpopulation, are discredibly behind the state of knowledge on the subject (p. 39).

Mill concludes his pamphlet by noticing that the system of small proprietorship leads to an increased productivity since there “is no condition of landed property which excites such intense exertions for its improvement, as that in which all that can be added to the produce belongs to him who produces it” (p. 39). He believes that the institutionalisation of small proprietorships has to be associated with a general reform project in education. Mill follows his moral views, as developed more thoroughly in his *Principles*, and illustrates the necessity of education for population’s control. He notes that the government should provide

a complete unsectarian education to the entire people, including primary schools, middle schools, high schools, and universities, each grade to be open free of cost to the pupils who had most distinguished themselves in the grade below it (p. 42).

Mill seems to believe that a ‘sweeping land reform’ is compatible with the promotion of democracy and the teachings of *On Liberty*. Mill anticipates the view that democracy and economic reform as complements (Marangos 2004a: 226). In principle, he regards that such a reform would function as a means of turning the peasant mass into a positive factor in British rule and would promote the cherished principles of liberty (Steele 1970b: 436).

#### ***4.7.4.c The ‘Land and Tenure Reform Association’***

In 1869 Mill was nominated as the President of the Land and Tenure Reform Association (LTRA) (Grollios 2014: 190). Though Mill turned down the Presidency, he sketched out the radical programme of LTRA in which he proposed the “purchase of land for the purpose of subdivision, the construction of smallholdings on crown land, reclamation of waste land for the same purpose, and the formation of agrarian cooperatives to reap the advantages of scale” (Winch 2013: 12-13).<sup>431</sup> The main pillars of the programme are exhibited in Mill’s pamphlet ‘Land Tenure Reform’ (1871). In this document, which was distributed in 2100 copies to working people, Mill criticises the Reform Act of 1867 as part of a series of Acts which had the “purpose of keeping together the largest possible possessions in the families which owned the land, and by means of it governed the country” (EES, Land Tenure Reform: 689). Mill elaborates his most fierce criticism upon the institutions of primogeniture and entails and abuses all legal and fiscal impediments to the free transfer of land. His comment is illustrative:

By these means the land has been prevented, to a large extent, from passing out of the hands of the idle into those of the industrious, and its ownership has been retained as the privilege of a small and decreasing number of families (p. 689).

Mill indexes the leading articles of the programme and notes that the “Society is formed to promote, not the abolition of land property, but its reform, and the vindication of those rights of the entire community which need to be, and never ought

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<sup>431</sup> Gillig (2016: 395) mistakenly notes that Mill was the President of the ‘Land Tenure Reform Association’. Indeed, during the preliminary organisation of the LTRA in the autumn of 1869, Mill served as a Chairman of the Provisional Committee but he turned down its leadership once it was established. However, he was actively involved in drawing up the Programme, which was completed during April 1870.

to have been, waived in favour of the landlords” (p. 690). He restates his opposition to incremental appropriation by landlords by noting with astonishing clarity that,

The usual, and by far the best argument for its appropriation by individuals is, that private property gives the strongest motive for making the soil yield the greatest possible produce. But this argument is only valid for leaving to the owner the full enjoyment of whatever value he adds to the land by his own exertions and expenditure. There is no similar reason for allowing him [e.g. the landlord] to appropriate an increase of value to which he has contributed nothing, but which accrues to him from the general growth of society, that is to say, not from his own labour or expenditure, but from that of other people (p. 691).

It is obvious therefore that Mill supports the confiscation of the ‘unearned increment’ in land and proposes “the gradual socialisation of land through the absorption by the state of all ‘unearned increment’” (Schapiro 1943: 149). He also describes the necessity for the claim of waste lands for the formation of small proprietors. He notes that the Society for Land Reform is not moving against the existing property rights, as many landlords declare, but goes against land’s concentration in few hands. In his own words:

The Society [is] willing to respect existing possession, but they protest against making a fresh gift from the nation of its wealthiest members. If free gifts are to be made at all, they should at least be reserved for those who need them [...] When the land is worth cultivation, and the wants of society require that it should be cultivated, the mode of bringing it into cultivation should be principally determined by the interest of the labouring classes (EES, Land Tenure Reform: 693).

Mill concludes the presentation of the programme by underlying the necessity of granting the land into small parcels for agricultural labourers at a pre-fixed quit rent and notes that the State has to assist these labourers either by long leases or by co-operative farming (p. 693).

In conclusion, the case of Ireland provided for Mill the opportunity to develop ideas already present in his *Principles*. Mill’s views were semi-ideological, due to his

acquaintance with Saint Simon and Sismondi, and semi-experimental due to his experience with Indian administration.<sup>432</sup> Particularly, the case of India impelled him to believe that English oriented political economy – one size fits all - is not an effectual means of providing practical solutions to all other cases. Mill is sure that the remedy for Ireland lies “in the adopting the Indian model of tenure” (Steele 1970a: 226). In India, the ryots, who were the true tenants of land, “were generally assured of fixity of tenure at fair, officially determined rents and the disposal of the occupancy of their holdings, whether they held from governments or from a landlord” (Steele 1968: 66). Naturally therefore, Mill calls for a same administration of Irish cottiers.

Mill’s engagement with the Irish Question was one of the most heterodox aspects of his political economy. He judges “the systems of small holding on the continent to be compatible with sound economic principles and good agriculture” (Ekelund and Tollison 1976: 224). In his judgment, Mill uses a rich bulk of historical evidence to sketch out an outline different to the classical one. Despite noting that the advantage “of small properties in land, is one of the most disputed questions in the range of political economy” (Principles, Book II, c. vi, § 1: 256) he expresses his preference for ‘small proprietorships’.<sup>433</sup> With regard to security, independence and the exercise of other than animal faculties, “the state of a peasant proprietor is far superior to that of an agricultural labourer in this or in any other old country” (Principles, Book IV, c. vii, § 4: 762). Mill’s historical specificity impels him to propose the heterodox view that

In a backward state of industrial improvement, as in Ireland, I should urge its introduction, in preference to an exclusive system of hired labour; as a more powerful instrument for raising a population from semi-savage listlessness and recklessness, to preserving industry and prudent calculation (p. 762).

In addition, he elaborates the radical view that the state is justified in acquiring land for labouring classes in order to reduce the centralisation of lands in few hands. He notes, in his review of Leslie’s classical essay that such land might be leased (with a slight rent)

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<sup>432</sup> In chapter X of Book II of his *Principles*, entitled as ‘Means of Abolishing Cottier Tenancy’, Mill traces the similarities between the Indian ryot and the Irish cottier. According to Steele (1970a: 226), “These were of course familiar to Mill, on paper, from his work at the India House”.

<sup>433</sup> Mill’s preference for small proprietorships has its origins in his grandfather, James Mill’s father, who “was a petty tradesman and (I believe) small farmer” (Autobiography, c. i: 4).

either to small farmers with due security of tenure, or to co-operative associations of labourers, as without impairing, but probably even increasing, the produce of the soil would make the direct benefits of its possession descend to those who hold the plough and wield the spade (EES, vol ii, Leslie on the Land Question: 683).

As has already been noted, Mill, as an economic historian, goes through historical evidence to support his preference for small proprietorships. He distinguishes the opulence of Norway and of some regions of Switzerland as “countries of small landed proprietors” and arrays the advantages of the system of ‘Peasant Proprietors’ by extracting information from de Sismondi (Principles, Book I, c. x, § 3: 160; Principles, Book II, c. vi, § 2: 258). More specifically, according to Sismondi’s observations:

It is from Switzerland we learn that agriculture practiced by the very persons who enjoy its fruits, suffices to produce great comfort for a very numerous population [...] Let other nations boast of their opulence, Switzerland may always point with pride to her peasants (p. 258-259).

Additionally, it is indicative that

In no country in Europe will be found so few poor as in the Engadine. In the village of Suss, which contains about six hundred inhabitants, there is not a single individual who has not wherewithal to live comfortably, not a single individual who is indebted to others for one morsel that he eats (p. 261-262).

Mill proposes the system of small proprietors even for England, by noting that the remainder of the enclosed lands “should be divided into sections of five acres or thereabouts, to be conferred in absolute property on individuals of the labouring class who would reclaim and bring them into cultivation by their own labour” (Principles, Book II, c. xiii, § 4: 383). For him, the desire “to possess one of these small properties would probably become [...] an inducement to prudence and economy” (p. 383). Additionally, he promotes the ‘system of small proprietorships’ for demographic reasons since he regards it as one of the most effective means for encountering the Malthusian threat. In his own words:

no other existing state of agricultural economy has so beneficial an effect on industry, the intelligence, the frugality, and prudence of the population, nor tends on the whole so much to discourage an improvident increases of their numbers; and that no existing state, therefore, is on the whole so favourable both to their moral and their physical welfare (Principles, Book II, c. vii, § 5: 300)

Mill's views on the system of 'small proprietorship' displays an interesting trajectory. Initially, he supported the efficiency of small holdings, in the first edition of his *Principles* – but was hesitant about an all, embracing transformation of Irish land system. In the first years after the Great Famine, he was straddled with his belief that the English tripartite system could be blended with the system of small proprietorships in order to receive benefits from both. However, the depression of Irish economy and the subsequent mass emigration of Irish people had impelled Mill to question the effectiveness of the classical solution. The transformation of his views on the Irish Problem are initially crystallised in the sixth edition of his *Principles* (1865). However, the Fenian outrages were decisive in radically altering his outlook. The heterodoxy of his analysis is evident in his pamphlet *England and Ireland* (1868) and in his brochure on the formation of LTRA which is entitled *Land Tenure Reform* (1871). These texts, despite not being popularised in the history of economic thought, illustrate Mill's anti-classical views and reinforce the heterodox outlook of his economic analysis. In these texts, Mill presents the anti-orthodox pillars of his economic theory: namely the treatment of history as an essential element of economic discourse and the elaboration of the epistemological motif of the relativity of economic doctrines. Evidently therefore, Mill's views upon the Irish Land Question elevate his epistemic propensity to provide a *media res* between the extreme deductivism of post-Ricardian tradition and the categorical inductivism of the Cambridge Inductivist Group.

#### **4.8 Concluding remarks**

In conclusion, Mill's aim was "to rework Smith's practical approach by applying Ricardo's advanced scientific principles in the light of a suitably 'enlarged' utilitarian philosophy that would go beyond narrow Benthamism to make room for a more complex psychology [...] and for improved ideas of social co-operation and

equal justice” (Riley cited in Milonakis & Fine 2009: 28). Mill was not as dogmatic as Ricardo and post-Ricardians, since he regarded the historical element as decisive in economic analysis (Coleman 1987: 40). Bagehot’s comment (cited in de Marchi 1974: 155) is indicative of Mill’s heterodoxy:

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 to national well-being as one 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 the 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 miserable population.

Mill’s own autobiographical comment with regards to his non reelection as a member of the Parliament is illustrative of his whole life and it is worth citing *in verbatim*:

In the autumn of 1868 the Parliament which passed the Reform Act was dissolved, and the at the new election for Westminster I was thrown out; not to my surprise, nor, I believe, to that of my principal supporters, though in few days preceding the election they had become more sanguine than before. That I should not have been elected at all would not have required any explanation; what excites curiosity is that I should have been elected the first time, or, having been elected then, should have been defeated afterwards (Autobiography, c. vii: 288).

Summurising, Mill’s work provided the methodological ground for the emergence of Historicism in Britain. For instance, Cliffe Leslie, the founder of British historicism, believes that Mill recognises “a kindred and generous spirit who had first brought him to the attention of English economists and who had freely accepted criticism while attempting to steer economics into a more historical direction” (cited in Koot 1987: 43). Generally, British historical economists, from Leslie to Toynbee



and Ashley, were directly influenced by the heterodox elements of the Millian political economy and extended many of his motifs. Mill's voluminous work could be regarded as the end of the circle of British political economy since it opened up the contradictions which were first manifested in Smith's *Wealth of Nations*.<sup>434</sup> According to Blaug (1980: 64) Mill's methodological synthesis failed since,

the sudden support for deductive methods after hundreds of pages extolling inductive ones, not to mention the fact that most of the discussion in this last section is about the then infant science of sociology and touches only incidentally on the already mature science of economics, is well calculated to leave the reader utterly confused about Mill's final views on the philosophy of the social sciences.<sup>435</sup>

Evidently therefore, Mill's *locus classicus* shows the methodological limits of the eclectic symphysis between abstract economic theory and pluralistic economic history. However, Mill's theory of history, which is analysed in the Chapter 5 of the present thesis, illustrates the importance of history in economic analysis and establishes the interdisciplinary nature of his economic theory.

## **Chapter 5**

### **John Stuart Mill and History: A 'Six Thematic' Approach**

#### **5.1 Introduction**

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<sup>434</sup> It must be noted that the prelude of the *Methodenstreit* was opened up by Ricardo's and Malthus readings on Smith's *Wealth of Nations*. The methodologically eclectic character of Smith's work prepared the ground for the subsequent battles on method. More specifically, Milonakis and Fine (2009: 18) illustrate the eclectic symphysis of theoretical, institutional, philosophical, dynamic and static elements as the epistemic cause of the diversified readings of the *Wealth of Nations*. Mill attempted to bridge these contradictions but failed to provide a methodologically coherent theoretical corpus. Substantially, the British historical school is methodologically much closer to the method of Malthus than Ricardo. Generally, economic science was a fertile ground for methodological debates and collisions. For Coats (1964: 86), methodological disagreements are so frequent in economics "for it is a discipline in which the criteria of valid knowledge have been difficult to define and apply, and in which ideological and other non-logical influences have been highly influential".

<sup>435</sup> Schumpeter believes that the analytical problems in *The Principles of Political Economy* owe their persistence to Mill's offhanded and *in aperto libro* writing. The following comment is indicative "As it was, he took his task altogether too lightly: not Hercules himself could write a *Wealth of Nations* in eighteen months, which seem to have been the actual time invested [...] Mill, however modest on his own behalf, was not at all modest on behalf of his time" (1954: 505).

Mill is known as a celebrated political economist, political philosopher, logician and social reformer (Robson 1985: xciii).<sup>436</sup> However, as Cairns (1985: xxxi) rightly observes, he “seems to not have had the temperament to be a historian”. This seems to be the chief reason why Mill’s philosophy of history, and his theory of history, are regarded as minor topics in his *Collected Works* and have not been attended to by scholars, much to Bouton’s surprise (1965: 569).<sup>437</sup> Moreover, this neglect springs from the fact that Mill himself does not elaborate either his philosophy of history or his theory of history as distinct subjects in his voluminous work. He does, however, outline some broad strokes towards a philosophy of history in many of his essays, while his theory of history is elaborated in the “Preliminary Remarks” to his *Principles*. Additionally, both his philosophy of history and his theory of history have played an instrumental role in his economic and political thought since, throughout his work, “one finds evidence of an intense interest in history” (Robson 1985: xciii).

However, this interest could be characterised as one-sided. Mill, as an inspired social reformer, was interested in history for what it could do rather than for what it might be. *Ipsa facto*, he was keenly interested in French history and historiography due to the French Revolutions of 1789, 1830 and 1848, and more or less neglected, or downgraded, the historiography of other nations. He believed that history should be the means for promoting discussion, social transformation, and liberalism, and holds the view that the sole aim of writing history is to shape present and future action. For him, writing history amounts to a political act and should be identified as such. Naturally therefore, it is implicitly incorporated in his economic, political, cultural and philosophical analysis. Be that as it may, as Kawana (2009: 108) rightly observes, “history occupied a more significant place in his thought than scholars assume”.

In what follows, we attempt to throw some light on this ‘place’ by illustrating Mill’s connections with history. This lighting is founded upon the elaboration of six distinct but dialectically interrelated themes. The first is concerned with Mill’s interesting views on historiography, especially in his collected essays on *French*

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<sup>436</sup> One of his most eminent disciples, Thomas Cliffe Leslie, notes that “it will not be disputed that he was looked up to in several countries as the writer of chief authority on logic, political economy, and politics, and one of the first on psychology and morals” (EPE, John Stuart Mill: 54).

<sup>437</sup> However, a well-rounded survey on Mill and history is elaborated by Cairns (1985) in the introduction to Mill’s *Essays on French History and Historians*. In his extensive introductory note, Cairns provides us with interesting evidence with regard to Mill’s relation with historical scholarship.

*History and Historians*. The second focuses on Mill's philosophy of history with particular attention on the role of progress. The third explores Mill's theory of economic development, by paying particular attention to the "Preliminary Remarks" to his *Principles*. The fourth and the fifth themes are interwoven as they focus on Mill's theory of colonisation and his analysis of the 'Stationary State'. These themes illustrate the difference between a stagnant economy and Mill's *liberal Utopia* which is not elaborated in the Millian bibliography. Last, the sixth theme is associated with Mill's relation to historical evidence by elaborating on the notion of the 'Art of Verification'.

## **5.2 History as historiography: echoing the Comtean spirit**

Although at several points in his writings Mill seems to be concerned with the history of historiography, his thoughts on this issue were neither systematised nor explicitly presented. Mill's views are partially elaborated in his review of Michelet's *History of France* published in the *Edinburgh Review* on January 1844, and *et passim* in other essays. In discussing Michelet's historical essay, Mill provides a brief but illustrative sketch of how historical knowledge is historically developed. This sketch is ontologically related to his Comtean idealism according to which scientific thought is subject to perpetual intellectual transformations. He believes that historical science and thought is changing thus "always becoming more possible; not solely because it is better studied but because, in every generation, it becomes better adapted for study" (A System of Logic, Book VI, c. xi, § 616). According to his scheme, we may observe three distinct periods in historical writing: The first stage is characterised by the mere translation of historical sources and is superficial in its epistemology. According to Mill, the historians of this stage:

[T]ransport present feelings and notions back into the past, and refer all ages and forms of human life to the standard of that in which the writer himself lives. Whatever cannot be translated into the language of their own time, whatever they cannot represent to themselves by some fancied modern equivalent, is nothing to them, calls up no ideas in their minds at all. *They cannot imagine anything different from their own everyday experience. They assume that words mean the same thing to a monkish chronicler as to a*

*modern member of parliament* (EFHH, Michelet's History of France: 223, emphasis added).

Mill criticises this state of historical thought for its crude historical generalisations which are ontologically based on the contemporaneous beliefs and creeds of the historian. For Mill, the historians of this stage are “near sighted people who can see nothing beyond their own age” (NW, *The Spirit of the Age* IV: 292). He notes that if the historian of this stage is Tory in his political beliefs, “and his subject is Greece, everything Athenian must be cried down, and Philip and Dionysius must be washed white as snow, lest Pericles and Demosthenes should not be sufficiently black. If he be a Liberal, Caesar and Cromwell, and all usurpers similar to them, are ‘damned to everlasting fame’” (EFHH, Michelet's History of France: 224). The historians of this camp could not perceive the differences between different historical periods and as such they tended to severely criticise the past (Kawana 2009: 116). According to Mill, their historical analysis is not historically specific as they are prone to crude and a-historical generalisations and “imagine their ancestors to be very like their next neighbours” (EFHH, Michelet's History of France: 223). More specifically, in Mill's own *verba*, if the historians of this phase,

find the term *rex* applied to Clovis or Clotaire, they already talk of the ‘French monarchy’ or the ‘kingdom of France’. If among a tribe of savages newly escaped from the woods, they find mention of a council of leading men, or an assembled multitude giving its sanction to some matter of general concernment [...] *In this manner they antedate not only modern ideas, but the essential characters of the modern mind* (p. 223, emphasis added).

The typical representative of this primitive stage of historical inquiry is Pierre Henri Larcher who is characterised by Mill as the mere ‘translator of Herodotus’. Indeed, Larcher could not be further apart from Mill's historiographical views, as his descriptive epistemology moved against Voltaire's *Philosophie de l'histoire* (1765), an author characterised by Mill as a great name in historical literature (EPS, *De Tocqueville on Democracy in America*: 155).

On the other hand, the second stage of historical thought “attempts to regard former ages not with the eye of a modern, but, as far as possible, with that of a ‘contemporary’; to realise a true and living picture of the past time, clothed in its

circumstances and peculiarities” (EFHH, Michelet’s *History of France*: 224). This stage of historical inquiry is termed by Mill as strictly ‘moral and biographic’ and is tightly associated with the minutiae gleaning of factual data. For Mill, it

represents to us the characters and lives of human beings, and calls on us, according to their deservings or to their fortunes, for our sympathy, our admiration, or our censure (EFHH, Alison’s *History of the French Revolution*: 118).

The typical representatives of this stage attempt to see the past as an inextricable whole. For doing so, what was required “was an ability to imagine what was unknown to the present, an ability that poets usually possessed” (Kawana 2009: 116-117). Mill himself recognises the stiffness of the project and observes that the historian of this phase has the epistemological difficulty of turning an individual fact, which some monument hands down or some chronicler testifies, into a general historical proposition, or, in other words, of converting it into its abstract form, as Comte observes. It follows naturally that this epistemological shortcoming is the *prima causa* of the fact that this stage is tightly associated with the exhaustive filtration of historical evidence. In effect, the absence of theory gives way to thorough narration and description. According to Mill, this absence is the true lacuna of the second type of historical inquiry which is subsequently known as narrative history. Mill notes that this stage of historical scholarship produced works of great reputation, like Carlyle’s *French Revolution* or Niebuhr’s *The History of Rome*, but is not associated with an explicit philosophy of history or a cause and effect relationship in Thucydidean terms.<sup>438</sup> Mill praises Carlyle’s *magnum opus* but notes that Carlyle was too light in theoretical reasoning: “Without a hypothesis to commence with, we do not even know what end to begin at, what points to enquire into” (EFHH, Carlyle’s *French Revolution*: 163). However, apart from its monumental intellectual products, this stage is also connected with historiographical figures which were far from being ‘scientific’. For instance, in reviewing Alison’s *History of the French Revolution*

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<sup>438</sup> For instance, Mill notes that Niebuhr, despite his great potentialities, was confined to the second stage of historical scholarship. “But without meaning disparagement to Niebuhr, it has always struck us as remarkable, that a mind so fitted to throw light upon the dark places in the Roman manner of existence, should have exhausted its efforts in clearing up and rendering intelligible the merely civic life of the Roman people” (EFHH, Michelet’s *History of France*: 232). Moreover, in his 1837 article on ‘Carlyle’s *French Revolution*’ Mill highlights the poetical features of Carlyle’s *locus classicus* but criticises him for underrating the role of theory (EFHH, Carlyle’s *French Revolution*: 162).

(1833), he notes with his usual virulence that he would offer: “a few pages on a stupid book lately published by a man named Alison, and pretending to be a history of the French Revolution” (Cairns 1985: xlvi).

On the other hand, the third stage of historical thought has as its aim “not simply to compose histories, but to construct a science of history” (EFHH, Michelet’s History of France: 225). Mill observes that this mode of historical thinking is connected with the ‘Thucydidean’ cause and effect relationship and is philosophically grounded on the ontological motif of ‘the continuity of history’. The higher stage of historical thought is characterised as the ‘scientific’ stage of historical scholarship as it is largely disassociated from the first stage of historical inquiry, of judging past events by the standards of the present (p. 222). However, the third stage of historical inquiry is not absolutely independent from the second, as it reproduces many of its epistemological motifs. However, what differentiates it is its explicit philosophy of history. For Mill, it is in this stage of historical scholarship in which:

the whole of the events which have befallen the human race, and the states through which it has passed, are regarded as a series of phenomena, produced by causes, and susceptible of explanation. *All history is conceived as a progressive chain of causes and effects; or (by an apter metaphor) as a gradually unfolding web, in which every fresh part that comes to view is a prolongation of the part previously unrolled, whether we can trace the separate threads from the one into the other, or not* (p. 225, emphasis added).

Substantially, the aforementioned interesting historiographical tripartition resembles Comte’s classification of scientific thought according to which every subject of intellectual (scientific) inquiry is developed through three successive stages: the theological, the metaphysical and the positive. For Mill, the first stage of historical inquiry, which is connected with the treatment of historical events through modern and familiar to the historian, is compatible with the theological mode of thought.<sup>439</sup> The second, narrative stage, is associated with the metaphysical form of thinking, while the third is explicitly connected with the positive way of historical theorising. Essentially, Mill’s analysis is methodologically consistent with the

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<sup>439</sup> It has to be remembered that Mill preferred the term ‘Volitional or Personal’ instead of the term Theological in order to illustrate the importance of personal views in this primitive stage of thought (Auguste Comte and Positivism, Part I: 10).

Comtean ontology since he has the firm belief that the final stage of historical thought is the *sum summarum* of all previous stages. Evidently therefore, the theoretical history *per se*, is partially grounded on narrative conclusions and premises. For instance, Michelet, who can be regarded as an early figure of the third mode of historical thought, is highly influenced by Niebuhr who represents the heyday of the metaphysical stage of historical inquiry. According to Mill's narrative, Michelet "availed himself largely, as all writers on Roman history now do, of the new views opened by the profound sagacity of Niebuhr" (p. 232). However, Michelet did not make frequent incursions to the 'third stage of historical thought' but remained hesitant about rejecting the subjective character of the second stage, and as his purposes "became increasingly nationalist, his views narrowed, his mystic sense of himself embodying the past dithyrambic" (Cairns 1985: lxxi).<sup>440</sup> Guizot is regarded by Mill as the true founder of the third stage and is characterised by him as the great historian of the age or "the one best adapted to this country" (EFHH, Guizot's Essays and Lectures on History: 227). For instance, Mill regards Guizot's analysis of modern European history "as among the best attempts to discern laws of historical causation" (Marwah 2011: 360).<sup>441</sup>

In Mill's historiographical approach, the difference between Gibbon's *History of the Decline and Fall of the Roman Empire* (1776-1788) and Guizot's *Essays on the History of France* (1828-1830) illustrates the transition from the metaphysical to the positive mode of historical thinking. For him, their different assessment of the 'fall of the Roman Empire' is illustrative of this intellectual passage. In Mill's own words:

The difference between what we learn from Gibbon on this subject, and what we learn from Guizot, is a measure of the progress of historical inquiry in the intervening period [...] It is not in the chronicles, but in the laws, that M. Guizot finds the clue to the immediate agency in the 'decline and fall' of the

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<sup>440</sup> After his 1844 review of Michelet, Mill "wrote nothing further of Michelet" and on the later volumes of his *Histoire de France* he made no comment, and of the *Histoire de la révolution française*, written 1846-1853, he said nothing" (Cairns 1985: lxxi). According to Cairns "By then, Michelet had left 'the second stage' for some subjective realm of history outside Mill's scheme of things" (p. lxxi).

<sup>441</sup> Though Guizot is regarded by Mill as the truest representative of the early phase of the positive stage, Michelet's name appears three times in his *Principles*. For instance, he calls the reader of his *Political Economy* to read the graphic description by Michelet of the feelings of a peasant proprietor toward his land (Principles, Book II, c. vii, § 1: 284) and he cites Michelet's *Le Peuple* (1846) to illustrate the agricultural conditions during the era of Louis XII (Principles, Book II, c. vii, § 5: 300).

Roman empire. In the legislation of the period M. Guizot discovers, under the name of curiales, the middle class of the Empire, and the recorded evidences of its progressive annihilation (p. 264).

Essentially therefore, the historian has to possess a *holistic* view of things in order to perceive the inner meaning of historical facts.<sup>442</sup> This view is compatible with the Comtean belief that in the study of history “we must proceed from the *ensemble* to the details, and not conversely” (p. 228). This process is connected with the third stage of historical inquiry. For instance, Mill praises Guizot for not remaining in the second stage of historical inquiry and for making frequent and long incursions into the third by proceeding into generalizations from factual data. He notes that Guizot:

not only inquires what our ancestors were, but what made them so; what gave rise to the peculiar state of society of the middle ages, and by what causes this state was progressively transformed into what we see around us [...] *He has a real talent for the explanation and generalisation of historical facts.* He unfolds at least the proximate causes of social phenomena, with rare discernment, and much knowledge of human nature (p. 228-229, emphasis added).

Mill notes that Guizot incorporates historical facts from French circumstances and subsequently typifies cause and effect relations:

The social conditions and changes which he delineates were not French, but European. The intellectual progress which he traces, was the progress of the European mind (p. 231).

Mill also points out that Guizot is cautious of universal historical generalisations and praises him for attempting to derive historical laws as empirical ones. According to Mill, Guizot:

seeks, not the ultimate, but the proximate causes of the facts of modern history: he inquires in what manner each successive condition of modern Europe grew out of that which next preceded it; and how modern society

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<sup>442</sup> Mill accepts the necessity of a holistic view of historical circumstances. It has to be kept in mind that he had frequently praised Michelet, who was the historian of ‘universal history’ through his celebrated *Introduction à la histoire universelle* (1831).



altogether, and the modern mind, shaped themselves from the elements which had been transmitted to them from the ancient world. To have done this with any degree of success, is not trifling achievement (EFHH, Guizot's Essays and Lectures on History: 262).

Mill observes that the same methodological attitude is followed by Guizot's pupil, Michelet, whose first volume of his *History of France* accorded to him an eminent place in the historical discipline. He notes that Michelet was concerned with the consciousness of the collective mind:

the everyday plebeian mind of humanity-its enthusiasms, its collapses, its strivings, its strivings, its attainments and failures [...] The great value of the book is, that it does, to some extent, make us understand what was really passing in the collective mind of each generation (p. 231-232, 233).

According to Mill, Michelet is sketching out the 'State of Society' of Middle Ages by showing the varieties of spatial peculiarities, character, culture and races in different medieval societies.<sup>443</sup> Michelet, by anatomising and distilling the Spirit of Middle Ages, illustrates the differences among seemingly similar medieval regimes:

For, in assuming distinctness, the life of the past assumes also variety under M. Michelet's hands. With him, each period has a physiognomy and a character of its own. It is in reading him that we are made to feel distinctly, how many successive conditions of humanity, and states of human mind, are habitually confounded under the appellation of the Middle Ages. To common perception, those times are like a distant range of mountains, all melted together into one cloudlike barrier. To M. Michelet, they are like the same range on a nearer approach, resolved into its separate mountain masses, with slopping sides overlapping one another, and gorges opening between them (p. 233).

Additionally, Michelet's methodology is of assistance to him in order to illustrate even the slight differences in transition periods. He notes that Michelet:

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<sup>443</sup> Mill's ethological concern impels him to regard differences in race as decisive for historical understanding. He notes that "of the great influence of Race in the production of national character, no reasonable inquirer can now doubt" (EFHH, Michelet's History of France: 235).

has not only understood [...] the character of the age of transition, in which the various races, conquered and conquering, were mixed on French soil without being blended; but he has endeavoured to assign to the several elements of that confused mixture, the share of influence which belongs to them over the subsequent destinies of his country (p. 234-235).

Summarising, according to Mill, Thierry, Guizot, and Michelet, the early representatives of the third stage of historical inquiry, despite being “the three great historical minds of France” (EFHH, Michelet’s *History of France*: 221), erred in many of their views as they elaborated a historical analysis that is frequently rapidly composed and offhand. Mill believes that their analytical shortcomings are the natural crystallisation of being the early heralds of the third stage of historical inquiry. According to Mill’s historiographical analysis, they were the intellectual products of the critical period between the ‘metaphysical’ and the positive stage of historical thought. More specifically, he openly acknowledges the usefulness of the French school of historians but he sees it as based on a fundamental (epistemic) misconception which supposes:

That the order of succession which we may be able to trace among the different states of society and civilisation which history presents to us, even if that order were more rigidly uniform than it has yet been proved to be, could ever amount to a law of nature. It can only be an empirical law (*A System of Logic*, Book VI, c. x, § 4: 597).

According to Mill, the French school of historians did not provide an integral linkage between ‘philosophical’ and ‘critical’ history, which is the distinctive feature of the third stage of historical inquiry, but remained largely confined, like the Scottish Historical school, to philosophical historicising. Mill characterises Guizot, the most charismatic of them, as the Kepler and more of historical scholarship, “a subject which had not yet had its Newton” (p. 228).<sup>444</sup> Cairns (1985: lxxvi) rightly notes that,

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<sup>444</sup> Mill criticises Guizot’s explanation of why European feudalism declined. According to Mill, Guizot’s analytical deficiencies deterred him from ascertaining the causal laws which governed the decay of feudalism. Mill scourges Guizot for his claim that feudalism declined due to its own contradictions. For Mill, such an explanation “is an easy solution which accounts for the destruction of institutions from their own defects” (EFHH, Guizot’s *Essays and Lectures on History*: 288). Mill proposes a theory of the decline of feudalism by noting that “experience proves, that it forms of government and social arrangements do not fall, merely because they deserve to fall” (p. 288). For Mill, feudalism declined due to its inability to promote human development. He is explicit in his view

for Mill, “Guizot saw himself engaged in the task of philosophical history, investigating not its ‘anatomy’, or its ‘physiognomy’, but its ‘physiology’”.

Evidently, Mill, despite describing all stages, is tightly associated with the third stage of historical inquiry as his political philosophy and his economic analysis are animated by the epistemic features of this state of historical thought. Truly, Mill’s interest in history was, especially after 1826, drawn away from narrative history and “shifted steadily toward the philosophy of history and discovery of the laws governing human progress” (Cairns 1985: xxvii).<sup>445</sup> His primal concern after the 1830s was that history ought to formulate ‘scientific’ cause and effect relationships based on critically delineated facts. According to Mill’s attitude towards social reform, the historian, whatever his historical subject is, must be a *philosopher* able to render historical evidence useful in deducing principles and applying them to present circumstances (EFHH, Scott’s Life of Napoleon: 56). He notes that history, as a typical scientific inquiry, exhibits,

the general laws of the moral universe acting in circumstances of complexity, *and enables us to trace the connexion between great effects and their causes* (EFHH, Alison’s History of the French Revolution: 117-118, emphasis added).

The consistency between Mill’s method and his philosophy of history is more than apparent. In his own terminology:

To find on what principles, derived from the nature of man and the laws of the outward world, each state of society and of the human mind produced that which came after it; and whether there can be traced any order of production sufficiently definite, to show what future states of society may be expected to

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that feudal restrictions were decisive for the improvement of human mankind but had its limitations. As he puts it: “the fall of the system was not really owing to its vices, but to its good qualities- to the improvement which had been found possible under it, and by which mankind had become desirous of obtaining, and capable of realizing, a better form of society than it afforded [...] the feudal system, with all its deficiencies, was sufficiently a government, contained within itself a sufficient mixture of authority and liberty, afforded sufficient protection to industry, and encouragement and scope to the development of the human faculties, to enable the natural causes of social improvement to resume their course” (p. 289).

<sup>445</sup> According to Mill, the English historiography is still far from the third stage of historical thinking. However, he notes that some of its representatives are connected with it. He cites as a typical example George Grote, author of the *History of Greece* (1846-1856) whom he calls as ‘the great historian of Greece’ (Considerations, c. iii: 411).

emanate from the circumstances which exist at present (EFHH, Michelet's History of France: 225).

More specifically, Mill, in his more mature writings, like his posthumously published text *Chapters of Socialism* (1879), extends the horizon of his historical thought. He develops a proto-annalist historical view which resembles Braudel's approach to historical transformation, while at the same time he elaborates an ontological view which was later crystallised in the famous concept of *longue durée*. Mill believes that the understanding of historical changes depends on the apprehension of deeper structural transitions and not on the simplistic narration of historical circumstances as the practitioners of the a-theoretical second stage proposed. He criticises, as Annalists later also, '*histoire evenementielle*' and observes that:

*Sudden effects in history are generally superficial. Causes which go deep into the roots of future events produce the most serious parts of their effect only slowly, and have, therefore, time to become a part of the familiar order of things before general attention is called to the changes they are producing* (EES, Chapters on Socialism: 707, emphasis added).<sup>446</sup>

Naturally therefore, Mill believes that the British historiography was as narrative as descriptive since it was imprisoned in the premises of 'narrative historiographical paradigm'. He criticises it as being confined to crude empiricism and unscientific surmise and observes that in England "history cannot yet be said to be at all cultivated as a science" (A System of Logic, Book VI, c. x, § 3: 598). Mill anticipates Hobsbawm's aphorism that although scientific reasoning *per se* was fired up in the mid-nineteenth century Britain, historical inquiry remained surprisingly underdeveloped. Mill believes that as China is imprisoned in the farming stage of economic development, so historical scholarship in Britain is on the peg of the metaphysical mode of historical thought. His lengthy comment is historiographically worth citing in full:

But the interest which historical studies in this country inspire, is not as yet of scientific character. *History with us has not passed that stage in which its cultivation is an affair of mere literature or of erudition, not of science.* It is

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<sup>446</sup> For similarities, see Braudel (1987: 20).

studied for the facts, not for the explanation of facts. It excites an imaginative, or a biographical, or an antiquarian, but not a philosophical interest. Historical facts are hardly yet felt to be, like other natural phenomena, amenable to scientific laws [...] And hence we remain in contented ignorance of the best writings which the nations of the Continent have in our time produced; because we have no faith in, and no curiosity about, the kind of speculations to which the philosophic minds of those nations have lately devoted themselves; even when distinguished, as in the case before us, by a sobriety and a judicious reserve, borrowed from the safer and most cautious school of inductive inquirers (EFHH, Guizot's *Essays and Lectures on History*: 260, emphasis added).

For Mill, England seems to be the last nation to enter into the general European movement “for the construction of a Philosophy of History” (*A System of Logic*, Book VI, c. x, § 8: 606). According to him, in England any pretension of general law in history “was almost a novelty” and “the prevailing habits of thought on historical subjects were the very reverse of a preparation for” a philosophy of history (*A System of Logic*, Book VI, c. xi, § 1: 607). In his 1844 review of Michelet's *History of France* he is more than virulent:

It has of late been a frequent remark among Continental thinkers, that the tendencies of the age set strongly in the direction of historical inquiry, and that history is destined to assume a new aspect from the genius and labours of the minds now devoted to its improvement. The anticipation must appear at least premature to an observer in England, confining his observation to his own country. Whatever may be the merits, in some subordinate respects, of such histories as the last twenty years have produced among us, they are in general distinguished by no essential character from the historical writings of the last century. No signs of a new school have been manifested in them (EFHH, Michelet's *History of France*: 219).

Furthermore, he criticises sub-disciplines of historical scholarship and notes that the history of towns, for example, is limited to histories of buildings and not of men (EFHH, *Modern French Historical Works*: 18). Mill's critique is based on an ethnologically elaborated epistemological context. He notes that ‘scientific history’,

contrary to ‘narrative history’, has to assess “how men were governed and how they lived and behaved” (p. 18). Mill believes that history has to investigate the deeper causes of historical phenomena and glean out their effects. For him, the British (narrative) historiography by drawing away from the epistemic premises of the Scottish Historical school had limited its analytical depth. On the contrary, Mill although associated with the intellectual tradition of the Scottish Enlightenment, is fiercely critical of its highly abstract character. For instance, he notes that Hume and Robertson, the true historians of the Scottish Historical school, were great writers and produced works of extraordinary talent, but their essays do not represent scientific history *par excellence*, but ‘mere shadows and dim abstractions’ (EFHH, Carlyle’s French Revolution: 134).<sup>447</sup> He characterises them as comprising the ‘Old School of Historians’ which treats events “as matters insulated and abstract” (EFHH, Guizot’s Essays and Lectures on History: 290).<sup>448</sup> Mill directs the same criticism to Edward Gibbon who, although recognised as a celebrated historian, is criticised as not being concerned with human life (p. 136). According to Mill, Hume and Gibbon presented men not as real (historical) ‘human beings’ but as ‘stuffed figures’ who are not living in their historical time. For Mill, the historian has to investigate historical causations (concerning human nature) which have to be based on critically assessed historical evidence. According to the Millian philosophy of history, the historian has to sketch his men as real historical figures and not as ideal types *in abstractum*.<sup>449</sup> In Hegelian

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<sup>447</sup> Hallem (cited in Coleman 1987: 19) illustrates Mill’s view by noting that the work of Scottish scholars “however pleasing from its liberal spirit, displays a fault too common among the philosophers of his country, that of theorizing upon an imperfect induction, and very often upon a total misapprehension of particular facts”. However, it must be noted that Mill had read avidly Robertson’s work as a child and reproduces a variety of his epistemic motifs in his works. For instance, Mill’s view, that the aversion of innovation is ‘an unfailing feature of popular assemblies’ is explicitly illustrated in Robertson’s *The History of the Reign of the Emperor Charles V* (1769). Essentially, Mill’s criticism was centred on Hume: “Take, for example, Hume’s history; certainly, in its own way, one of the most skilful specimens of narrative in modern literature, and with some pretensions also to philosophy. Does Hume throw his own mind into the mind of an Anglo-Saxon, or an Anglo-Norman? Does any reader feel, after having read Hume’s history that he can now picture to himself what human life was, among the Anglo-Saxons? How an Anglo-Saxon would have acted in any supposable case? What were his joys, his sorrows, his hopes and fears, his ideas and opinions on any of the great and small matters of human interest?” (EFHH, Carlyle’s French Revolution: 135).

<sup>448</sup> Evidently, there are affinities between Mill’s views on history and those of the philosophical historians of the Scottish Enlightenment. Mill became familiarised with them through his father’s influence. As Kawana (2009: 109) observes, “this awareness led Mill to recognise the significance of his father’s historical work, *History of British India*. Although he continued to regard James Mill’s method of reasoning in politics as inadequate, in the mid-1840s he came to see James Mill as ‘the last survivor of that great school’ and as ‘the philosophical historian of India’”.

<sup>449</sup> *Ipso facto*, Mill praises Shakespeare for painting a world of realities since his leading characters are human faces “and not mere rudiments of such, or exaggerations of single features” (EFHH, Carlyle’s French Revolution: 135).

fashion, Mill believes that the historian has to delineate human characters as the historical embodiment of the general spirit of a particular period.

According to Mill, it was otherwise with the French literature and historical scholarship. He notes in 1826 that French “are at present making a much greater figure in the world of literature than ourselves” (EFHH, *Modern French Historical Works*: 17).<sup>450</sup> Specifically for history, he held the firm belief that the renovation of historical studies is propelled by German and French historians.<sup>451</sup> However, he is ready to accept in 1844 that “both in historical speculations, and in the importance of her historical writings, France, in the present day, far surpasses Germany” (EFHH, *Michelet’s History of France*: 220).<sup>452</sup> Mill regards French historiography as highly philosophical in its epistemic premises and believes that the French school of history, contrary to British ‘narrativism’, is at “the highest stage of historical investigation, in which the aim is not simply to compose histories, but to construct a science of history” (p. 225). Mill observes that French historians “have made more hopeful attempts than anyone else, and have more clearly pointed out the path; they are the real harbingers of the dawn of historical science” (p. 226). The path is leading to the closer association of theory and history. Mill points out that the true historian has not only to narrate but also to philosophise: to write history but also write about history (p. 221). For him, the *elite* of French historians are of such an attitude. He believes, as a typical historian of ideas, that the intellectual revolution which followed the French Revolution of 1789, was the most remarkable event in the history of historical scholarship. He notes, in his critical assessment of French historical scholarship, that French historians “have produced many historical works of great importance; more than were ever produced by one nation within the same space of time on” (EFHH, *Modern French Historical Works*: 18). Mill criticises his countrymen for not paying

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<sup>450</sup> Mill explains his cynicism in blaming England’s *belles lettres*. He notes that “While our *litterateurs*, with the usual fate of those who aim at nothing but the merely ornamental, fall of attaining even that; an entirely new class of writers has arisen in France, altogether free from the frivolousness which characterised French literature under the *ancien regime*, and which characterises the literature of every country where there is an aristocracy” (EFHH, *Modern French Historical Works*: 17).

<sup>451</sup> Mill, already from his early essay on ‘The Spirit of the Age’, observes that by the term ‘the historical school of politicians’, “I mean the really profound and philosophic inquires into history in France and Germany, not the Plausibles, who in our land of shallowness and charlatanerie, babble about induction without having ever considered what it is” (NW, *The Spirit of the Age* III, Part I: 256).

<sup>452</sup> Mill notes, in a highly heretic fashion, that “France has done more for even English history than England has”, since “The very first complete history of England, and to this day not wholly superseded by any other, was the production of a French emigrant, Rapin de Thoyras” (EFHH, *Michelet’s History of France*: 221).

attention to French historical literature. His comment in the review of Tocqueville's *Democracy* is more than virulent:

While modern history has been receiving a new aspect from the labours of men who are not only among the profound thinkers [...] the clearest and most popular writers of their age, even those of their works which are expressly dedicated to the history of our own country remain mostly untranslated and in almost cases unread (EPS, De Tocqueville on Democracy in America: 155).

Mill praises the historical thought that was proposed by French historians. He reviewed its chief intellectual products, such as Mignet's *French Revolution* (in 1826), Michelet's *History of France* (in 1844) and Guizot's *Essays and Lectures on History* (in 1845) and "prided himself on his broad reading in the subject as forthrightly as he disapproved of his fellow countrymen who knew nothing of it" (Cairns 1985: xxxii). However, in his *A System of Logic*, although acknowledging "the great services which have been rendered to historical knowledge by this school" (*A System of Logic*, Book VI, c. x, § 3: 597), Mill was critical of its 'naturalistic' and deterministic views on history:

I cannot but deem them to be mostly chargeable with a fundamental misconception of the true method of social philosophy. The misconception consists in supposing that the order of succession which we may be able to trace among the different states of society and civilisation which history presents to us, even if that order were more rigidly uniform than it has yet been proved to be, could ever amount to a law of nature [...] The succession of states of human mind and of human society cannot have an independent law of its own (p. 597).

Mill's historiographical reviews are confined to French historical literature, which is regarded by him as the *prelude* of the positive mode of thought in historical scholarship. His efforts were directed towards the formation of a philosophy of history and in the search for a science of history. He believed that he was following the trends of positive stage of historical thought which were continentally universal. His comment in 1836 is more than optimistic:



*The tendency, therefore, now manifesting itself on the continent of Europe, towards the philosophic study of past and of foreign civilisations, is one of the encouraging features of the present time. It is a tendency not wholly imperceptible even in this country, the most insular of all the provinces of the republic of letters. In France and Germany it has become a characteristic of the national intellect (EPS, State of Society in America: 94, emphasis added).*

Mill's historiographical sketch, beyond its interesting historiographical features, is a 'core' tenet of his subsequent views with regard to history and historical scholarship. In reality, Mill's scheme connects his Comtean views on history with his philosophy of history and his theory of economic development. More specifically, his philosophy of history constitutes the 'atlas vertebra' of the epistemological backbone of his political and economic theory.

### **5.3 History as philosophy and methodology: an Enlightenment tale of progress, regression and transformation**

According to Mill, the most important project of a scientific theory of history is to typify generalisations concerning human behaviour. More specifically, his theory of history is animated by Millarian colours as he believes that recorded history is the source of generalisations and notes that these generalisations have to be grounded on concrete historical evidence.<sup>453</sup> Mill following the message of the third stage of historiographical inquiry notes that "the course of history, is subject to general laws", while observing that history, "when judiciously examined, afford Empirical Laws of Society" which comprise evidence towards the establishment of more abstract principles (A System of Logic, Book VI, c. xi, § 1: 607; A System of Logic, Book VI, c. x, § 4: 598). In his essay on 'Civilisation' (1836), he notes that history:

when philosophically studied it gives a certain largeness of conception to the student, and familiarizes him with the action of great causes. In no other way can he so completely realise in his own mind (howsoever he may be satisfied with the

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<sup>453</sup> Mill observes that Professor Millar was "perhaps the greatest of philosophical inquires into the civilisation of past ages" (EFHH, Modern French Historical Works: 46). Especially his *Historical View of the English Government* (1787) is an important piece of historical writing and represents a foundation stone in the development of historiography as he advances the view that the economic system determines social relations (Haakonssen 2006: 1205).

proof of them as abstract propositions) the great principles by which the progress of man and the condition of society are governed (EPS, *Civilisation*: 145).

Mill notes that these principles have to be incorporated within the laws of human nature in order to derive deductions concerning the nature of human actions. Granted this, the investigation of human history becomes an essential process in deriving (abstract) principles of human behaviour. He notes that

It is necessary to take into consideration the whole of past time, from the first recorded condition of the human race, to the memorable phenomena of the last and present generations (*A System of Logic*, Book VI, c. x, § 7: 605).

Evidently, history, although being in a course of transformation, could be of assistance in discovering “uniformities of change itself” (Bouton 1965: 570). However, Mill himself pinpoints the methodological necessity of an elaborative and painstaking treatment of history since “the most erroneous generalisations are continually made from the course of history” (*A System of Logic*, Book VI, c. x, § 4: 598).<sup>454</sup> His comment is illustrative:

Not only are there such generalisations, but [...] the general science of society, which inquires into the laws of succession and co-existence of the great facts constituting the state of society and civilisation at any time, can proceed in no other manner than by making such generalisations (*A System of Logic*, Book VI, c. ix, § 5: 593).

Mill is cautious about generalisations and follows James Fitzjames Stephen whose essay, ‘The Study of History’ (1861), is characterised by Mill as the soundest and most philosophical production of historical scholarship. He notes that “historical science authorizes not absolute, but only conditional predictions” (*A System of Logic*, Book VI, c. xi, § 4: 615).<sup>455</sup> This view is epistemologically connected with relativity

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<sup>454</sup> As has already been indicated, this proposition differentiates Mill from the ‘French school of historians’ and the Scottish Historical school. According to Mill, these schools, and especially the French one, constitute an advancement in historical writing and promote schemes of philosophical history which are illuminating. However, he believes that both of them failed to develop the ‘critical’ side of history, namely a critical analysis of historical facts, which is a necessary requirement of philosophical historicising.

<sup>455</sup> This view is connected with Mill’s progressive view of history and his rejection of Vico’s epistemic motif, who “conceived the phenomena of human society as revolving in an orbit; as going through periodically the same series of changes” (*A System of Logic*, Book VI, c. x, § 3: 596).

of doctrines construction according to which generalisations in social sciences ought to be (historically) flexible in character (see chapter 4). Stephen's essay, published anonymously in the literary magazine *Cornhill Magazine*, remained unnoticed for many years but is closely connected with the evolution of Mill's philosophy of history. Stephen should not be regarded as a historian in the tradition of Thierry, Guizot and Michelet. He does not accept the view that history can be treated like a physical science but supports the idea that it has to be treated humanely.<sup>456</sup> Stephen, although cautious of generalisations in history, is ready to concede that it is not superfluous to derive general 'laws' concerning human nature. However, the word 'law' in human sciences,

is purely metaphorical, and means nothing else than that we observe in their motions a regularity which, if they were reasonable agents, originating from time to time their own motion, would show their complete obedience to what, if it had been addressed to them under penalties, would have been a law (Stephen 1961 [1861]: 189).

For Stephen, as for Mill, historical generalisations and predictions are possible but have to be grounded on accurate observation. According to Stephen, "Historical science is nothing more than a collection of the results of observation systematically classified" (p. 196). Evidently therefore, these suppositions impel Mill to formulate rounded generalisations with regard to the history of mankind. According to Mill, these generalisations constitute the fabric of predictions. However, as has already been indicated, Mill, contrary to any form of 'scientism', opposes any possibility of accurate predictions. He believes that through history:

we may then be prepared to predict the future with reasonable foresight; we may be in possession of the real *law* of the future; and may be able to declare on what circumstances the continuance of the same onward movement will eventually depend (A System of Logic, Book V, c. v , § 4: 517).

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<sup>456</sup> For instance, he notes that "there can be no doubt that those who oppose the notion that history can be treated as a science are, and in several important respects deserve to be, on the popular side. They profess to be, and no doubt are, actuated by a genuine desire to uphold both the dignity and the morality of human conduct, and they are able to put forward some strong and many specious reasons for contending that their antagonists are indifferent to both" (Stephen 1961 [1861]: 187).

However, these predictions are only *tendencies*, as all generalisations “are propositions of considerable value as empirical laws within certain (but generally rather narrow) limits, [and] are in reality true or false according to times and circumstances” (p. 517).

Essentially, these *tendencies* could be attained by the employment of the ‘inverse deductive method’, also called ‘historical method’. Although Mill accepts the Comtean motif of the necessity of a unified Social Science, he believes that history, together with Political Economy and Political Theory, forms a separate branch of social inquiry since it deals with “the action of collective masses of mankind, and the various phenomena which constitute social life” (A System of Logic, Book VI, c. vi, § 1: 571). For Mill, the ‘inverse deductive method’, and not the ‘Concrete Deductive Method’, is the most appropriate method in historical and statistical analysis.<sup>457</sup> He notes in his *A System of Logic* that the ‘Historical Method’, when judiciously employed, provides the “laws according to which any state of society produces the state which succeeds it and takes its place”(A System of Logic, Book VI, c. x, § 2: 595). However, these laws, contrary to ‘natural laws’ are fragile as they are totally dependent on the contingency of historical facts.

Mill’s methodological views on history influenced his philosophy and theory of history. Ontologically speaking, the notion of progress provides the linkage between Mill’s methodology, philosophy and theory of history. More specifically, Mill follows the outline of Comtean Dynamics, and, by commemorating Adam Smith, sketches out, in the Preliminary Remarks of his *locus classicus*, a prefatory and compact theory of economic development. It is a universal economic history in a nutshell as Schumpeter (1954: 518) alternatively calls it. Mill’s theory of economic development is based on Comtean Dynamics since “Social Dynamics is the theory of Society considered in a state of progressive movement” (A System of Logic, Book VI, c. x, § 5: 598).<sup>458</sup> Mill’s theory of economic development is masterfully elaborated

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<sup>457</sup> Mill is careful in his distinction between the correct method in Political Economy and in History. For instance, he notes that “it is an imperative rule never to introduce any generalisation from history into the social science” (A System of Logic, Book VI, c. x, § 4: 597).

<sup>458</sup> Mill follows Comte’s distinction between Social Statics and Social Dynamics. Social Dynamics are associated with the analysis of historical change. He notes that Social Dynamics “is the theory of society considered in a state of progressive movement” (A System of Logic, Book VI, c. x, § 4: 598), and “the consideration of the successive order is [...] predominant in the study of social dynamics, of which the aim is to observe and explain the sequences of social conditions” (A System of Logic, Book VI, c. x, § 6: 603). Mill’s theory of economic history resembles Social Dynamics as it typifies the

and illustrates the transition from hunting to pastoral societies and from agricultural to commercial-industrial ones through a progressive philosophy of history. He draws a colorful and dynamic picture which includes environmental, racial, class and cultural elements (Schumpeter 1954: 518).<sup>459</sup> All these elements are conjoined through the ‘Ariadne’s clue’ of progress. Mill, as a typical Enlightenment offspring, notes that progress is an evident feature of modern civilisation:

The progress of modern civilisation [...] has lasted, and remained steadily progressive, through fifteen centuries; which no other civilisation has ever done (EFHH, Guizot’s *Essays and Lectures on History*: 269).

*Pro rata*, Mill identifies ‘the philosophy of history’ as a theory of human progress (Autobiography, c. v: 168). Lopez (2012: 64) is therefore right in her comment that the idea of progress is an inborn element in Mill’s philosophy of history. Mill believes that the course of successive transitions is stringently associated with the notion of progression. He notes, and contrary to Vico’s cyclical conceptualisation of historical time, that “the history of our species looked at as a comprehensive whole, does exhibit a determinate course, a certain order of development” (Auguste Comte and Positivism, Part I: 85).<sup>460</sup> Mill’s progressive views are even more explicit in his masterfully composed review of Michelet’s *History of France*:

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economic development of human mankind. However, he believes that the incorporation of Social Statics and Social Dynamics is essential in the understanding of social phenomena. He notes that “It is necessary to combine the statical view of social phenomena with the dynamical, considering not only the progressive changes of the different elements, but the contemporaneous condition of each, and thus obtain empirically the law of correspondence not only between the simultaneous states, but between the simultaneous changes, of those elements” (A System of Logic, Book VI, c. x, § 7: 604).

<sup>459</sup> Mill opposes any form of racial differentiation. He notes in his *Principles* that “Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences” (Principles, Book II, c. ix, § 3: 324). Marwah (2011: 352) contrary to Grollios (2011; 2014) rightly rejects the charge of racist inclinations in Mill’s historical writings and notes that “Mill strenuously opposed the phrenology and biological essentialism espoused by many of his contemporaries”. According to Robson (1998: 353), “Specifically on ‘race’ he had little to say; in a biological sense, he considered it, like sex, ‘an accident of birth’, not a measure of worth”.

<sup>460</sup> Comte himself was an ardent supporter of ‘progressive views’. Mill observes that, according to Comte, “The natural progress of society consists in the growth of our human attributes, comparatively to our animal and our purely organic ones: the progress of our humanity towards an ascendancy over our animality, ever more nearly approached though incapable of being completely realised” (Auguste Comte and Positivism, Part I: 100). He believes that progress is an inherent element of political administration by observing that “the best government is that which is most conducive to Progress [...] Conduciveness to Progress, thus understood, includes the whole excellence of a government” (Considerations, c. ii: 387).

All history is conceived as a progressive chain of causes and effects: or (by an apter metaphor) as a gradually unfolding web, *in which every fresh part that comes to view is a prolongation of the part previously unrolled* (EFHH, Michelet's History of France: 225, emphasis added).

As becomes evident, the necessary element of any historical investigation is the typification of *a mode of transition* from one stage to the next. For Mill, this attempt is tightly associated with the question of progress. In principle:

The fundamental problem therefore, of the social science, is to find the laws according to which any state of society produces the state which succeeds it and takes its place. This opens the great and vexed question of the progressiveness of man and society (A System of Logic, Book VI, § 2: 595).<sup>461</sup>

Mill is echoing a different philosophy of history than from his father James Mill and Jeremy Bentham. He is ready to concede that progress is not an immutable element of history as frequently regressions detain the course of progressive development (Burns 1976: 4). According to Mill, regressions are the evident outcome of critical periods which are transitive between two discrete organic periods. Mill elaborates the distinction between 'organic' and 'critical' periodisation through the influence of both Comte and the Saint-Simonians. Evidently, this renders his philosophy of history more complicated in relation to the philosophy of the Scottish historical school and of classical Utilitarianism. In Mill's epistemology, the organic period resembles Smith's *natural order of things* and appears when:

Worldly power, and moral influence, are habitually and undisputedly exercised by the fittest persons whom the existing state of society affords. Or, to be more explicit, when on the one hand, the temporal, or, as the French would say, the material interests of the community, are managed by those of its members who possess the greatest capacity for such management (NW, The Spirit of the Age III, Part I: 252).

In these placid periods:

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<sup>461</sup> For instance, in one of his most cited letters to d' Eichthal Mill notes that "civilisation has but one law [the] law of progressive advancement" (EL, vol. i, 1827, Letter 27: 37).

People, although they may at times be unhappy and consequently discontented, habitually acquiesce in the laws and institutions which they live under, and seek for relief through those institutions and not in defiance of them. *Individual ambition struggles to ascend by no other paths than those which the law recognises and allows* (p. 252, emphasis added).

In contrast, a critical period is associated with a transitional state of things and appears when the society has “outgrown old institutions and old doctrines” and has “not yet acquired new ones” (NW, *The Spirit of the Age I*: 230). In these circumstances, “Society demands, and anticipates, not merely a new machine, *but a machine constructed in another manner*” (p. 231, emphasis added). It follows that a critical period:

contains other persons fitter for worldly power and moral influence than those who have hitherto enjoyed them: when worldly power, and the greatest existing capacity for worldly affairs, are no longer united but severed; and when the authority which sets the opinions and forms the feelings of those who are not accustomed to think for themselves, does not exist at all, or, existing, resides anywhere but in the most cultivated intellects, and the most exalted characters, of the age (NW, *The Spirit of the Age III, Part I*: 252).

In a critical period, “as the old doctrines have gone out, and the new ones have not yet come in, everyone must judge for himself as the best may” (NW, *The Spirit of the Age II*: 245). In these transitional breakdowns, society is entering “into a state in which there are no established doctrines; in which the world of opinions is a mere chaos” (NW, *The Spirit of the Age III, Part I*: 252). A critical period is concluded by the outbreak of a moral or social revolution which is tightly connected with the cessation of progress.<sup>462</sup> More specifically, Mill thinks that the halt of progress is frequently related to certain aspects of societal organisation. For instance, in his interesting essay on ‘Civilisation’, written in 1836, Mill notes that:

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<sup>462</sup> Mill regards the French Revolution as a mark of a ‘transitive (critical) period’. He notes that Europe “entered into the state of transition of which the first overt manifestation was the breaking out of the French Revolution” (NW, *The Spirit of the Age IV*: 292).

We do not regard the age as either equally advanced or equally progressive in many of the other kinds of improvement. *In some it appears to us stationary, in some even retrograde* (EPS, Civilization: 119, emphasis added).

The dichotomy of history into organic and critical periods is therefore a crucial element of Mill's philosophy of history and is decisive for the subsequent formulation of his theory of history. According to Mill, the progress of knowledge is achieved through the opposition of conflicting ideas and beliefs. This conflict is taking place in the 'arena' of a critical period. Evidently, Mill's philosophy of history is connected with a pattern which is "explaining human history as a succession of 'critical' and 'organic' periods" (Robson 1998: 345). We have to keep in mind that Mill holds the firm belief that each age is "different from but also inheriting from the 'spirits' of past ages, and containing the seeds of the coming one" (p. 345). For instance, he believes that during the critical period between the commercial and the cooperative stages of economic development, though capitalist production would still be dominant, the cooperative sector will be expanding continuously and partnerships between workers and capitalists will become increasingly common (Kurer 1992: 227). For Mill, the co-operation between workers and capitalists would be "both economically efficient and morally beneficial", since "each will give its best in making the partnership a success" (Ten 1998: 385). For Sarvasy (1985: 326):

[A]ccording to Mill, the only type of socialist economy that is both practicable and potentially compatible with liberty is one characterised by a network of autonomous cooperatives, owned and democratically managed by the members.

In Mill's radical view, the transitional period between commercial capitalism and socialism is associated with the Fourierist system which permits the intermixture of individual and common property. In Mill's own words, the Fourierist system is

both attractive in itself and requires less from common humanity than any other known system of Socialism; and it is much to be desired that the scheme would have that fair trial which alone can test the workableness of any new scheme of social life (EES, Chapters on Socialism: 748).



The transitional character of this system is crystallised in the admission of “inequalities of distribution and individual ownership of capital, but not the arbitrary disposal of it” (p. 747). Be that as it may, Fourierism, as a transitional break, “offers more opportunities for individual development than a wage-labor system” (Sarvasy 1985: 326). A critical period is not always leading to progress as ‘old ideas’ may fight down the new ones. Granted this, a ‘critical period’ could either lead to a new and more advanced ‘organic period’, e.g. the cooperative in comparison to commercial system, or it could result in a stagnant organic period resembling Mill’s ‘Stagnant State’.

Mill’s philosophy of history (and his theory of history) is ontologically grounded on his theory of structure and agency as he regards progress as not being the result of a deterministic or a mechanical movement of things. According to Mill, progress is tightly connected with the end outcome of the interaction between structural environment and individual agency. As Lopez (2012: 69) observes, “every human action can be explained appealing to the state of society or the ‘general circumstances of the country’, yet it also depends on ‘influences special to the individual’ or free will”. The end result of this dialectical interaction would be determinant in the transition from one stage to another. The ‘Stagnant State’ is also possible when a critical period does not occur. Evidently, a mature organic period, which is not structurally contested, leads to a slack economic, cultural and intellectual condition. Mill, as Smith before him, has in mind China and Egypt, which despite their acculturation, have not attained the commercial stage of economic development. In his own words:

The Egyptian hierarchy, the paternal despotism of China, were very fit instruments for carrying those nations up to the point of civilisation which they attained. But having reached that point, they were brought to a permanent halt, for want of mental liberty and individuality; requisites of improvement which the institutions that had carried them thus far, entirely incapacitated them from acquiring; and as the institutions did not break down and give place to others, further improvement stopped (Considerations, c. ii: 396).

For Mill, in such historical circumstances, “hardly anything short of super-human power seems sufficient to turn the tide, and give a fresh commencement to the upward

movement” (p. 388). Mill’s philosophy of history cannot be gleaned as a deterministic course of unremitting improvement. Crisis and transgressions are frequent obstacles in human development and are connected with the dialectical relation between ‘organic’ and ‘critical’ periods. As Harris (1956: 167) eloquently comments: “the road to progress is in Mill’s conception uncertain and full of chance”. This uncertainty is associated with the emergence of critical or transitional periods during which, as had already been noted, there is no a generally an accepted doctrine. For instance, Mill notes that:

Though most men in the present age profess the contrary creed, believing that the tendency of things, on the whole, it towards improvement; we ought not to forget, that there is an incessant and ever-flowing current of human affairs towards the worse [...] which is only controlled, and kept from sweeping all before it, by the exertions which some persons constantly, and others by fits, put forth in the direction of good and worthy objects (Considerations, c. ii: 388).

Mill’s philosophy of history is ontologically based on his theory of structure and agency and reflects his methodology of history. His Comtean dichotomy between ‘organic’ and ‘critical’ periods is decisive for the formation of his philosophy of history and is a crucial element in the understanding of his theoretical history.

#### **5.4 History as theory: the Millian theory of economic development**

Mill’s theory of history is epistemologically grounded on his philosophy of history and is animated by a set of epistemic features. Initially, it is historically sensitive. Though Mill accepts the view that each stage of economic development has certain earmarks, which prevail through its constituent parts, he accords a special place to evidenced history and is cautious of any pretension of accurate prediction.<sup>463</sup> This trait emanates from the fact that Mill’s laws of economic development are ‘gappy laws’ which “do not mention precisely how long it takes for each subsequent

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<sup>463</sup> As has already been indicated, Mill accepts the view that generalising generalisations are admissible. For instance, he believes that the history of western civilisation is prevalent in all western nations. For him: “The main course of the history of civilisation is identical in all the western nations; their origin was essentially similar, they went through the same phases, and society in all of them, at least until the Reformation, consisted fundamentally of the same elements. Any one country, therefore, may, in some measure, stand for all the rest” (EFHH, Michelet’s History of France: 230).

stage to arrive” (Wilson 1998: 232). Mill’s sensitivity differentiates his history from that of the ‘French school of historians’ and of the Scottish Enlightenment which had an extreme formulation of abstract generalisations. Secondly, Mill’s theory of history is highly Eurocentric in its ontological premises as he believes that “the European family of nations is the only one which has ever yet shown any capability of spontaneous improvement, beyond a certain low level” (Cairns 1985: xxvii).<sup>464</sup> Evidently, Mill’s Eurocentrism is related to his political liberalism. He regards history as the perpetual contest between custom and liberty and notes that as society is advancing, the influence of custom is diminishing. For Mill, history starts with the attainment of literacy and intellectual progress. In his own words:

The greater part of the world has, properly speaking, no history, because the despotism of custom is complete. *This is the case of the whole East.* Custom is there, in all things, the final appeal; justice and right mean conformity to custom (EPS, *On Liberty*, c. iii: 272, *emphasis added*).

Mill’s Eurocentrism is compatible with his philosophy of history which is “rooted in the need to justify political inequality on cultural grounds” (Beate 2005: 600). For instance, his heretic belief that Despotism is effective in governing barbarous people and his notification that the Hindoos and the Turks which are “two great stationary communities” (NW, *The Spirit of the Age V, Part I*: 305), are illustrative instances of this type of philosophical historicising.<sup>465</sup> However, Mill’s Eurocentrism does not imply any sense of racism, since he regards cultural differences a matter of contingency due to uneven economic development. His Eurocentrism is rooted in his distorted view that individual property is tightly connected with intellectual and cultural advancement, and also resulted from the fact that apart from France he knew little of other European and non-European nations.<sup>466</sup> According to Varouxakis (2005: 144):

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<sup>464</sup> Mill’s Eurocentrism is much more explicit and biased than Smith’s (see chapter 4). More specifically, in his essay on ‘Civilization’, Mill notes that the elements of progress “exist in modern Europe, and especially in Great Britain, in a more eminent degree, and in a state of more rapid progression, than any other place or time” (EFHH, *Civilization*: 120-121).

<sup>465</sup> Mill notes that “a people must be considered unfit for more than a limited and qualified freedom, who will not co-operate actively with the law and the public authorities” (*Considerations*, c. i: 377).

<sup>466</sup> Such a thread impelled many scholars to question Mill’s radicalism. For instance, Grollios (2014: 191) observes that “Mill’s philosophical anthropology and philosophy of history prevent him from seriously questioning the power of property owners and thus the existence of classes”. In addition, Schultz (2007: 117) characterises Mill’s analysis as ‘arrogantly Eurocentric’ for regarding civilisations’ differences as evidence of the cultural inferiority of some of them. However, all these readings do not

Mill's thought was indeed Euro-centric, and despite his efforts to be open-minded he did show himself deplorably ignorant and prejudiced about non-European cultures, not least those of Indian Peninsula.

Mill, following Comte's Dynamics, believes that the course of economic advancement is not universal and linear since some nations, like British colonies, are in the pastoral or farming stage of economic development while England is entering, according to Mill's *Utopian* views, in its 'Stationary State'. For Mill, these primitive or underdeveloped societies provide ample historical evidence of the progressive course of economic and social development, but also illustrate that this development is in general uneven. Furthermore, this fact is connected with the Smithian view that each stage contains cultural, social and economic residues of its anterior. In Mill's own words:

And above all, the character, that is, the opinions, feelings, and habits of the people, though greatly the results of the state of society which proceeds them, are also greatly the causes of the state of society which follows them (A System of Logic, Book VI, c. ix, § 4: 591).

For Mill the passage from one stage of economic development to the next is not a universal historical trend:

Hunting communities still exist in America, nomadic in Arabia and the steppes of Northern Asia; Oriental society is in essentials what it has always been; the great empire of Russia is even now, in many respects, the scarcely modified image of feudal Europe. Every one of the great types of human society, down to that of the Esquimaux or Patagonians, is still extant (Principles, Preliminary Remarks: 20).

Additionally, even European history does not exhibit a rigid and universal historical trajectory. Naturally therefore, the historian cannot formulate laws that imply a rigid, pre-determinate, and universal form of historical evolution. Any laws, if such there are, must be historically specific:

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take into account Mill's theory of economic development which regards the cultural element as a direct consequence of economic progress.

If there be such laws; if the series of states through which human nature and society are destined to pass, have been determined more or less precisely by the original constitution of mankind, and by the circumstances of the planet in which we live; the order of their succession cannot be discovered by modern or by European experience alone: it must be ascertained by a conjunct analysis, so far as possible, of the whole of history, and the whole of human nature (EFHH, Guizot's Essays and Lectures on History: 262).

As Marwah (2011: 357) points out, Mill "sees the movement towards equality and a diffusion of power as prone to a great variety of manifestation in different societies and states". It follows naturally that each stage cannot be analysed *in vacuo* and cannot be understood apart from its place in the arrow of historical development. In Mill's theory of history, as in Marx's, man "can never completely cut the umbilical cord which ties him to the past" (Harris 1956: 171):

The facts of each generation are looked upon as one complex phenomenon, caused by those of the generation preceding, and causing, in its turn, those of the next in order (EFHH, Michelet's History of France: 225).

By way of example, Mill observes that feudalism was the product of specific historical circumstances and its diversified forms arose gradually:

the feudal system was not the work of contrivance, of skill devising means for the attainment of an end, but arose gradually, and, as it were, spontaneously, out of the pre-existing circumstances of society; and that the notion of its having been introduced into the countries of western Europe by their Gothic and Teutonic is wholly erroneous (EFHH, Modern French Historical Works: 23-24).

Fourthly, Mill proposes a close relation between theory and history (see Chapter 4) and accepts conjectural (or hypothetical) history in special cases. These cases are connected with pre-historical situations.<sup>467</sup> For Mill:

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<sup>467</sup> Marx and Engels's comment in their *Communist Manifesto*: "In 1847, the pre-history of society, the social organisation existing previous to recorded history, [was] all but unknown" (Marx and Engels [1848] 1969:14).

When the object itself is out of our reach, and we cannot examine into it, we must follow general principles, because by doing so, we are not so likely to go wrong, and almost certain not to go so far wrong, as if we floated on the boundless ocean of mere conjuncture; but when we are not driven to guess, when we have means and appliances for observing, general principles are nothing more or other than helps towards a better use of those means and appliances (EFHH, Carlyle's French Revolution: 161).

That the historian has to illustrate his reasoning through factual data impelled Mill to accept the epistemological necessity of universal history. Mill, again influenced by Comte, proposes a *holistic* view of history (*histoire totalité*).<sup>468</sup> Truly, by using the mechanical analogy of the composition of physical forces, he “compares every ‘kind of cause’, such as psychological, cultural, political or economic, with the components that are forming the resultant forces” (Zouboulakis 2001: 32). In reviewing Comte's work, Mill notes that according to the ‘father of Positivism’:

Religious belief, philosophy, science, the fine arts, the industrial arts, commerce, navigation, government, all are in close mutual dependence on one another, insomuch that when any considerable change takes place in one, we may know that a parallel change in all the others has proceeded or will follow it. The progress of society from one general state to another is not an aggregate of partial changes, but the product of a single impulse, acting through all the partial agencies, and can therefore be most easily traced by studying them together (Auguste Comte and Positivism, Part I: 87).

However, he believes that the interpretation of society *as a whole* is totally static in its nature and should not be tangled with the dynamic breath of his theory of history.

It must be pointed out that Mill accepts the motif that ‘great men’ are determinant of human progress.<sup>469</sup> The following comment resembles Ranke's aristocratical individualism:

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<sup>468</sup> According to Comte (cited in Zouboulakis 2008: 89) “the phenomena of society being more complicated than any other, it is irrational to study the industrial apart from the intellectual and the moral”.

<sup>469</sup> He notes for example that, “Without Charlemagne, who can say for how many centuries longer the period of confusion might have been protracted” (EFHH, Guizot's Essays and Lectures on History: 280).

the influence of remarkable individuals is decisive [...] in determining the celerity of the movement. In most states of society it is the existence of great men which decides even whether there shall be any progress (A System of Logic, Book VI, c. xi, § 3: 612).

He believes that the actions of ‘great men’ are intermingled with the circumstances of a given society in order to produce progress.<sup>470</sup> For instance, in his review of Guizot’s *Essays and Lectures on History* (1846) he comments about the influence of great men upon society, taking Charlemagne as his specimen:

A great ruler cannot shape the world after his own pattern; he is condemned to work in the direction of existing and spontaneous tendencies, and has only the discretion of singling out the most beneficial of these (EFHH, Guizot’s *Essays and Lectures on History*: 279).<sup>471</sup>

However, the elaboration of the motif of ‘great men’ is historically restrained as he believes that with the progress of civilisation the influence of great men would decline (Cairns 1985: xxx). In Mill’s own words:

When the masses become powerful, an individual, or a small band of individuals, can accomplish nothing considerable except by influencing the masses; and to do this becomes daily more difficult, from the constantly increasing number of those who are vying with one another to attract the public attention. Our position, therefore, is established, that by the natural growth of civilization, power passes from individuals to masses, and the weight and importance of an individual, as compared with the mass, sink into greater and greater insignificance (EPS, *Civilization*: 126).

Mill was not favourable to majority’s dominance and is sceptical of any form of collectivist action. *Ipsa facto*, in his mature political essays, he expresses his fears of

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<sup>470</sup> Mill notes that “It is conceivable that Greece, or that Christian Europe, might have been progressive in certain periods of their history through general causes only; but if there had been no Mohamet, would Arabia have produced Avicenna or Averroes or Caliphs of Bagdad or of Cordova?” (A System of Logic, Book VI, c. xi, § 3: 612).

<sup>471</sup> However, it must be noted that neither Comte nor Mill “committed ‘the vulgar mistake’ of imagining that men of action or of thought could ‘do with society what they please’” (Cairnes 1985: xxx). This differentiates Mill from the political historians of the nineteenth century Britain. For more information about them see the classic G.P. Gooch (1913), *History and Historians in the Nineteenth Century*, Longmans, Green & Co, London, New York, Bombay, and Calcuta.

the ‘power of masses’ for the attainment of mankind’s well-being and as such is totally critical to ideas such as Marx’s famous ‘Dictatorship of the Proletariat’. Naturally therefore, the idea of ‘plurality of voting’, which is extensively developed in his essay on the *Considerations on Representative Government*, is the crystallisation of this anti-conformist view.<sup>472</sup> Essentially, de Tocqueville “had made Mill aware of the ‘tyranny of majority’” and had illustrated to him the limits of Democracy (Qualter 1960: 883). Mill believes that the great danger of democracy is that majority will use its numerical superiority to secure its privileges at the expense of any minority. He agrees with De Tocqueville that political institutions should protect minorities from the dominance of public opinion and set up safeguards against democracy’s excesses.<sup>473</sup> According to Mill:

What is requisite in politics for the same end, is not that public opinion should not be, what it is and must be, the ruling power [...] there should exist somewhere a great social support for opinions and sentiments different from those of the mass (EPS, De Tocqueville on Democracy in America: 198).

Mill’s theory of history, following his theory of structure and agency, is grounded on the interaction of economic man and economic institutions. According to Mill, man, in his abstract form, is animated by four distinct economic interests: accumulation of wealth, quest for leisure, consumption of luxury goods and procreation which are always interrelated with his non-economic instincts and his institutional (historical) framework (Persky 1995: 225). These instincts interact with the existing structural context and produce recorded economic, social, political and cultural history. For Mill, the process of this interaction is tightly associated with the transitions between economic systems. Evidently therefore, Mill’s theory of history is sociological rather than philosophical, and abstract, as he criticises ‘universalistic theories’ and surveys the wide diversity of factors (economic, political, social and cultural) affecting any given state of society.

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<sup>472</sup> According to Zouboulakis (2016: 6), Mill proposed his political reform proposal on ‘plural voting’ “to avoid the ‘slavery of the majority’ and preserve the rights of the numerical minority”.

<sup>473</sup> Qualter (1960: 885) notes that many of de Tocqueville’s chapters on his *Democracy in America* “portray some of the more distasteful elements of a democracy”. Mill was influenced by de Tocqueville in that, “Democracy was to be preferred to any previous form of government, but it introduced new and serious dangers” (p. 889).



As has been indicated, Mill's philosophy of history is progressive in its ontology.<sup>474</sup> These ontological premises animate his theory of history. Mill, already from his methodological essays had pointed out that:

It is my belief indeed that the general tendency is, and will continue to be, saving occasional and temporary exceptions, one of improvement- *a tendency towards a better and happier state* (A System of Logic, Book VI, c. x, § 3: 596, emphasis added).

His 'stages theory of economic development' is founded on the principle of succession and progress and its central premise "is the desire of increased material comfort" which is achieved through saving (A System of Logic, Book VI, c. x, § 7: 604). However, this desire is inherently dynamic and is bounded (or activated) by the progress of knowledge and by the technological structure of each stage. For Mill, knowledge, and secondarily technology, is the real motor of change and he notes that "the movement between the different stages [is] induced by the development and redirection of man's intellectual and moral faculties" (Harris 1956: 173). Harris therefore is right in his view that knowledge is the prime motor of change as for Mill himself: the progress of industry must follow, and depend on, the progress of knowledge (A System of Logic, Book VI, c. x, § 7: 604). Mill is even more explicit in this respect:

*Every considerable advance in material civilisation has been preceded by an advance in knowledge; and when any great social change has come to pass, either on the way of gradual development or of sudden conflict, it has had as its precursor a great change in the opinions and modes of thinking of society* (p. 605, emphasis added).

Similarly:

Polytheism, Judaism, Christianity, Protestantism, the critical philosophy of modern Europe, and its positive science- *each of these has been a primary agent in making society what it was at each successive period, while society was but secondarily instrumental in making them, each of them [...] being*

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<sup>474</sup> "A Philosophy of History is generally admitted to be [...] the initial form of the Philosophy of the Progress of Society" (A System of Logic, Book VI, c. x, § 8: 607).

mainly an emanation not from the practical life of the period, but from the previous state of belief and thought (p. 605, emphasis added).

These views anticipate Buckle's *History of Civilisation*, and Weber's *Protestant Ethic and the Spirit of Capitalism*, in which it is supported that the "advance of civilisation solely depends on the acquisitions of the human intellect, and on the extent to which those acquisitions are diffused" ([1857] 2011: 307). In principle, Mill believes that human progression is mainly dependent on the intellectual convictions of mankind. Beate (2005: 601) believes that for Mill the history of human mankind is an intellectual history of cultural development. Mill himself stresses the importance of *ideas* by noting that the history of Western Europe is the crystallisation of three intellectual movements:

Of such we have had an example in the condition of Europe during the times immediately following the Reformation; another, though limited to the Continent and to a more cultivated class, in the speculative movement of the latter half of the eighteenth century; and a third, of still briefer duration, in the intellectual fermentation of Germany during the Goethian and Fichtean period. These periods differed widely in the particular opinions which they developed [...] made Europe what is now is (EPS, On Liberty, c. ii: 243).

Summarising, according to Mill, the intellectual element, in all its forms, is decisive for the promotion of historical change: "the state of the speculative faculties, the character of propositions assented to by the intellect, essentially determines the moral and political state of the community" (p. 605). Evidently, the transition from one stage of economic development to the next is solidly associated with the transformation of the intellectual element of the society which all its members share in common. Essentially, a critical period, which in Mill's epistemology is the historical thread between different stages of economic development, is connected with the contestation of the dominant intellectual element and with the absence of intellectual *elite*. In Mill's own words:

The authority which sets the opinions and forms the feelings of those who are not accustomed to think for themselves, does not exist at all, or, existing, resides anywhere but in the most cultivated intellects, and the most exalted characters, of the age (NW, The Spirit of the Age III, Part I: 252).

Conclusively:

From this accumulated evidence, we are justified in concluding, that the order of human progression in all respects will mainly depend on the order of progression in the intellectual convictions of mankind, that is, on the law of the successive transformation of human opinions (A System of Logic, Book VI, c. x, § 7: 605).

Mill believes that the laws of historical change are interchangeably connected with the laws of human nature through intellectual factors and elements. In Mill's view, progress is tightly connected with the improvement of knowledge and with material well-being. The intellectual element and knowledge made possible both material advancement, and social unity, as each mode of thought is the prime cause in shaping the society in which it appears:

Wherever there has arisen sufficient knowledge of the arts of life, and sufficient security of property and person, to render the progressive increase of wealth and population possible, the community becomes and continues progressive in all the elements (EPS, Civilization: 120).

Mill's theory of history resembles Hegel's cunning of reason, as *knowledge* is the prime mover of both material advancement and cultural improvement. More specifically, his early essay *The Spirit of the Age* reflects an implicit Hegelianism as the dominant spirit of a society (*Zeitgeist*) influences the whole spectrum of other processes. According to Mill's idealism, economic progress is dependent upon improved methods of production, namely "upon new knowledge and inventions and upon entrepreneurial skills" (Wilson 1998: 233). At the same time, technology may be regarded an important requirement of economic development but Mill himself, contrary to Marx, "considered it to be an expression of man's improvement as a moral agent" (Harris 1956: 173). Essentially, Mill's theory of economic development reflects Comte's *epistemological idealism* according to which history is a progressive trend of intellectual and scientific development which is implemented through three stages. In reality, Mill's theory of history reflects an inborn idealism as ideas always precede material processes.<sup>475</sup> For Mill, as for Comte and Saint-Simonians, each stage

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<sup>475</sup> However, at many points, Mill's idealism contradicts with his more materialistic views. For instance, the Agricultural Revolution which is connected with the transition from the farming to the

of societal organisation reflects a certain type of scientific knowledge, public opinion and common belief. Mill developed a progressive view of history which works itself through the motif of ‘organic and critical periods’ (Cairns 1985: xiii). According to Mill, each stage of economic development represents an ‘organic period’ with its dominant mode of scientific thought (theological-metaphysical-positive), while the transition from one stage to the next is implemented through a ‘critical period’ in which the *anterior* mode of thought is openly questioned and contested.

For instance, Mill was persuaded, through his close acquaintance with Comte and Saint-Simonians, that the mid-nineteenth century was ‘an age of transition’, or a ‘critical period’, as old doctrines no longer responded to current needs. Mill’s epistemological periodisation between ‘organic and critical periods’ is of prime importance in understanding his stadial theory of economic development as the history of transitions is essential in understanding societal organisations. Evidently, the task of the social scientist is “to find the laws according to which any state of society produces the state which succeeds it and takes its place” (A System of Logic, Book IV, c. x: 597).

The Millian theory of economic development is compendiously elaborated in his great “Preliminary Remarks” of his economic *locus classicus*. However, this elaboration seems to be of an abstract and pre-typified form. This section attempts to incorporate Mill’s theory of economic development as is presented in his “Preliminary Remarks” and (partially) in his *Chapters on Socialism* with the evolutionist political theory of his *On Liberty* and his anti-conformist theory of intellectual development as presented in his *Civilisation* and in his review of de Tocqueville’s *Democracy of America*. The aim of this section is to illustrate that Mill’s theory of history is a holistic theory of economic, social, political and intellectual development.

More specifically, John Stuart Mill, like his father James Mill, accepted the focal motif of the Scottish historical school, namely the ‘four stage’ theory of social and economic development. Indeed, the Millian theory of history is Smithian in nature as it reproduces Smith’s picture of historical evolution. Mill, like Smith, notes that the rude stage was followed by the pastoral stage, the shepherd stage was succeeded by

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commercial stage of economic development is connected with new farming ideas and techniques which were the result of demographic pressure on land through the diminishing returns of scale in agriculture.

that of farming, and the farming stage was replaced by the commercial stage of economic development.

Mill, like Smith and Marx, believes that recorded history is tightly associated with the production of wealth. Mill defines wealth as: “[A]ll useful or agreeable things except those which can be obtained in the quantity desired, without labour or sacrifice” (Principles, Preliminary Remarks: 9). He believes that the extraordinary differences between nations and ages are due to the different prevalent modes of production and distribution of wealth.<sup>476</sup> For Mill, each stage of economic development is characterised by its historically formed property rights, its productive methods and its own distributive modes. For instance, in reviewing the socialist ideas of his time, Mill is impelled to note that each form of societal organisation incorporates its own property right system. He points out that the word ‘property’:

denotes in every state of society the largest powers of exclusive use or exclusive control over things (and sometimes, unfortunately, over persons) which the law accords, or which custom, in that state of society, recognises; but these powers of exclusive use and control are various, and differ greatly in different countries and in different states of society (EES, Chapters on Socialism: 750).

According to his analysis, the institutionalisation of property rights *in se* implies a specific form of governance in each stage of economic development. He believes that political institutions reflect specific economic and social circumstances and should be analysed as such. It follows that,

A nation [...] cannot choose its form of government. The mere details, and practical organisation, it may choose; but the essence of the whole, *the seat of the supreme power, is determined for it by social circumstances* (Considerations, c. i: 380, emphasis added).<sup>477</sup>

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<sup>476</sup> Mill notes that there are “differences both in the quantity of wealth, and in the kind of it; as well as in the manner in which the wealth existing in the community is shared among its members” (Principles, Preliminary Remarks: 9).

<sup>477</sup> Mill is moving against universalistic and a-historical political theories as he notes that “The ideally best form of government, it is scarcely necessary to say, does not mean one which is practicable or eligible in all states of civilisation, but the one which, in the circumstance in which it is practicable and eligible, is attended with the greatest amount of beneficial consequences, immediate and prospective”, (Considerations, c. iii: 404).

Evidently therefore, Mill's theory of history, exemplified in the "Preliminary Remarks" of his *Principles*, is epistemically connected with a 'history of property' which is brilliantly presented in his unfinished *Chapters on Socialism* (1879). In this posthumously edited essay, Mill observes that the idea of property is a historical product of custom and law and it changes with the transformation of social and economic structures. Evidently therefore, the epistemic thread between his theory of history and his history of property rights illustrates that Mill typifies a 'theory of economic development' which is not exclusively philosophical or conjectural but is grounded on concrete historical evidence. *Ipsa facto*, every generalisation "must be reduced to a distinct expression and proper limits" (Considerations, c. i: 380). Mill's conclusion in his *Chapters on Socialism* is indicative:

The idea of property is not some one thing, identical throughout history and incapable of alteration, but is variable like all other creations of the human mind; at any given time it is a brief expression denoting the rights over things conferred by the law or custom of some given society at that time (EES, Chapters on Socialism: 753).

This epistemic position is the Millian *clavis aurea* of understanding the differences between societies. The different forms of property rights in different epochs illustrate social, political and cultural differences. As Marwah (2011: 346) observes, Mill

[S]aw all societies as highly complex entities which required careful evaluation and institutional formation to preserve both social stability and progressiveness.

Mill notes that pre-history begins with the rude states of societal organisation when people lived by the spontaneous produce of vegetation and by the produce of hunting and fishing. Mill, as Smith and Marx, regards these organisations as pre-civilised and notes that in their savage life, "there is no commerce, no manufactures, no agriculture, or next to one" (EPS, Civilization: 120). The scanty economic conditions of these stages are crystallised in personal independence, in the absence of a developed social life and in the lack of discipline in regard to laws (Beate 2005: 605). According to Mill:

In savage life there is little or no law, or administration of justice; no systematic employment of the collective strength of society, to protect individuals against injury from one another; every one trusts to his own strength or cunning, and where that fails, he is generally without resource (p. 120).

These early stages are characterised by the absence of organised cooperation since savages are “incapable of acting in concert” (p. 122). In rude societies:

[E]ach man’s personal security, the protection of his family, his property, his liberty itself, depends greatly upon his bodily strength and his mental energy or cunning (p. 129).

Naturally therefore, these societies have no accumulation of wealth and their storage, consists solely of the skins they wear; a few ornaments, the taste for which exists among most savages; some rude utensils; the weapons with which they kill their game, or fight against hostile competitors for the means of subsistence; canoes for crossing rivers and lakes, or fishing in the sea; and perhaps some furs or other productions of the wilderness (Principles, Preliminary Remarks: 10).

According to Mill, people of this stage are unable to tame their passions while the absence of self-restraint renders them unsuited to any form of representative government (Marwah 2011: 352; Zouboulakis 2016). People in the rude stage of economic development are characterised by inactivity, lack of aspiration and absence of desire which are fatal hindrances to economic and moral improvement (Considerations, c. iii: 410). The dominant mode of thought in this stage of societal development is the theological one and more specifically its fetishist version. According to Comte, the fetishist stage is the primary phase of the theological stage of thinking and during its dominance people believe that inanimate objects have a living spirit in them. For Mill, in this stage of things only brutal Despotism is functional. Beate (2005: 602) notes that according to Mill, “Despotism and slavery are therefore the appropriate form of government for savages and history shows that almost all peoples now civilised have gone through this stage”. In Mill’s own words:

[A] people in a state of savage independence, in which everyone lives for himself, exempt, unless by fits, from any external control, is practically incapable of making any progress in civilisation until it has learnt to obey. To enable it to do this, the constitution of the government must be nearly, or quite, despotic (Considerations, c. ii: 394).

The rude stage is followed by the pastoral (or nomad stage) in which most useful animals are domesticated, while people “do not live on the produce of hunting, but on milk and its products and on the annual increase of flocks and herds” (Principles, Preliminary Remarks: 10). This stage of economic development is associated with an early accumulation of wealth. Mill follows Smith’s tangible narration and notes that the shepherd stage is the first phase in recorded history which is characterised by inequality of possessions. In this stage, individual property rights substitute communal ownership which is the rule in the rude stage.<sup>478</sup> According to Mill, in this state of things,

[S]ome have an abundance of cattle, sufficient for the food of a multitude, while others have not contrived to appropriate and retain any superfluity, or perhaps any cattle at all (p. 10).

The pastoral stage is directly connected with the advancement of security and power, while one of its chief features is that “a part of the community, and in some degree even the whole of it, possess leisure” (p. 11). The advancement of wealth creates new desires such as better clothing, utensils, implements and tools, while “we find domestic manufactures of a coarse, and in some of a fine kind” (p. 11). For Mill, this stage of economic development is associated with the emergence of sciences due to the *leisure time* characteristic in it. In the pastoral stage of social advancement the theological mode of thought gains its polytheistic and monotheistic versions and is associated with the appearance of religions. In Mill’s theory, the pastoral stage is connected with initial imprints of Civilisation since according to him:

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<sup>478</sup> Mill’s analysis is elaborated parallel to that of Marx and Engels ([1848] 1969: 14) who note that with the dissolution of these primitive (communistic) societies, society “begins to be differentiated into separate and finally antagonistic classes”.



Wherever [...] we find human beings acting together for common purposes in large bodies, and enjoying the pleasures of social intercourse, we term them civilised (EPS, Civilization: 120).

It follows then that, recorded history begins with the advancement of the pastoral stage of economic development. For Mill, recorded history and civilisation are crystallised in the emergence of property and power. Mill's comment is worth quoting in full:

Both of these, in an early stage of civilization, are confined to a few persons. In the beginning of society, the power of the masses does not exist; because property and intelligence have no existence beyond a very small portion of the community, and even if they had, those who possessed the smaller portions would be, from their incapacity of co-operation, unable to cope with those who possessed the larger [...] In the more backward countries of the present time, and in all Europe at no distant date, we see property entirely concentrated in a small number of hands; the remainder of the people being, with few exceptions, either the military retainers and dependents of the possessors of property, or serfs, stripped and tortured at pleasure by one master, and pillaged by a hundred (p. 121).

The intellectual and moral advancement are closely associated with economic development. According to Mill:

The contriving of new means of abridging labour and economising outlay in the operations of industry, is the object to which the larger half of all the inventive ingenuity of mankind is at present given up; and this scheme, if realised, will save, on one of the great highways of the world's traffic, the circumnavigation of a continent. *An easy access of commerce is the main source of that material civilisation, which, in the more backward regions of the earth, is the necessary condition and indispensable machinery of the moral* (ELEE, A Few Words on Non-Intervention: 116, emphasis added).

More specifically, in the primitive stages of economic development property, power and knowledge are concentrated in the hands and heads of kings, lords, barons etc. He notes that the most characteristic feature of this stage is the "utmost excess of poverty

and impotence in masses; the most enormous importance and uncontrollable power of a small number of individuals” (p. 121). According to Mill’s analysis, tyrannical regimes emerge in the shepherd stage of economic development and are closely connected with the ‘rule power’. In his own words:

Their power was regarded as necessary, but also as highly dangerous; as a weapon which they would attempt to use against their subjects, no less than against their enemies. To prevent the weaker members of the community from being preyed upon by innumerable vultures, it was needful that there should be an animal stronger than the rest, commissioned to keep them down (EPS, On Liberty, c. i: 217).

Evidently therefore, famous tyrants such as Genghis Khan, Tamerlane, Akbar or Charlemagne are representative figures of the shepherd stage. Mill’s famous and controversial aphorism, that “Despotism is a legitimate mode of government in dealing with barbarians” (p. 224), is politically confined to the backward savage and shepherd stages of economic development. This assertion is associated with his firm belief that:

The proper functions of a government are not a fixed thing, but different in different states of society; *much more extensive in a backward than in an advanced state* (Considerations, c. ii: 383, emphasis added).

In the early stages of economic and societal organisation, when the animal instincts of men are in excess, social cohesion is secured by great men who had the means of ‘disciplining and controlling’ them (EPS, On Liberty, c. iii: 264). Essentially, slavery and despotism, which are connected with an intensive governmental intervention, constitute the “second stage of civilisational development” (Beate 2005: 602). For Mill, the slave is a being who has not learnt to help himself and “he is not doubt, one step in advance of a savage” (Considerations, c. ii: 395).<sup>479</sup> However, the despotism of the shepherd stage is different to that of the rude stage as it is connected with guidance and not with cruel force. Mill calls it ‘Parental Despotism’ and notes that it is associated with direct guidance which is the prime feature of the second stage of economic development. The duty of guidance is confined to specific people

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<sup>479</sup> Mill, however, opposed slavery observing that “It is almost needless to say that this excuse for slavery is only available in a very early state of society” (Considerations, c. ii: 395).

(aristocracy, judges, clerks etc.). In this state of things, direct power is not exerted in a perpetual way as in the savage stage, but is a part of a general tutorial program. According to Mill:

Being, however, in too low a state to yield to the guidance of any but those to whom they look up as the possessors of force, the sort of government fittest for them is one which possesses force, but seldom uses it: a parental despotism or aristocracy [...] maintaining a general superintendence over all the operations of society, so as to keep before each the sense of a present force sufficient to compel his obedience to the rule laid down (Considerations, c. ii: 395-396).

Mill calls this kind of government as the government of the 'leading strings – resembling Saint-Simon's form of Socialism in which:

Law and discipline, like the Popes struggling against the Emperors, asserted a power over the whole man, claiming to control all his life in order to control his character- which society had not found any other sufficient means of binding (EPS, On Liberty, c. iii: 264).

Mill cites as illustrative examples of this type of governance the 'Incas of Peru' and the 'Jesuits of Paraguay' by noting that "I need scarcely remark that leading-strings are only admissible as a means of gradually training the people to walk alone" (Considerations, c. ii: 396). Mill himself specifies this gradual training by illustrating the importance of 'great men':

There have been in history few of these who, happily for humanity, have reigned long enough to render some of their improvements permanent, by leaving them under the guardianship of a generation which had grown up under their influence. *Charlemagne may be cited as one instance; Peter the Great is another* (Considerations, c. iv: 419).

At the same time, as society advances, wealth and power is diffused to laymen and the importance of great men diminishes. In Mill's view, progress is identified with the diffusion of both property and knowledge. This diffusion is actualised through achievements as political liberties or civil rights (EPS, On Liberty, c. i: 218). According to Mill, in the civilised stages of economic development, individuality is

enhanced “and the danger which threatens human nature is not the excess, *but the deficiency, of personal impulses and preferences*” (EPS, *On Liberty*, c. iii: 264, emphasis added). For instance, in the commercial stage of economic development, “In proportion to the development of his individuality, each person becomes more valuable to himself, and is therefore capable of being more valuable to others” (p. 266). The widespread diffusion of knowledge weakens the despotism of custom and emancipates the function of liberty. In Mill’s view the contest between custom and liberty, “constitutes the chief interest of the history of mankind” (p. 272). Essentially therefore, progress is closely connected with the impoverishment of customary modes of thinking, reasoning and acting. His early comment in ‘*The Spirit of the Age*’ is illustrative:

Until a comparatively recent period, none but the wealthy, and even, I might say, the hereditarily wealthy, had it in their power to acquire the intelligence, the knowledge, and the habits, which are necessary to qualify a man, in any tolerable degree, for managing the affairs of his country [...] this is no longer the case [...] the improvement in the arts of life, giving ease and comfort to great numbers not possessed of the degree of wealth which confers political power; the increase of reading; the diffusion of elementary education; the increase of the town population, which brings masses of men together, and accustoms them to examine and discuss important subjects with one another (NW, *The Spirit of the Age* III, Part II: 278-279).

Mill follows the Scottish tradition and observes that the transition from pastoral to agricultural society is a tardy and not an ordered and automatic process. Essentially, the point of transition is frequently a matter of mere accident. He warns us that there is always the possibility of going backwards “towards the worse, consisting of all the follies, all the vices, all the negligences, indolences, and supineness of mankind” (*Considerations*, c. ii: 388). The danger of stagnation is always on the verge of appearing. Mill cites as concrete historical examples, China, Egypt and other great Asian nations which are, according to his famous phrase, among “the most melancholy facts in history” (*Considerations*, c. ii: 234). Other countries, however, mainly in Western Europe, had institutions which had broken down the dominance of custom and had given place to liberty. Evidently therefore, the twist to the next (cultural) level is a matter of “establishing the appropriate form of

government” (Beate 2005: 604). However, this establishing is closely connected with the emergence of a ‘critical’ period which would contest the older institutions, thoughts and beliefs and would promote new ones.

According to Mill, the pressure of pasturage enabled men to support the first systematic tillage of the waste lands along them. The cultivation of fertile soils produces food which highly “exceeds what could be obtained in the purely pastoral state” (Principles, Preliminary Remarks: 12). Mill adopts the Malthusian motif and observes that the cultivation consists in a great impulse towards the increase of population. Economic advancement as associated with the emergence of new forms of governance. The surplus product, whether small or great:

is usually torn from the producers, either by the government to which they are subject, or by individuals, who by superior force, or by availing themselves of religious or traditional feelings of subordination, have established themselves as lords of the soil (p. 12).

Concrete history then becomes the *sine qua non* of Mill’s theory of economic development. More specifically, according to Mill, the diversity of methods with regard to the appropriation of the surplus product is associated with diverse modes of societal organisation. The first of them is connected with the extensive monarchies in Asia (*i.e.* Mongols). In these historical cases a large part of the surplus produce “is distributed among the various functionaries of government and among the objects of the sovereign’s favour or caprice” (p. 12-13). In these societies, individual princes, who constitute the upper level of class structure, exchange a part of the surplus produce with luxury goods. Gradually, the demand for luxury goods,

[R]aises up in the country itself a class of artificers, by whom certain fabrics are carried to as high excellence as can be given by patience, quickness or perception and observation, and manual dexterity, without any considerable knowledge of the properties of objects (p. 13).

On the other hand, due to insecurity *per se*, the surplus product of society is transformed into durable and towering edifices, such as the Pyramids, the Taj Mahal, and the Mausoleum at Sekundra. These societies are not un-merchandised but their merchants are either grain dealers who are buying grain from the agents of

government, or money dealers. The money dealers are chiefly lending money to unfortunate cultivators, who are ruined by bad seasons and are repaid with enormous interest in subsequent harvests. According to Mill, the “commercial operations of both these classes of dealers take principally upon that part of the produce of the country which forms the revenue of the government” (p. 14).

Going next, the agricultural communities of ancient Europe are different to those of Asia. These communities were gathered in small towns, formed either by plantation or by indirect inhabitation. Originally, the whole produce of the cultivation belonged to the family which produced it. Many of these countries, especially those which were sat on the shores of a great inland sea, recorded a rapid and brilliant cultural boom. These societies were not solely agricultural as their position offered to them easy access to foreign ideas and inventions. In Mill’s own words:

when their soil was sterile, or after they had reached the limit of its capacity, they often became traders, and bought up the production of foreign countries, to sell them in other countries with a profit (p. 15).

The limited extent of these territories, in conjunction with demographic pressure, impelled many of their inhabitants either to emigrate *en masse* or to form colonies with the sword in hand. Some towns, such as Athens, took advantage of their colonies and obtained a considerable surplus of wealth. Mill, like Smith, notes that this surplus is the motive of their intellectual development. For Mill:

From such surplus the Parthenon and the Propylea were built, the sculptures of Pheidias paid for, and the festivals celebrated, for which Aeschylus, Sophocles, Euripides, and Aristophanes composed their dramas (p. 16).

However, these towns were gradually conquered by great empires with the Roman Empire being the most characteristic. These empires institutionalised individual property rights and legalised the substantive inequalities in both properties and possessions. However, the ill governance of the Roman Empire was the *prima causa* of its conquest by nomads which had skirted its northern frontiers. The disentanglement of the Roman Empire, which was a gradual and arduous process, is connected with the emergence of feudalism in which:

the population of each country may be considered as composed, in unequal proportions, of two distinct nations or races, the conquerors and the conquered: the first the proprietors of the land, the latter the tillers of it (p. 17).

The transition from antiquity to feudalism was a crucial process for the subsequent modern economic and social history of Western Europe (Anderson [1974] 2000). It was through this transition that the predial slavery of the Roman times was transformed into a kind of serfdom. Serfdom conferred limited property rights to the villein, while peasants “were compelled to labour, three days in the week, for their superior, the produce of the remaining days was their own” (p. 18). According to Mill:

Under this system during the Middle Ages it was not impossible [...] for serfs to acquire property; and in fact, their accumulations are the primitive source of the wealth of modern Europe (p. 18).

Mill accepts Smith’s firm view that towns were (historically) much safer than the countryside. The peasants, who obtained (bought) their freedom, emigrated to medieval cities and became artificers who “Lived by exchanging the produce of their industry for the surplus food and material which the soil yielded to its feudal proprietors” (p. 18). This tendency reached a climax in the latest years of the Middle Ages, when:

The towns of Italy and Flanders, the free cities of Germany, and some towns of France and England, contained a large and energetic population of artisans, and many rich burgers, whose wealth had been acquired by manufacturing industry, or by trading in the produce of such industry (p. 18).

The economic advancement of towns, together with the extended commerce of luxuries, propelled the weathering of feudalism and, as a result, “the immediate cultivators of the soil, in all the more civilised countries, ceased to be in a servile or semi-servile state” (p. 18). This transition took different forms in different places and brought an end to the economic obstacles imported by compulsory labour and augmented the productive powers of labourers. Evidently, this passage favoured the production and trading of conveniences and of luxuries of all kinds. In Mill’s view, feudalism, in contrast to the Asiatic stage of economic development, prepared the ground for the capitalist transformation as it allowed the diffusion of wealth among

people of different ranks and propelled the improvement and diffusion of human knowledge. For Mill, this diffusion was assisted by the Catholic Church which, despite its fatal faults,

on the whole convinced that it was not only a beneficent institution, but the only means capable of being now assigned, by which Europe could have being reclaimed from barbarism (EFHH, Michelet's History of France: 240).

The diffusion of wealth and knowledge brought about an increased production of food which gave a boost to births and augmented population's growth. According to Mill, this was the aurora of the commercial stage of societal organisation in which,

[the] ability to maintain fleets and armies, to execute public works, either useful or ornamental, to perform national acts of beneficence [...] to found colonies, to have its people taught, to do anything in short which requires expense, and to do it with no sacrifice of the necessaries or even the substantial comforts of its inhabitants, are such as the world never saw before (Principles, Preliminary Remarks: 19).

For Mill, the leading feature of the commercial stage is that the wealth of different countries is varied to very different degrees. He believes that the economic advancement of certain countries, like Great Britain, is connected with the more just distribution of wealth to more people:

The amount of capital annually exported from Great Britain alone, surpasses probably the whole wealth of the most flourishing commercial republics of antiquity. But this capital, collectively so vast, is mainly composed of small portions; very generally so small that the owners cannot, without other means of livelihood, subsist on the profits of them. While such is the growth of property in the hands of the mass, the circumstances of the higher classes have undergone nothing like a corresponding improvement (EPS, Civilization: 124).

According to the Millian theory of economic development, Europe was the first territory which entered the commercial stage due to its internal circumstances and not due to biological reasons. Mill's rejection of biological determinism is illustrative of



his anti-racist political thought. According to his theory of international relations, it was history which was decisive for European progress:

What has made the European family of nations an improving, instead of a stationary portion of mankind? *Not any superior excellence in them, which, when it exists, exists as the effect not as the cause*; but their remarkable diversity of character and culture. Individuals, classes, nations, have been extremely unlike one another; they have struck out a great variety of paths, each leading to something valuable; and although at every period those who travelled in different paths have been intolerant of one another, and each would have thought it an excellent thing if all the rest could have been compelled to travel his road, their attempts to thwart each other's development have rarely had any permanent success, and each has in time endured to receive the good which the others have offered. *Europe is, in my judgment, wholly indebted to this plurality of paths for its progressive and many-sided development* (EPS, On Liberty, c. iii: 274, emphasis added).<sup>480</sup>

Essentially therefore, the proximity of great nations, and the balance of power among them, produced the conditions for their subsequent cooperation, through trade, which is the *sine qua non* of civilisation. However, the commercial stage of economic development is connected, in Mill's political thought, with the emergence of the 'middle class' due to the irregular distribution of both property and knowledge. For Mill, this allocation of wealth is identical to the advancement of civilisation which is associated with the breakdown of large properties.<sup>481</sup> Evidently therefore, as society progresses "the diversities in the distribution of wealth are still greater than in the production" (Principles, Preliminary Remarks: 19). These differences depend on physical and social causes and have to be interpreted by means of the positive scientific tool of this stage, political economy. Political economy is the crystallisation of the positive stage of scientific thought as it is methodologically grounded on

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<sup>480</sup> According to Pitts (2005: 160) Mill "insisted that claims about *biological* differences or inequalities were unprovable and morally and politically pernicious"

<sup>481</sup> Mill notes that with the advancement of civilization "A large proportion of the English landlords, as they themselves are constantly telling us, are so overwhelmed with mortgages, that they have ceased to be the real owners of the bulk of their estates. In other countries the large properties have very generally broken down; in France, by revolution, and the revolutionary law of inheritance; in Prussia, by successive edicts of that substantially democratic, though formally absolute government" (EPS, Civilization: 124-125).

observation, experiment, and comparison. At the political level, the most direct effect of civilisation is the limitation of the influence of ‘great men’. Mill’s aristocratic methodological individualism becomes more blurred:

It must at least be evident, that if, as civilisation advances, property and intelligence become thus widely diffused among the millions, it must also be an effect of civilization, that the portion of either of these which can belong to an individual must have a tendency to become less and less influential, and all results must more and more be decided by the movements of masses; provided that the power of combination among the masses keeps pace with the progress of their resources. And that it does so, who can doubt? *There is not a more accurate test of the progress of civilization than the progress of the power of co-operation* (EPS, Civilization: 122, emphasis added).

Substantially, the limiting influence of ‘great individuals’ is associated with the emergence of representative government, or democracy in more political terms. For Mill, the representative government is regarded as the best form of governance but only for civilised nations. According to Mill, representative government is foremost a cultural indicator. In principle, Mill (cited in Zouboulakis 2016: 6) synopsis the prerequisites for representative government:

The people for whom the form of government is intended must be willing to accept it; or at least not so unwilling, as to oppose an insurmountable obstacle to its establishment. They must be willing and able to do what is necessary to keep it standing. And they must be willing and able to do what it requires of them to enable it to fulfil its purposes.

Though John Stuart Mill accepts the motif of his father, that “in the representative system alone the securities of good government are to be found” (James Mill [1825] 1978: 72), he also notes that representative government is closely tethered to economic and industrial development. The commercial stage is connected with “The triumph of democracy, or, in other words, of the government of public opinion” (EPS, Civilization: 126-127). Democracy is based on the “natural laws of the progress of wealth, upon the diffusion of reading, and the increase of the facilities of human intercourse” (p. 127). For Mill, the liberal teachings of *On Liberty* are partially applicable to the commercial stage of economic development which is identified with

the dominance of Democracy and the emergence of the national stage.<sup>482</sup> Mill, in a way reminiscent of Marx's and Engel's fierce criticism,<sup>483</sup> notes that Democracy is tightly connected with the acquisition of national identity:

What was now wanted was that the rulers should be identified with the people; that their interest and will should be the interest and will of the nation. The nation did not need to be protected against its own will. There was no fear of its tyrannising over itself. Let the rulers be effectually responsible to it, promptly removable by it, and it could afford trust them with the power of which it could itself dictate the use to be made (EPS, *On Liberty*: 218).<sup>484</sup>

According to Mill, the effects of economic (and social) development are unambiguously beneficial. This is illustrated by a variety of quotes in both his *Civilisation* and in the *Considerations of Representative Government*. For him, these beneficial trends could be summarised as:

the multiplication of physical comforts; the advancement and diffusion of knowledge; the decay of superstition; the facilities of mutual intercourse; the softening of manners; the decline of war and personal conflict; the progressive limitation of the tyranny of the strong over the weak; the great works accomplished throughout the globe by the co-operation of multitudes (EERS, Coleridge: 123).

Evidently, the majority of these benefits are connected with the emergence of the positive mode of thinking. However, civilisation itself is connected with an array of pathologies. Mill is aware of them and cautions against the 'disease' of unguided and unrestrained civilisation (Marwah 2011: 355). These are referred to as psychological, political, economic, cultural, and even aesthetical problems. In his critical account of

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<sup>482</sup> Bouton (1965: 574) rightly notes that, "Mill's *On Liberty* does not reveal a doctrinaire liberalism, but a teaching related to a certain historical situation and meant to be limited to certain conditions". The same view is also supported by Zouboulakis (2016: 7) who notes that in *Representative Government* "the instructed individuals should be willing to fulfill the public duties imposed to them".

<sup>483</sup> Marx and Engels note in the *Communist Manifesto* that "The bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative State, exclusive political sway" (Marx and Engels [1848] 1969 :15).

<sup>484</sup> According to Beate (2005: 605) "A further difference between barbarism and civilisation is the absence or presence of nationalism. Mill defines nationality as a community of people with common sympathies who cooperate better with each other than with outsiders and who like to be under the same government". According to Mill, "nationalism and the desire for national independence were valued sentiments only for civilised peoples" (Sullivan 1983: 610).

‘Coleridge’, Mill notes that civilisation is frequently identified with certain defects such as:

the relaxation of individual energy and courage; the loss of proud and self-relying independence; the slavery of so large a portion of mankind to artificial wants; their effeminate shrinking from even the shadow of pain; the dull unexciting monotony of their lives, and the passionless insipidity, and the absence of any marked individuality, in their characters; the contrast between the narrow mechanical understanding, produced by a life spent in executing by fixed rules a fixed task, and the varied powers of the man of the woods [...] the demoralising effect of the great inequalities in wealth and rank; and the sufferings of the great mass of the people of civilised countries, whose wants are scarcely better provided than those of the savage, while they are bound by a thousand of fetters in lieu of the freedom and excitement are his compensations. One who attends to these things, and to these exclusively, will be apt to infer that savage life is preferable to civilised; that the work of civilisation should as far as possible be undone (p. 123).

Mill’s proposal for their remedy is institutional reform as civilisation itself requires even in the civilised stages “constant vigilance and restraint” (Marwah 2011: 356). According to Urbinati (2002: 179), Mill’s political theory is an attempt to confront the vices and miseries of civilisation. Mill himself defines civilisation as the direct converse of rudeness and barbarism but is ready to note that it implies certain intellectual and cultural pathologies. A leading one is the emergence of ‘mass society’, “which gives more wealth and education to the individual than ever before in history”, and as such, society “is in danger of losing the genius which individuals can give” to it (Beate 2005: 608). For Mill, as for de Tocqueville, the ‘middle class’ is the cultural danger in commercial society as it constitutes the ‘mass’ which is removed from the development of individuality which is regarded as the *sine qua non* of both liberty and representative government.

According to Mill’s *ethological* analysis, and his theory of structure, the institutional framework of every country shapes the national character and promotes,

through education, positive thinking.<sup>485</sup> In his compendious review of the ‘State of Society in America’, he elaborates an interesting ethological analysis in which he notes that the American institutional structure promoted the formation of a middle class, the virtues of which “are those which conduce to getting rich-integrity, economy, and enterprise- along with family affections, inoffensive conduct between man and man, *and a disposition to assist one another, whenever no commercial rivalry intervenes*. Of all these virtues the Americans appear to possess a large share” (EPS, *State of Society in America*: 101, emphasis added). Evidently, such an ‘economism’, or ‘commercialism in Mill’s terminology, which is an integral part of their national character is a insuperable obstacle to both co-operation and representative government, as Americans are “disposed to support delegates catering to their private interests, rather than representatives motivated by a more remote conception of the public good” (Marwah 2011: 358). Zouboulakis (2016: 5) rightly characterises this tendency as the lack of ‘political intelligence’. In Mill’s own words:

America is a republic peopled with a provincial middle class. The virtues of a middle class are those which conduce to getting rich –integrity, economy, and enterprise- along with family affections, inoffensive conduct between man and man, and a disposition to assist one another, whenever no commercial rivalry intervenes (EPS, *State of Society in America*: 101).

The liberal teachings of *On Liberty* and the representative democracy of *Considerations of Representative Government* are inappropriate for all commercial societies. According to Mill, democracies function more efficiently when citizens regard their elected officials as representatives, who are “empowered to exercise their best judgment, free from the coercion or pressure of their own constituents, in making political decisions”, rather as delegates, “who simply act as a mouthpiece for the majority’s will” (Marwah 2011: 358). According to Mill, ‘economism’ is the womb of the low level of both mental and moral cultivation and of the intolerance towards minorities and towards any idea which is moving *en converso* to those of the

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<sup>485</sup> Robson (1998: 353) is right when he argues that the notion of ‘national character’ impels Mill to differentiate himself from Bentham’s abstract universalism. Mill himself, in the critical assessment of Bentham, is ready to concede that Bentham “was precluded from considering, except a very limited extent, the laws of a country as an instrument of national culture: one of their most important aspects, and in which they must of course vary according to the degree and kind of culture already attained; as a tutor gives his pupil different lessons according to the progress already made in his education” (EERS, Bentham: 105).

majority.<sup>486</sup> For Mill, the representation of minorities is of prime importance for the function of representative democracy:

It is an essential part of democracy that minorities should be adequately represented. No real democracy, nothing but a false show of democracy, is possible without it (Considerations, c. vii: 452).

At the same time, in Mill's thought, the commercial stage of economic development is characterised by the confrontation of the Malthusian ghost:

experience shows that in the existing state of society the pressure of population on subsistence which is the principal cause of low wages, though a great, *is not an increasing evil*; on the contrary, the progress of all that is called civilisation had a tendency to diminish it, partly by the more rapid increase of the means of employing and maintaining labour, partly by the increased facilities opened to labour for transporting itself to new countries and unoccupied fields of employment, and partly by a general improvement in the intelligence and prudence of the population (EES, Chapters on Socialism: 729, emphasis added).

The commercial stage is the first stage of that public movement for the education of all ranks of people and as such is connected with demographic monitoring. However, population control, and educational diffusion, is even more efficient in the 'Stationary State' which is the cornice of the commercial stage of economic development. The 'Stationary State' is stamped, in Mill's utopian thought, by the advancement of cooperatives, by population check, by the diffusion of wealth and knowledge, by the diminution of the influence of great men, by the dominance of the positive mode of thought and by the ascendancy of democratic governance. According to Mill, the 'Stationary State' is associated with confrontation of the pathologies of mass society as it ensures "the protection of the private sphere from the pressures of public opinion; the freedom of thought and discussion [and] the development of individual genius and mental superiority" (Beate 2005: 610). These

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<sup>486</sup> Marwah (2011: 359) notes that "Mill cites Tocqueville in suggesting that most Americans abandon their education for the pursuit of wealth by the age of fifteen; motivated by private gain, they fail to develop the intellectual faculties that Mill regards as critical for any progressive society".

great individuals, which resemble to Saint-Simon's 'leading strings', would promote individual genius at the expense of both mass culture and social conformism.

The 'Stationary State' is also coloured by the economic, moral, intellectual, and mental improvement of the working class, a fact that evidences the widespread diffusion of both knowledge and culture.<sup>487</sup> The 'Stationary State' which is analysed in the sixth section of this chapter, is one of the most innovative elements in Mill's theory of history. Mill, contrary to the classical tradition, sketches out the future of the capitalist society by introducing the construction of the 'Stationary State' which could be regarded as the Fourierist prelude to the socialist or cooperative stage of economic development. However, we have to keep in mind that Mill's 'Stationary State' is very different to the 'Stagnant State' of the Asian economies of his *Principles*. The 'Stationary State' implies a standstill in economic activity but is connected with a more just distribution of wealth and with intellectual, moral and scientific advancement. On the other hand, the 'Stagnant State' is associated with both economic and cultural stagnancy. The 'Stagnant State' which is one of the most melancholic prospects in the history of mankind should be avoided primarily for cultural reasons. Mill believes that the 'Stagnant State' is the direct consequence either of 'the falling rate of profit' or of bad political administration. Essentially, he holds the view that in order to avoid it, mature economies have to confront the declining tendency of profits. According to his analysis, the most efficient confrontation is provided by systematic colonisation.

## **5.5 History as an imperialist theory: suspending the inevitable?**

Book IV of Mill's economic *magnum opus* constitutes his anatomy of the ideal fully competitive economy and as such it was the main text for the students of economics until the emergence of Marshall's *Principles of Economics* (1890). This Book is epistemologically grounded on an ontologically static framework in which competition is esteemed as the chief *modus operandi* of the capitalist economy. Mill's

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<sup>487</sup> It must be noted however, that for Mill, despite the periodic commercial revulsions of the nineteenth century, in Britain, "the condition of the labourers is certainly not declining, but on the whole improving" (*Principles*, Book IV, c. iv, § 5: 735).

static analysis is animated by his philosophy of history based on the assumption of progress.<sup>488</sup> He believes that:

In the leading countries of the world, and in all others as they come within the influence of those leading countries, there is at least one progressive movement which continues with little interruption from year to year and from generation to generation; *a progress in wealth; an advancement of what is called material prosperity* (Principles, Book IV, c. i, § 1: 696, emphasis added).

For him, material progress is a universal, though uneven trend, as all nations of the world will potentially enter into the course of this advancement. Essentially, this advancement is preserved “by the continual increase of the security of person and property” (Principles, Book IV, c. i, § 2: 697), and is associated with the limitation against arbitrary exercise of the power of government.<sup>489</sup> For Mill, the limitation of intervention is a crucial prerequisite for the production of wealth. The leading factors in the advancement of wealth are improvements in the production process and the economic and social intercourse between different parts of the world (Principles, Book IV, c. ii, § 1: 701). For Mill, as for Ricardo, free trade activates the doctrine of comparative advantage since: “As commerce extends [...] commodities tend more and more to be produced in the places in which their production can be carried on at the least expense of labour and capital to mankind” (Principles, Book IV, c. ii, § 1: 701). He notes that as society is progressing “the exchange values of manufactured articles, compared with the products of agriculture and of mines, have, as population and industry advance, a certain and decided tendency to fall” (Principles, Book IV, c. ii, § 3: 704). Essentially, this observation, together with the acknowledgment that “the fluctuations of values and prices arising from variations of supply, or from alterations

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<sup>488</sup> According to Mill, progress is crystallised in the growth of man’s power over nature. He notes that “Our knowledge of the properties and laws of physical objects show no sign of approaching its ultimate boundaries: it is advancing more rapidly, and in a greater number of directions at once, than in any other previous age or generation [...] It is impossible not to look forward to a vast multiplication and long succession of contrivances for economizing labour and increasing its produce; and to an ever wider diffusion of the use and benefit of those contrivances” (Principles, Book IV, c. i, § 2: 696).

<sup>489</sup> It is a certain Smithian influence is observed in that “The people of every country in Europe, the most backward as well as the most advanced, are, in each generation, better protected against the violence and rapacity of one another, both by a more efficient judicature and police for the suppression of private crime, and by the decay and destruction of those mischievous privileges which enabled certain classes of the community to prey with impunity upon the rest” (Principles, Book IV, c. i, § 2: 697).



in real [...] demand, may be expected to become moderate as society advances” (Principles, Book IV, c. ii, § 5: 709), owes its appearance in the fact that as society is advancing, competition is also intensifying. Industrial progress is associated with increment of capital, increase of population and general improvements in production. Demographic pressures, at times of economic advancement, increase the demand of food and have the tendency,

to add to rent at the expense of profits: though rent does not gain all that profits lose, a part being absorbed in increased expenses of production, that is, in hiring or feeding a greater number of labourers to obtain a given amount of agricultural produce (Principles, Book IV, c. iii, § 3: 714).

As Wade Hands (2001: 24) points out, Mill, following the Ricardian tradition, argues “that the combination of Malthusian population theory and the differential fertility of agricultural land will produce a tendency for the rate of profit to fall in a capitalist economy”.

According to Mill, the progressive industrial economy has as an unavoidable effect the general fall in the rate of profits. This effect is named as ‘the tendency of profits to fall’ and is occasionally counteracted by improvements in the productive powers of labour, which raise production at the expense of higher production costs. Mill phrases the epistemological essence of this effect by noting that

If population advances more rapidly than agricultural improvement, either the labourers will submit to a reduction in the quantity or quality of their food, or if not, rent and money wages will progressively rise, and profits will fall (Principles, Book IV, c. iii, § 5: 721).

For Mill, occasions of counteraction are rare in modern history and even in countries “in which the growth of population and capital is not rapid [...] agricultural improvement is less active still” (p. 721).<sup>490</sup>

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<sup>490</sup> Mill notes that the “tendency of profits to fall, is from time to time counteracted by improvements in production: whether arising from increase of knowledge, or from an increased use of the knowledge already possessed” (Principles, Book IV, c. iii, § 3: 715). However, as Wade Hands (2001: 25) notes: “there are many countervailing forces to this tendency (which Mill discusses in detail) but the countervailing forces do not mean that the law of the falling rate of profit is subject to exceptions”.

The ‘tendency of profits to fall’ was precociously phrased by other political economist such as Smith, Ricardo, Chambers and Wakefield, but Mill notes that Wakefield “takes a much clearer view of the subject, and arrives, through a substantially correct series of deductions, at practical conclusions which appear to me just and important” (Principles, Book IV, c. iv, § 2: 727). According to Mill’s analysis, the outreach of ‘the minimum rate of profit’ is identified with the attainment of the ‘Stagnant State’. He notes that when progress is uninterrupted “The expansion of capital would soon reach its ultimate boundary” and “the mere continuance of the present annual increase of capital, if no circumstance occurred to counteract its effect, would suffice in a small number of years to reduce the rate of net profit to one per cent” (Principles, Book IV, c. iv, § 4: 731). Essentially, the downfall of the rate of profit is associated, in Ricardian and post-Ricardian philology, with the reduction of direct investments, with low wages and unemployment and with economic stagnation.

Mill provides an interesting discussion of business cycles. He notes that in every society, there is a ‘minimum rate of profit’ which induces people to accumulate savings and employ them productively. He believes that this ‘minimum rate’ is shaped: in accordance firstly with the strength of the effective desire of accumulation and, secondly, with the degree of security of capital engaged in industrial operations (Principles, Book IV, c. iv, § 3: 728). However, according to his analysis, the advancement of the desire of accumulation due to security illustrates that “the kind of social progress characteristic of our present civilisation tends to diminish” the minimum rate of profit (p. 729). Due to the “diminution of risk and increase of providence, a profit or interest of three or four per cent is as sufficient a motive to the increase of capital in England at the present day, as thirty or forty per cent in the Burmese Empire, or in England at the time of King John” (p. 730). For Mill, the outreach of ‘the minimum rate of profit’ is economically identified, in the long-run, with the attainment of an economic stagnant state. However, this attainment would appear in Mill’s theory of economic crises at the supposition of “an entire cessation of the exportation of capital for foreign investment” (Principles, Book IV, c. iv, § 4: 731).

Mill seems to be aware of the static and abstract character of his analysis as he observes that there are counteracting circumstances which:

in the existing state of things, maintain a tolerably equal struggle against the downward tendency of profits and prevent the great annual savings [...] from depressing the rate of profit much nearer to that lowest point to which it is always tending (Principles, Book IV, c. iv, § 5: 733).

According to Mill's theory of crisis, the most usual solution to 'the falling rate of profit' is a commercial revulsion which destroys (or transfers) the standing capital of a country and produces a temporary rise of interest by making room for fresh accumulations of capital.<sup>491</sup> More specifically, for Mill, the nightmare of economic stagnancy could be reversed through the exportation of standing capitals either for railway constructions<sup>492</sup> and foreign loans, or through colonisation which transfers capitals from motherland to colonies. According to his economic analysis, these circumstances prevent mature economies, such as England, from attaining an economic stagnant state of zero rates of profits.<sup>493</sup>

Mill, in a Wakefieldian vein, notes that colonisation is one of the most effectual means to counteract the downward tendency of profits. This is attained by "the perpetual overflow of capital into colonies [...] to seek higher profits than can be obtained at home" (Principles, Book IV, c. iv, § 8: 738). Mill points out with

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<sup>491</sup> According to Blaug (1980: 213), this section of Mill's *Principles* "was read and carefully noted by Marx". Harris (1956: ff. 1, 178) rightly observes that the publications and life activities of Mill and Marx show astonishing resemblances. The clearest of them is that both *The Communist Manifesto* by Marx and Engels and Mill's *Principles* appeared in 1848. They were two great men of the mid-nineteenth century who embrace philosophy, politics, history, and economics. Many commentators, such as Schapiro (1943: 133), believe that Mill knew nothing of Marx or of Marxism. However, such views seem to be misleading as "Mill was somewhat informed concerning Marxian socialism" (Feuer 1949: 297). According to Sumner (1974: 507) "Given Mill's acquaintance with continental socialism, however, and especially his interest in the events of 1848, he could not have missed all of Marx's previous writings". Strangely enough, Mill did not mention the *Communist Manifesto* even in the subsequent editions of his *Principles* and there is no mention whatever of Marx or of Marxism in his writings. However, we have to keep in mind that Mill had the tendency to overlook some of his contemporaries. For instance, it is indicative that he ignored Fr. List when discussing protectionism in his *Principles* and focused his one-sided criticism on Carey.

<sup>492</sup> Mill, as a typical economic historian, notes that, "The railway gambling of 1844 and 1845 probably saved the country from a depression of profits and interest [...] The railway operations of the various nations of the world may be looked upon as a sort of competition for the overflowing capital of the countries where profit is low and capital abundant, as England and Holland" (Principles, Book IV, c. v, § 2: 743-744).

<sup>493</sup> According to Mill's theory of crises, a commercial crisis prevents the total depression of profits as it destroys or transfers to foreigners a considerable amount of capital. In his own words: "By the time a few years have passed over without a crisis, so much additional capital has been accustomed, that it is no longer possible to invest it at the accustomed profit: all public securities rise to a high price, the rate of interest on the best mercantile security falls very low, and the complaint is general among persons in business that no money is to be made. Does not this demonstrate how speedily profit would be at the minimum, and the stationary condition of capital would be attained, if these accumulations went on without any counteracting principle" (Principles, Book IV, c. iv, § 5: 733).

astonishing clarity that colonisation “does what a fire, or an inundation, or a commercial crisis would have done: it carries off a part of the increase of capital from which the reduction of profits proceeds” (p. 738). He uses historical evidence from the British experience to establish his views:

It is to the emigration of English capital, that we have chiefly to look for keeping up a supply of cheap food and cheap materials of clothing, proportional to the increase of our population; thus enabling an increasing capital to find employment in the country, without reduction of profit, in producing manufactured articles with which to pay for this supply of raw produce (p. 739).

Essentially Mill, contrary to the classical anti-imperialist tradition of Smith, Ricardo and Bentham, was an open supporter of both colonisation and upheld the maintenance of the British Empire.<sup>494</sup> Mill had been grouped with an increasing number of thinkers, both orthodox and heterodox, who had viewed colonies in more positive terms (Bell 2010: 38).<sup>495</sup> Mill’s imperialistic views were shaped empirically through his job at India House and through his close acquaintance with James Mill’s *History of British India* (1806-1817) (Schultz 2007: 107-108).<sup>496</sup> J.S. Mill, at the age of seventeen began to work for the East India Company and left it only after the company lost its charter in 1858 (Bell 2010: 35). Sullivan (1983) illustrates that this experience strongly shaped his subsequent philosophical and political thoughts, while Marwah (2011) illustrates the influence of his father upon his views on colonialism. Sullivan (1983: 605) observes that from the late 1820s J.S. Mill rejected the classical

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<sup>494</sup> According to Sullivan (1983: 599-600) “It is true that the liberals were ambivalent in some ways on the subject of empire, but through their various conflicts they argued basically that England did not benefit, either economically or politically, from maintaining an empire”. Mill departs from this tradition and illustrates the economic and political benefits of the British Empire. Due to this, Beate (2005: 600) characterises Mill as an imperialist whose “philosophy is rooted in a need to justify the political inequality of humanity on cultural grounds”.

<sup>495</sup> According to Bell (2010: 38) “Yet during the 1820s and 1830s, an increasing number of thinkers, including Nassau Senior, Robert Torrens, and Herman Merivale, came to view colonies in a more positive light –as potential sites of economic productivity, social amelioration, and civilisational potential”.

<sup>496</sup> Generally, James Mill, as a typical Benthamite, believed that colonisation is of no real advantage (Sullivan 1983: 602). However, his classic *History of India* is full of imperialist thoughts as he considers India an exception to the general policy of Britain towards imperialism. According to Marwah (2011: 348), James Mill’s abstract account in his *History of India* “ascribed significant defects to non-civilised peoples, and most problematically, attributed mental or cognitive shortcomings to individuals in uncivilized states of society [...] James Mill not only posited a singular conception of historical development reflecting stages of cognitive achievement, but also justified the colonisation of less developed societies”.

anti-imperialist tradition and “developed the argument that England’s economic and political interests were best served by the retention and expansion of empire”. Mill’s arguments on colonisation appeared in his economic *locus classicus* and in his political *Considerations on Representative Government*. *Ipsa facto*, he had defended colonisation until his death in 1873 but his views had not followed a linear and smooth evolution. However, through his theory of colonisation, he turned to be one of the most prominent defenders of the British Empire and influences in this way a diversity of figures from liberal imperialists to Fabian socialists and historical economists.

Essentially, Mill’s theory of colonisation cannot be described as an innovative piece of pure theorising. Mill, in formulating this, “often borrowed and generalised the arguments of others” (Sullivan 1983: 605). His theory evolves through three distinct phases: an economic, a cultural and a political one. The bibliography on Mill’s theory of colonisation had well elaborated the distinctive features of each stage. However, its chief intellectual gap is that it has presented them as a *summa summarum* of distinct elements. The aim of this section is to illustrate the fact that each phase, despite its autonomous features, is dialectically interrelated with others and all of them constitute the inextricable whole of Mill’s imperialist theory.

*Ab initio*, Mill’s theory of colonisation is explicitly connected with the economic element as Mill believes that the formation of colonies is an effectual means to counteract the tendency of the rate of profits to fall. Mill follows Wakefield, the rhapsodist of colonisation, in arguing that through colonies “England now produced more capital than could profitably be invested at home” (Sullivan 1983: 607). The second stage is associated with social and intellectual progress, brought about by colonisation: peace, economic prosperity and moral advancement. Mill sees colonisation as mutually beneficial to all and he regards it “as an economic advantage for both England and her colonies and dependencies” (p. 609). In Mill’s own words:

No one will deny it to be, that the planting of colonies should be conducted, not with an exclusive view to the private interests of the first founders, but with a deliberate regard to the permanent welfare of the nations afterwards to arise from these small beginnings (Principles, Book V, c. xi, § 14: 970) [...] *To appreciate the benefits of colonisation, it should be considered in its*

*relation, not to a single country, but to the collective economic interests of the human race.* The question is in general treated too exclusively as one of distribution; or relieving one labor market and supplying another. It is this, but it is also a question of production, and of the most efficient employments of the productive resources of the world (p. 970, emphasis added).

In the second phase, which is the most longitudinal, the intellectual and the cultural elements are the most explicit features of Mill's theory of colonisation. The third phase is connected with Mill's chauvinism and more specifically with his view that the maintenance of the British Empire, despite its economic disadvantages, is crucial for England's prestige in international relations.

Bell (2010: 36) rightly argues that Mill's imperialist thought is subject to an ontological transition as it moves 'from the particular to the universal': from arguments which justify colonisation in terms of its benefits for the British state (and especially the working classes), to arguments that stress the importance of colonisation (and especially British colonisation) for the world as a whole. To this should be added that Mill's imperialist thought ended its circle by moving in reverse 'from the universal to the particular'. The completion of this transition rendered Mill's imperialism an integral part of his political economy, his political theory and his theory of history. Mill uses history as a component part of his theory of colonisation as he had used historical evidence to present its economic, cultural, international and political advantages.

Edward Gibbon Wakefield (1796-1862) played a prominent role in the development of Mill's *Colonial Utopia*. Wakefield was the founder in the 1820s of the group known as the 'Colonial Reformers' and stood at the heart of colonial views by exerting a decisive influence over mid-nineteenth-century colonial philology (Sullivan 1983: 607; Bell 2010: 38). Mill extolled Wakefield's theoretical arguments by pointing out that it is a theory that,

has excited much attention, and is doubtless destined to excite much more. It is one of those great practical discoveries, which, once made, appears so obvious that the merit of making them seems less than it is (Principles, Book I, c. viii, § 3: 121).

Mill accepts the ‘core’ tenet of Wakefield’s economic analysis, namely that “England now produced more capital than could profitably be invested at home” (Sullivan 1983: 607). For Mill, this fact is the *prima causa* of falling rates of profits. Naturally therefore, he adapted Wakefield’s colonial views upon the remedy of profits’ decline. Additionally, he adopts Wakefield’s thoughts on the necessity of emigration.

More specifically, Wakefield’s theory *per se*, supports the view that the formation of colonies in agricultural territories benefits the native population and creates a market through which production is increased. Mill accepts this view and justifies emigration, through colonisation, as an effectual mean to encounter demographic pressures and “as the feasible mode of removing the immediate pressure of pauperism” (NW, *The Labouring Agriculturists*: 216). Additionally, he accepts Wakefield’s view that social and economic crises are caused by shortages in land and of excesses of both capital and labour (Bell 2010: 39). The direct effects of this situation are low levels of growth, a stagnant labour market and unemployment. Both Wakefield and Mill believe that emigration to under-populated colonies is a way to soften social crises. Mill himself is ready to note that:

[T]here is another resource which can be invoked by a nation whose increasing number press hard, not against their capital, but against the productive capacity of their land: *I mean Emigration, especially in the form of Colonisation*. Of this remedy the efficacy as far as it goes is real, since it consists in seeking elsewhere those unoccupied tracts of fertile land, which if they existed at home would enable the demand of an increasing population to be met without any falling off in the productiveness of labour” (*Principles*, Book I, c. xiii, § 4: 197, emphasis added).

Mill cites historical evidence to support this view. He observes that the Wakefield System had provided a transient solution to the Irish Problem as self-supporting emigration from Ireland to colonies had reduced the population of Ireland “down to the number for which the existing agricultural system can find employment and support” (*Principles*, Book II, c. x, § 1: 330). According to Mill, the United States became for Irish peasantry the “terrestrial paradise beyond the ocean” and “a sure refuge both from the oppression of the Saxon and from the tyranny of nature” (p. 330). Substantially therefore, for Mill, emigration, which is the byproduct of

colonisation, instead “of an occasional vent, is becoming a steady outlet for superfluous members” (Principles, Book II, c. xiii, § 4: 384). Thus, through colonisation

colonies would be supplied with the greatest amount [of capital] in deficiency and here in superfluity, present and prospective labour [...] colonisation on an adequate scale might be so conducted as to cost the country nothing, or nothing that would not be certainly repaid; and that the funds required, even by way of advance, would not be drawn from the capital employed in maintaining labour, but from that surplus which cannot find employment (Principles, Book II, c. xiii, § 4: 382).

Mill believes that through the formation of colonies and the subsequent emigration of superfluous people to them, the production of wealth has been increasingly cheapening through the confrontation of demographic pressures (Principles, Book IV, c. ii, § 1: 701).

However, according to Mill, the twin policy of colonisation and emigration should be a state’s industry. He notes that the state should be the sole settler of colonies since the case of colonisation is a case of general societal consequences and as such “should be a national undertaking” (Principles, Book V, c. xi, § 14: 972).<sup>497</sup> Essentially therefore, according to Mill, colonial development “needed to be directed by a class of ‘philosophical legislators’ who understood the art and the science of political economy, and who recognised the duty to seek the improvement of humanity” (Bell 2010: 43).

*Ipsa facto*, Wakefield’s theory of ‘the tendency of profits to fall’ is developing *manus in mano* with his ‘theory of colonisation’ and his views on emigration. Mill exposes their conjuncture by noting, that according to Wakefield:

Production is limited not solely by the quantity of capital and of labour, but also by the extent of the ‘field of employment’. The field of employment for capital is twofold; the land of the country, and the capacity of foreign markets to take its manufactured commodities (Principles, Book IV, c. iv, § 2: 727).

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<sup>497</sup> According to Bell (2010: 40), Mill believes that emigration, through colonisation, “should be neither a piecemeal voluntaristic process nor a crude attempt to ‘shovel out paupers’, but instead part of a coordinated state-sponsored scheme of colonisation”.



Naturally therefore:

On a limited extent of land, only a limited quantity of capital can find employment at a profit. As the quantity of capital approaches this limit, profit falls; when the limit is attained, profit is annihilated; and can only be restored through an extension of the field of employment, either by the acquisition of fertile land, *or by opening new markets in foreign countries, from which food and materials can be purchased with the products of domestic capital* (p. 727, emphasis added).

Mill accepts Wakefield's two-dimensional theory of the falling rate of profits and of colonisation, by pointing out that Wakefield had arrived at his argumentations 'through a substantially correct series of deductions'. Mill's conclusion is truly Wakefieldian in its animation as he notes that investment in colonies (and in foreign countries through loans) has "been for many years one of the principal causes by which the decline of profits in England has been arrested" (Principles, Book IV, c. iv, § 8: 738). Mill's views constitute the economic justification of his theory of colonisation. Transfer of surplus product and surplus population is regarded by him the means of avoiding Malthusian pressure and counteracting falling profits, and 'Stagnant States':

If one-tenth of the laboring people of England were transferred to the colonies, and along with them one-tenth of the circulating capital of the country, either wages, or profits, or both, would be greatly benefited by the diminished pressure of capital and population upon the fertility of land (Principles, Book IV, c. v, § 1: 742).

*Ipsa facto*, Mill holds the belief that in countries which encounter low rates of profits and stagnant capitals, colonisation is an efficient remedy against the 'Stagnant State'. The economic side of Mill's theory of colonisation is connected with that he proposes colonisation as an effective means of economic policy for England. Mill believes that the exportation of capital to the colonies is a means of increasing capital's accumulation without forcing profits to their minimum rate. Mill himself justifies it as an 'English solution' to the problem:

There is hence the strongest obligation on the government of a country like our own, with a crowded population, and unoccupied continents under its command, to build, as it were, and keep open, in concert with the colonial governments, a bridge from the mother country to these continents (Principles, Book V, c. xi, § 14: 974).

Essentially, the British 'Free Trade Imperialism' is converted by Mill to pure 'Imperialism' which promotes the interests of all. As Sullivan (1983: 608) points out:

The productivity and security provided in the colony would encourage capitalists at home to invest there, thus further relieving the home market and contributing to the growth of the colony.

Evidently therefore, the economic argument of his theory of colonisation is illustrated by the fact that Mill provides the economic linkage between the problem of surplus capital (and 'the falling rate of profit') and of colonisation, or of imperialism in Hobsonian and Leninist terms. Mill anticipates the Marxian and Keynesian view that in periods of prosperity there is a "high rate of industrial investment" (Argitis and Pitelis 2006: 71). Contrary to these periods, Mill himself argues that:

Thus, the exportation of capital is an agent of great efficacy in extending the field of employment for that which remains: and it may be said truly that, up to a certain point, the more capital we send away, the more we shall possess and be able to retain at home (Principles, Book IV, c. iv, § 7: 739).

In regard to this point, Mill's theory of colonisation is consistent with his classical analysis of 'the tendency of the rate of profits to fall' and it proposes imperialism as a means for the avoidance of a stagnant economic state.

Substantially therefore, Mill's ardent colonial advocacy in the 1830s and early 1840s is associated with Wakefield's economism which "had principally emphasised the domestic benefits of systematic colonisation" (Bell 2010: 43). The economic argument for imperialism is applied to the white settler colonies (Canada, Australia, and New Zealand) as only "in these countries could the exportation of capital be tied to the exportation of population" (Sullivan 1983: 608).

At the same time, however, Mill did not accept the Wakefield programme of colonisation without qualification. It has already been pointed out that Mill wished “government to take the lead in the formation of colonies, so that public not private interests might be foremost” (Semmel 1970: 95-96). This qualification which appeared in the later 1840s, is connected with his subsequent belief that colonisation has to underpin the productive powers of all nations and not of a single country and as such should not be an individual undertaking:

*To appreciate the benefits of colonisation, it should be considered in its relation, not to a single country, but to the collective economic interests of the human race. The question is in general treated too exclusively as one of distribution; of relieving one labor market and supplying another. It is this, but it is also a question of production, and of the most efficient employment of the productive resources of the world (Principles, Book V, c. xi, § 14: 970, emphasis added).*

Mill uses historical evidence to validate his reasoning by pointing out that the history of Victorian prosperity illustrates his thoughts on the ‘mutual benefits’ of colonisation. Mill saw imperialism as consisting in a mutual economic advantage for all: England, colonies and dependencies (Sullivan 1983: 609). For instance, the economic advancement of Britain in the mid-nineteenth century, the exile of the Malthusian ghost and the economic and demographic development of British colonies illustrate, in Mill’s mind, the ‘global’ benefits of colonisation. In his own words:

The exportation of labourers and capital from old to new countries, from a place where their productive power is less to a place where it is greater, increases by so much the aggregate produce of the labour and capital of the world. It adds to the joint wealth of the old and the new country, what amounts in a short period to many times the mere cost of effecting the transport. There needs be no hesitation in affirming that *Colonisation, in the present state of the world, is the best affair of business, in which the capital of an old and wealthy country can engage* (p. 970-971, emphasis added).

*Ad addendum*, a leading feature of Mill’s theory of colonisation, which is slightly different to Wakefield’s, is that Mill stresses the ethological character of colonisation

by maintaining that England's imperialism is serving as a civilizing force.<sup>498</sup> This view is emanating from the fact that he discerned between civilised from uncivilized nations. However, Mill does not think that this distinction is a matter of biological features. He believes that it is the direct result of uneven economic development and as such could be remedied by colonisation and through the application of 'benevolent despotism'.<sup>499</sup> Mill sees colonies, as Bell (2010: 47, emphasis added) rightly observes, like:

laboratories of character development, as vast case studies of his proposed science of Ethology. Systematic colonisation offered the opportunity to create new progressive political communities, populated by industrious, confident, democratic people [...] *Such environments were conducive to the production of virtuous individuals and communities.*

Evidently therefore, Mill's theory of colonisation is consistent not only with his political economy, but is also with his theory of structure, as in Mill's philosophy, 'nurture' is even more important than 'nature'. In this respect, he believes that the gradual imposition of Western institutions, through the application of Despotism, to colonies might work out as an effective way of both acculturation and moral development. According to Mill, colonies would provide the appropriate environment for the production of virtuous individuality and the formation of ethical communities.

Mill, seems to believe that the British bourgeoisie 'creates a world after its own image' as Marx and Engels would put it. However, in contradiction to their radical views, Mill believes that this creation is connected with the diffusion of European civilisation and the transformation of barbarous countries into civilised ones. According to Goldberg (cited in Schultz 2007: 112), Mill presents colonialism with a human face: "The world was to be directed by the most developed and capable nations whose self-interests nevertheless would be mitigated and mediated by the force of utilitarian reason." However, this direction presupposes that the relations

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<sup>498</sup> Bell (2010: 46) observes that Wakefield's conception of "colonisation was ultimately more conservative than Mill's. He wanted to transpose hierarchical British social relations onto the colonies, recreating the new societies in the image of the old".

<sup>499</sup> Goldberg (cited in Schultz 2007: 110) rightly observes that, "Mill's argument for benevolent despotism failed to appreciate that neither colonialism nor despotism is ever benevolent. Benevolence here is the commitment to seek the happiness of others. But the mission of colonialism is exploitation and domination of the colonised generally". However, Mill's imperialism does not imply racial theory since racism is not necessarily the essence of imperialism (Schultz 2007: 212).

between civilised and barbarian nations has to take the form of hierarchy (Beate 2005: 606). In Mill's view, the trends of improvement of barbarous countries were:

first, a better government: more complete security of property; moderate taxes, and freedom from arbitrary exaction under the name of taxes; a more permanent and more advantageous tenure of land, securing to the cultivator as far as possible the undivided benefits of the industry, skill, and economy he may exert. Secondly, improvement of the public intelligence: the decay of usages or superstitions which interfere with the effective implementation of industry; and the growth of mental activity, making the people alive to new objects of desire. Thirdly, the introduction of foreign arts [...] and the introduction of foreign capital, which renders the increase of production no longer exclusively dependent on the thrift or providence of the inhabitants themselves, while it places before them a stimulating example, and by instilling new ideas and breaking the chains of habit (Principles, Book I, c. xiii, § 1: 189-190).

Essentially, Mill's hierarchical views in international relations, consistent with his aristocratic individualism, impelled him to note that a foreign ruler – i.e. like George I, the second king of modern Greece – who belongs “to a superior people or a more advanced state of society”,

is often of the greatest advantage to a people, carrying them rapidly through several stages of progress, and clearing away obstacles to improvement which might have lasted indefinitely if the subject population had been left unassisted to its native tendencies and chances (Considerations, c. iv: 418-419).

Evidently therefore, the second phase of Mill's theory of colonisation is associated with the dominance of the cultural element. In this stage, Mill stressed the *ethological* character of colonisation and justified imperialism on cultural grounds. However, the economic argument did not disappear, since the acculturation of barbarians is *per se* connected with the economic benefits to the Empire.

To the contrary, towards the conclusion of his life, according to some scholars (Sullivan 1983; Beate 2005; Bell 2010), Mill's theory of colonisation passed into its third phase and turned into ‘melancholy’. The transition took place in the last decade

of Mill's life and is associated with his increased awareness of the economic pathologies of colonialism. In fact, Mill words echo Smith's anti-colonial views and run in the opposite direction to his earlier ardent colonialist enthusiasm:<sup>500</sup>

England derives little advantage, except in *prestige*, from her dependencies; and the little she does derive is quite outweighed by the expense they cost her, and the dissemination they necessitate of her naval and military force, which in case of war, or any real apprehension of it, requires to be double or treble what would be needed for the defence of this country alone (Considerations, c. xviii: 565).

Evidently, the uneconomic character of colonisation had surpassed its ethological aspects and relaxed Mill's imperialist sentiments. However, consistent with his early writings, he stresses the need for the maintenance of the colonial empire due to pacific, political and diplomatic reasons (Bell 2010: 51-52). He believes that colonial bonds are a step towards universal peace and friendly co-operation among nations. According to Mill, the British Empire:

is a step, as far as it goes, towards universal peace, and general friendly co-operation among nations. It renders war impossible among a large number of otherwise independent communities [...] It at least keeps the markets of the different countries open to one another, and prevents the mutual exclusion by hostile tariffs, which none of the great communities of mankind, except England, have yet completely outgrown. And in the case of British possessions it has the advantage, especially valuable at the present time, of adding to the moral influence, and weight in the councils of the world, of the Power which, of all in existence, best understands liberty (Considerations, c. xviii: 565).

Additionally, in the nationalist tradition of his *England and Ireland* (1868), which is the utmost intellectual crystallisation of his melancholy phase, Mill notes that the maintenance of the Empire would prevent colonies:

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<sup>500</sup> Smith believes that due to colonies, England's economic system is imbalanced and problematic and had noted that the monopoly of colonies "ensured that a disproportionate amount of capital was invested in colonial trade and taken away both from the home market and from trade with other nations" (Sullivan 1983: 600).

from being absorbed into a foreign state, and becoming a source of additional aggressive strength to some rival power, either more despotic or closer at hand, which might not always be so unambitious or so pacific as Great Britain (*Considerations*, c. xviii: 565).

Evidently, Mill's later views are politically driven and reflect the emerging mid-nineteenth century sense, that England's once dominant international position was threatened by its internal capitalist instability, by the limitations of *laissez-faire* and by the emergence of foreign economic and political rivals as Germany, America and France which had adopted a protectionist economic policy. In this respect, Mill's *Considerations* is a piece of England's glorification as he holds the chauvinistic view that the British are the true avatars of liberty and they would organise colonies in accordance to the liberal dogma. Due to this, he argues that England "could intervene to aid people fighting for its liberty against a foreign conqueror" (Sullivan 1983: 612). Mill notes that Britain "best understands liberty" and,

whatever may have been its errors in the past, has attained to more of conscience and moral principle in its dealings with foreigners, than any other great nation seems either to conceive as possible, or recognise as desirable (*Considerations*, c. xviii: 565).

Evidently therefore, during his last years, Mill's theory of colonisation is animated by the political element which justified the British Empire, as the economic element had done in the early 1840s. However, the economic and the cultural elements, which had been prominent in the previous phases, do not disappear in the third stage as the political justification of imperialism is established through cultural and economic reasons. Mill's belief that British are the real evangelists of liberty illustrates the cultural differentiation of England from other nations while his immediate call for the maintenance of the British Empire is illustrative of a deeper politico-economic necessity: to justify *laissez-faire* at the expense of a tariff reform policy.

Essentially therefore, Grollios (2014: 201) is right in claiming that Mill's eclecticism is ideologically laden since he "regarded the cultural superiority of his country as indisputable and founded his argument upon this belief". In his maturity, Mill proposed colonisation in order to defend the prestige of England in international affairs. His views in his correspondence with Cairnes are indicative:

I think it very undesirable that anything should be done which would hasten the separation of our colonies. I believe the preservation of as much connexion as now exists to be a great good to them; and though the direct benefit to England is extremely small, beyond what would exist after a friendly separation, any separation would greatly diminish the prestige of England, which prestige I believe to be, in the present state of the world, a very great advantage to mankind (LL, vol ii, Letter 541: 784).

*Ipsa facto*, Mill's 'colonial romance', as is crystallised in his theory of colonisation, was converted into anxiety and melancholy and it is closely associated with the course of British economy. This reversal is not unconnected to his more optimistic outlook of the 'Stationary State'. In his early writings Mill thought of colonisation as the most efficient 'valve' of 'the falling rate of profits' and of avoiding the economic stagnancy. However, in his subsequent writings, and chiefly during the 1860s, the economic and epistemic decline of his theory of colonisation gave its place to a more optimistic and sanguine view of the 'Stationary State'. However, as Sullivan (1983: 617) acutely observes, "Mill has been the most important intellectual figure in transforming English liberalism from a dominantly anti-imperialist theory to a very sophisticated defense of an expanding British Empire".

## **5.6 History as heresy: the optimism of the 'stationary state' and the rejection of the 'end of history'**

As already noted, Mill's theory of history is grounded on the epistemic background of Smith's theory of economic development. His stadial theory is highly animated by the philosophy of history elaborated by the Scottish Historical school. However, Mill did not have in mind an invariable and static 'natural order of things', as the Scottish philosophers had, since history is regarded as an open-ended process. As Marwah (2011: 354) observes, the role of contingency is of prime importance in Mill:

Societies advance through a wide diversity of contingent social, historical and institutional conditions, each of whose particular configuration gives it its own character.



Evidently therefore, Mill's theory of history is neither deterministic nor teleological, as many commentators observe (see *inter alia* Gibbins 1990). Additionally, the commercial stage is not identified, as in the majority of political economists and political theorists of the nineteenth century, with 'the end of history'. The commercial stage has its historical *terminus ad quem* and is characterised by its limitations inasmuch as it may be superseded by the co-operational system of associations between employers and employees and workers betwixt themselves. Mill, therefore, as Sarvasy (1985: 312) rightly asserts:

First he dissects capitalism as a static system governed by the laws of private property and individual competition. Then he analyses the likely socialist consequences of the declining rate of profit and increasing working class independence, by showing how these two developments will transform capitalism, especially as the inevitable state of economic growth and population approaches.

According to the Millian political economy, the 'Stationary State', which is presented in the sixth chapter of Book IV, is unavoidable and is associated with a perfect synchronisation since "the flow of consumption and the flow of productive services are perfectly synchronized" (Blaug 1980: 188). It is unavoidable due to the twofold expansion of both capital and population. Evidently therefore, the 'Stationary State' lies as an independent stage of economic development in Mill's theory of history. However, Mill's 'Stationary State', in contradistinction to the 'Stagnant State' of declining profits, is a historical incident of growth and not a mark of economic decline (Principles, Book IV, c. vi, § 2: 748).

For Mill, the 'Stationary State', which can be characterised either as the last phase of commercial capitalism or as the initial sub period of socialism, is economically based on small-scale production and on cooperative forms of property while it is illustrated by an incessant intellectual, cultural, and moral advancement.<sup>501</sup> It is in this stage of social development in which man's intellectual and moral faculties and potentialities are developed at their highest level. For Mill, contrary to other 'classical

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<sup>501</sup> Schumpeter (1954: 506) rightly observes that this is important "in as much as it refutes the absurd indictment that 'classic' economists believed in the capitalist order as the last and highest wisdom that was bound to persist *secula seculorum*". This, however, "does not amount to crediting the 'classic' theorists with the idea that the capitalist order is only a historical phase and bound to develop, by virtue of its own inherent logic, into something else". (p. 519).

economists', the 'Stationary State' would be "a desirable condition at some time in the future when it was accompanied by a controlled population and a just distribution of wealth" (Sullivan 1983: 607).<sup>502</sup>

Mill again stresses the importance of *knowledge* in the course of societal and economic transition by noting that its advancement would be the direct result of the fact that mankind will learn "the Malthusian lesson [...] about to restrict propagation voluntarily so that the race between capital and population would be won by the former" (Schumpeter 1954: 544). Essentially therefore, in Mill's mind, the restriction of procreation is of prime importance for men and women in order to "develop their higher social and moral potentialities" (Harris 1956: 163). Mill's political liberalism is advancing *manus in mano* with the attainment of the 'Stationary State', since the wise legislation would limit direct inheritance and would secure 'equal opportunities' to all. *Ipsa facto*, Mill's 'Stationary State' is a more equal system as is based on the 'socialisation' of knowledge. For him, as society advances, "mental tend more and more to prevail over bodily qualities" (A System of Logic, Book VI, c. x, § 6: 603). However, this 'socialisation' (and diffusion) of knowledge is materially determined and is connected, in Mill's view, with the Comtean succession of scientific knowledge through the threefold scheme of stages of thought: the theological, the metaphysical, and the positive.<sup>503</sup> At the same time, each stage of scientific thought is not achieved through the simple addition of truths but by the direct opposition of conflicting ideas (Bouton 1965: 571). For Mill, each scientific stage, as each stage of economic development, contains thoughts, beliefs and even superstitions of its precedents. By

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<sup>502</sup> This illustrates our belief that the 'Stationary State' of Book IV is different to the historical instances of the 'Stagnant States' of China, India and Egypt. The 'Stationary State' comprises Mill's *Utopia* while the 'Stagnant State' his *Melancholy* state. Evidently therefore, the 'Stationary State' is a preferable condition due to the fact that is connected with demographic balance and juster distribution of wealth, while the 'Stagnant State' is economically, demographically and culturally unstable and as such be avoided. *Ipsa facto*, Mill's proposed theory of colonisation is a means for counteracting the 'Stagnant' and not the 'Stationary' state.

<sup>503</sup> Mill regards Comte's motif as a valuable piece of scientific evidence. He notes that according to Comte's classification we "have, on every subject of inquiry, three successive stages; in the first of which it tends to explain the phenomena by supernatural agencies, in the second by metaphysical abstractions, and in the third or final state confines itself to ascertaining their laws of succession and similitude" (A System of Logic, Book IV, c. x, § 8: 606). However, it must be noted that Mill rejected the terminology proposed by Comte. In his review of his *Cours*, he notes that "Instead of the Theological we would prefer to speak of the Personal or Volitional explanation of facts; instead of Metaphysical, the Abstractional or Ontological: and the meaning of Positive would be less ambiguously expressed in the objective aspect by Phenomenal, in the subjective by Experimental" (Auguste Comte and Positivism, Part I: 10).

way of example, in Mill's time, which is characterised by him as a 'critical period', the positive thought is partially dominant while metaphysical and even theological views are still manifest in varied ways. According to Mill, the positive stage of thought, which is explicitly associated with the associationalist stage of economic development, is tightly connected with progress and is a superior mode of thought since it consists in the amalgamation of previous modes of thinking. This superiority is crystallised in the minds of the wisest people of each age. In Mill's own words:

I am far from denying, that, besides getting rid of error, we are also continually enlarging the stock of positive truth. In physical science and art, this is too manifest to be called in question; and in the moral and social sciences, I believe it is to be as undeniably true. The wisest men in every age generally surpass in wisdom the wisest of any preceding age, because the wisest men possess and profit by the constantly increasing accumulation of the ideas of all ages (NW, *The Spirit of the Age* I: 234).

Mill seems to believe that in the 'Stationary State', which is characterised by the direct dominance of the positive mode of thinking, knowledge, through education, is transmitted to lower classes. Essentially, the aforementioned 'Malthusian lesson', is a positive wisdom which is mutually shared by all ranks of people. Evidently therefore, the 'Stationary State' is viewed as an ulterior 'organic period' in which the 'positivist creed' is accepted as a common belief among both scientists and laymen. It is this stage of economic development which is associated with the disruption of conflicting views, prejudices and half-truths.

Naturally therefore, in the 'Stationary State' of society, the greatest liberty of individuals can be permitted without considerable threats to the coherence of societal organisation. The positivist organic period would allow the teachings of *On Liberty* to be implemented, as Liberty has *in principio* "no application to any state of things anterior to the time when mankind have become capable of being improved by free and equal discussion" (EPS, *On Liberty*: 224).<sup>504</sup> According to the Millian political theory, the teachings of liberty are compatible with the 'Stationary State' as in the

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<sup>504</sup> It must be noted that Mill had "severely limited the relevance of liberal democracy in the nineteenth-century world when he argued that only people of the most advanced stage of civilisation could sustain these institutions" (Sullivan 1983: 613). For instance, his critique of Americans' national character, as presented in his review of 'The State of America' emanates from this.

former stages of economic development “people do not value liberty highly enough; they do not understand that liberty is a necessary part of civilisation, education and culture” (Strasser 1984: 64). Mill believes that the ‘Stationary State’ would allow (free) discussion and the positive tolerance to minorities. For Mill, free and unchecked discussion is the womb of both knowledge and liberty. In his premature but interesting *The Spirit of the Age*, Mill notes that:<sup>505</sup>

Discussion has penetrated deeper into society; and if no greater numbers than before have attained the higher degrees of intelligence, fewer grovel in that state of abject stupidity, which can only co-exist with utter apathy and sluggishness. The progress which we have made, is precisely that sort of progress which increase of discussion suffices to produce, whether it be attended with increase of wisdom or no [...] *It is by discussion, also, that true opinions are discovered and diffused* (NW, *The Spirit of the Age I* : 233, emphasis added).

However, according to Mill, the principle of liberty is not of universal applicability but is valid for modern civilisation (Beate 2005: 611). It follows therefore that, the principle of liberty, despite being associated with the commercial stage of economic development, is the cornice of the ‘Stationary State’ since this is the period in which “the generality of mankind value liberty more than power” (EPS, *On Liberty*, c. v: 301).<sup>506</sup> For Mill, cultural and moral advancement is promoted by the attainment of perfect liberty, which in its individual and collective version is the pledge of intellectual development, as liberty is the “only unfailing and permanent source of improvement” (EPS, *On Liberty*, c. iii: 272). Mill, echoing Smith, believes that in the ‘Stationary State’, education would also be connected with the aesthetic development of individuals.

Socialism therefore, in its ‘Fourierist’ form, is “a more civilised stage of society towards which modern conditions were tending and in which a superior ideal of human nature might eventually be realised” (Claeys 1987: 123). For Mill,

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<sup>505</sup> Mill had published his fascinating *The Spirit of the Age* (1831-1832) in five parts and in seven sequels in the *Examiner*. It must be noted that due to its radical content, Mill was impelled to sign them as A.B. Essentially such a fact illustrates the bowdlerization of the mid-nineteenth century England and constitutes valuable evidence of Britain’s intellectual history.

<sup>506</sup> Mill himself warns us in his *On Liberty* that the application of the principle of liberty is abstained, even in commercial nations, until mankind has “become capable of being improved by free and equal discussion” (EPS, *On Liberty*, c. i: 224).

Socialism is neither connected with the abolition of private property, and the subsequent restriction of competition, nor with centralised production. He provides a definition of Socialism in his posthumously edited and published *Chapters on Socialism* (1879) which is illustrative of his 'Fourierist' (gradualist) socialistic viewpoint:

What is characteristic of Socialism is the joint ownership by all the members of the community of the instruments and means of production; which carries with it the consequence that the division of the produce among the body of owners must be a political act, performed according to rules laid down by the community. Socialism by no means excludes private ownership of articles of consumption; the exclusive right of each to his or her share of the produce when received, either to enjoy, to give, or to exchange it [...] The distinctive feature of Socialism is not that all things are in common, but that production is only carried on upon the common account, and that the instruments of production are held as common property [...] The attempt to manage the whole production of a nation by one central organisation is a totally different matter (EPS, *Chapters on Socialism*: 738).

*Ad addendum*, an essential feature of the 'Stationary State' which can be regarded as the prelude to socialism, is the more just redistribution of wealth which would ensure the social coherence of society. Mill specifies its redistributive mechanisms by noting that:

One the other hand, we may suppose this better distribution of property attained, by the joint effect of the prudence and frugality of individuals, and of a system of legislation favouring equality of fortunes, so far as is consistent with the just claim of the individual to the fruits, whether great or small, of his or her own industry [...] Under this [...] influence society would exhibit these leading features: a well paid and affluent body of labourers; no enormous fortunes, except what were earned and accumulated during a single lifetime; but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life, and afford examples

of them to the classes less favourably circumstanced for their growth (Principles, Book IV, c. vi, § 2: 749-750).

According to Mill, redistribution is achieved through population control and believes that redistribution is a necessary condition for character improvement since “poverty and excessive working hours in routine operations are not compatible with intellectual and moral development” (Kurer 1992: 226). Mill’s words anticipate Schumpeter’s views on ‘market socialism’:

It is only in the backward countries of the world that increased production is still an important object: in those most advanced [e.g. those attaining the ‘Stationary State’] what is economically needed is a better distribution, of which one indispensable means is a stricter restraint on population (Principles, Book IV, c. vi, § 2: 744).

Mill considers that the widespread birth control and the subsequent diffusion of knowledge would be positive conditions for the further development of associations. These associations are generated “on terms of equality, collectively owing the capital with which they carry on their operations, and working under managers elected and removable by themselves” (Principles, Book IV, c. vii, § 6: 771).

As has already been indicated in chapter 4, Mill had been influenced by Saint-Simon and other French *Utopian Socialists* and was highly supportive of associations.<sup>507</sup> He believes that associations will be the dominant form of industrial organisation and observes that:

The form of association, however, which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and workpeople without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owing the capital with which they carry on their

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<sup>507</sup> The term *Utopian Socialism* is Marxian in its origin and means the non-scientific status of these early socialist writings. Schumpeter (1954: 429) agrees with Marx’s term and notes that “Associationist socialism is, therefore, extra-scientific, because it does not concern itself primarily with (critical) analysis - as does Marxism- but with definite plans and the means of carrying them into effect. In addition, associationist socialism is unscientific because these plans involve assumptions about human behaviour and administrative and technological possibilities that cannot stand scientific analysis for a moment”.

operations, and working under managers elected and removable by themselves (Principles, Book IV, c. vii, § 6: 772-773).

Mill uses history to illustrate how the equality of distribution among associations would work. He cites as a representative example the Cornish mines which “are worked strictly on a system of joint adventure; gangs of miners contracting with the agent, who represents the owner of the mine” (Principles, Book IV, c. vii, § 5: 765), Leclair’s experiment in Paris (p. 770), and freely quotes from H. Feuguerau *L’ Association Ouvriere Industrielle et Agricole* (1851) to illustrate the importance of equal distribution. For Mill, the equality of distribution among partners would provide real incentive for greater productivity. According to Schapiro (1943: 148):

Because of their greater productivity, their superior social aims, and the harmonious labor of the members, the cooperative associations would compete successfully with capitalistically organised enterprises and finally succeed in supplanting them.

*Ipsa facto*, Mill’s ‘way to Socialism’ is a peaceful and smooth process which is very different to the revolutionary Socialism of Marx and his disciples. Mill is explicit about this in his prophetic chapter on the ‘Probable Future of the Labouring Classes’. His lengthy comment is worth citing in full:

Eventually, and in perhaps a less remote future than may be supposed, we may, through the co-operative principle, see our way to a change in society, which would combine the freedom and independence of the individual, with the moral, intellectual, and economic advantages of aggregate production; and which, without violence or spoliation, or even any sudden disturbance of existing habits and expectations, would realise, at least in the industrial department, the best aspirations of the democratic spirit, by putting an end to the division of society into the industrious and the idle, and effacing all social distinctions but those fairly earned by personal services and exertions (Principles, Book IV, c. vii, § 6: 791).

According to Mill, the ‘Stationary State’, despite its evident economic stagnancy, is associated with leisure time which would provide people enough time to cultivate

their cultural and intellectual abilities. More specifically, such a stage is characterised by:

a well-paid and affluent body of labourers; no enormous fortunes, except that were earned and accumulated during a single lifetime; but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life, and afford examples of them to the classes less favourably circumstanced for their growth. The condition of society, so greatly preferable to the present, is not only perfectly compatible with the stationary state, but, it would seem, more naturally allied with that state than with any other (p. 750).

Furthermore, the ‘Stationary State’ is identified with the diffusion of perfect equality among sexes. In his feministic *The Subjection of Women* (1869) Mill notes that,

The true virtue of human beings is fitness to live together as equals; claiming nothing for themselves but what they freely concede to everyone else; regarding command of any kind as an educational necessity, and in all cases a temporary one; and preferring, whenever possible, the society of those with whom leading and following can be alternate and reciprocal (EELE, *The Subjection of Women*: 294).<sup>508</sup>

Evidently therefore, Mill’s ‘Stationary State’ is different (and more optimistic) than that of Ricardo, James Mill and Malthus who believed that technological improvement would fail to counterbalance the inevitable consequences of the law of diminishing returns.<sup>509</sup> Furthermore, his political economy escapes from Carlyle’s

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<sup>508</sup> Mill believes that “Good treatment of women [...] is one of the surest marks of high civilization” (EFHH, *Modern French Historical Works*: 45). Evidently, Mill’s feminism is one of the most heterodox tenets of his economic and political analysis. Mill objects the view that his views were bequeathed to him by his wife Harriet Taylor and notes that he developed his strong convictions “on the complete equality which ought to exist in all legal, social, political and domestic relations between men and women” by his early boyhood (*Autobiography*, c. vii: 252). For Goldstein (1980: 319), Mill’s “political career-beginning with his arrest at the age of seventeen for the distribution of birth control pamphlets to the working class women and extending through his advocacy, during his tenure as Member of Parliament, of the Married Women’s Property Act, women’s suffrage, and an end to various legal disabilities afflicting women- demonstrated a consistent and firm commitment to the cause”.

<sup>509</sup> According to Claeys (1987: 133), “Mill broke from the mainstream tradition of both Ricardian and Smithian political economy in arguing that the future period in which economic growth would have essentially ceased need to be (as the economists feared) a nightmare to be avoided, but might rather



anathema of ‘dismal science’, as Mill’s philosophical innovation lies in that Civilisation, Liberty, Representative Government, Equality among sexes, Birth Control etc., are indissolubly connected with the attainment of the ‘Stationary State’. As he notes in his *Principles*:

I cannot, therefore, regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present position (*Principles*, Book IV, c. vi, § 2: 743).

According to Mill, the ‘Stationary State’ is characterised by the abridgment of labour and the augmentation of leisure time which is subsequently invested in cultural and moral activities. The Millian ‘Stationary State’ is composed by educated workers who exert birth control and support intellectual advancement, individuality and an unspoiled natural environment. Mill’s narration resembles Marx and Engels’s *Communist Utopia* as it is connected with the improvement of the ‘Art of Life’:<sup>510</sup>

*It is scarcely necessary to remark that a stationary condition of capital and population implies no stationary state of human improvement. There would be as much scope as ever for all kinds of mental culture, and moral and social progress; as much room for improving the Art of Living, and much more likelihood of its being improved, when minds ceased to be engrossed by the art of getting on. Even the industrial arts might be as earnestly and as successfully cultivated, with this sole difference, that instead of serving no purpose but the increase of wealth, industrial improvements would produce their legitimate effect, that of abridging labour* (*Principles*, Book IV, c. vi, § 2: 751, emphasis added).

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open to the human species many prospects superior to those currently available”. For Harris (1956: 163), “Because of his belief that progress consists primarily in the development of man’s moral and intellectual capacities, Mill could not look upon the stationary state of capital and population, projected by his classical forbears, as a dismal circumstance”. Furthermore, according to Kurer (1992: 227), “There is an optimistic streak throughout the consecutive revisions of the *Principles*, an optimism which lasted until the end of his life”.

<sup>510</sup> Evidently, Marx and Engels, despite their enlightening critique of *Utopian Socialism* “not only did they not escape the pitfall of Utopia, but in many ways their image of a future society is more Utopian than that of the ‘Utopians’ who preceded them” (Norman 1955: 15). For instance, in Marx and Engels’s Communist society a man would be given the possibility “to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, shepherd or critic” (Marx and Engels [1845-1846] 1976: 47).

Essentially therefore, Mill, being influenced by Utopian Socialists, is differentiated from post-Ricardians in the painting out of his *Liberal Utopia*. His ideal society is, according to Riley (1998: 314),

a stationary state in which a stable population maintains itself at some reasonable average level of material comfort, yet most persons also attach more importance to certain ‘higher pursuits’ than to further labour, investment, and exploitation of natural resources.

Furthermore, philosophically assessed, Mill’s analysis of the ‘Stationary State’ illustrates his inborn belief in progress which is *et passim* diffused in the subsequent editions of his *Political Economy*. Harris (1956: 162) rightly observes that in Mill, the

Meaning of progress consists primarily in the improvement of man himself, the development not only of his rational powers but also of his feelings, emotions, and moral qualities. Thus he regarded the advancement in scientific technology and in the material aspects of progress as a phenomenon expressing the development of man’s intellectual and moral faculties.

However, these transitions are gradual in their completion as “real progress is slow and halting, first because order dictates compromise, and, second, because improvement in man’s character of which progress mainly consists is itself low” (Harris 1956: 176).<sup>511</sup> Mill’s analysis is very close to the ‘gradualist views’ on the issue of the transition from capitalism to socialism. Kurer (1992: 225) follows the Schumpeterian tradition and observes that Mill rejects the possibility of imposing socialism from above promoting instead a peaceful and gradual evolutionary transformation.<sup>512</sup> His positive views on Socialism are crystallised in several passages of his Autobiographical Essay, especially in the Yale Fragment, and in the third edition of his *Principles* (1852) which contains more sympathetic views on Socialism

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<sup>511</sup> Mill’s analysis anticipates again the historiographical tradition of *longue durée*. According to him: “the progress of knowledge and the changes in the opinions of mankind are very slow, and manifest themselves in a well-defined manner only at long intervals” (A System of Logic, Book IV, c. x, § 7: 605).

<sup>512</sup> Mill’s views on the rapidity of progress, however, were changing through the revised editions of Mill’s *Principles*. For instance, from the fourth edition (1857) of his *magnum opus*, disappeared his comment that the progress of associations “in the present moral condition of the bulk of the population, cannot possibly be rapid” (Principles, Book IV, c. vii, § 6: ff.1, 782).

and socialist experiments.<sup>513</sup> Inevitably, his views were transformed by the French Revolution of 1848 (Claeys 1987: 123).<sup>514</sup>

According to Mill, the ‘Stationary State’ implies a better distribution of wealth and a wider population control since this check is the *sine qua non* of standing progress and welfare. Moreover, it is connected with the attainment of social and distributive justice by the whole of society (Ekelund and Tollison 1976: 214). Mill notes that:

The density of population necessary to enable mankind to obtain, in the greatest degree, all the advantages both of co-operation and of social intercourse, has, in all the most populous countries, been attained (Principles, Book IV, c. vi, § 2: 750).

He regards the ‘Stationary State’ as the prelude to Socialism and believes that despite its evident economic slackening it would improve the whole intellectual and moral superstructure of advanced economies. For Mill, the ‘Stationary State’ would rupture the barren economism of the ‘American State of Society’ and would rescue the society from the intellectual dictatorship of the ‘middle-class’.

Mill was the first classical political economist who was friendly with regard to socialist ideas. For Schumpeter (1954: 506), Mill is an evolutionary socialist whose “attitude toward socialism went through a steady development”.<sup>515</sup> *Ipsa facto*, he

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<sup>513</sup> In particular, the treatment of socialist ideas in the first edition of his *Principles* was restricted to Owen’s ideas and to St. Simonism and was *aperto libro* penned. In the subsequent editions (2<sup>nd</sup> 1849, 3<sup>rd</sup> 1852) the role of his wife, Harriet Taylor, had been decisive for the revision of his views.

<sup>514</sup> It must be noted that while Mill’s socialism does evolve out of the pre-1848 tradition, it was the socialist practice of the 1848 French Revolution which pushed Mill beyond that tradition and inspired him to offer his own distinct socialist vision.

<sup>515</sup> Claeys (1987: 122) observes that Mill “was unique among nineteenth-century British liberals in the degree of sympathy for socialism exhibited in some of his writings”. Many commentators, including Kurer (1992), Stiegler (1988) and Harris (1957) went further connecting Mill’s Socialism with the subsequent nationalistic Socialism of Fabian Socialists. More specifically, according to Winch (2013: 15) Mill “was to exert a broader and more persistent influence on the thinking of the Fabian movement”. It is indicative that Sidney Webb, one of the founders of the Fabian Society, notes that (cited in Shaw 1889: 58) “The publication of John Stuart Mill’s ‘Political Economy’ in 1848 marks conveniently the boundary of the old individualist Economics. Every edition of Mill’s book became more and more Socialistic. After his death the world learnt the personal history, penned by his own hand, of his development from a mere political democrat to a convinced Socialist”. Truly, the connections between Mill and Fabianism are closer than those we can discern *prima facie*. Mill’s egalitarian views, with his open avowal of the necessity of ‘equal opportunities’, underlie his socialistic attitude. Additionally, he conceived socialism, as Fabians later systematised it, in national and not in international terms as he noted that nationality is a construction of civilisation. What is more, his ambivalent tariff policy for ‘infant industries’ prophesized the subsequent views of English socialism.

notes in his Autobiography that one of the most important changes in his political views was his adherence to a sort of “a qualified socialism” (Autobiography, c. iv: 199). Mill notes that the system of Saint Simon “is the true ideal of a perfect human society” (cited in Hains 1946: 108). More importantly, he had regarded the Saint-Simonian prescription as “the final and permanent condition of the human race” (EL, vol i, November 1831, Letter 44: 88). Especially, Mill notes in his *Political Economy* that:

I agree [...] with the Socialist writers in their conception of the form which industrial operations tend to assume in the advance of improvement; and I entirely share their opinion that the time is ripe for commencing this transformation, and that it should by all just and effectual means be aided and encouraged (Principles, Book IV, c. vii, § 7: 792).

Mill believes that the final outcome of progress is the creation of co-operations between labourers and capitalists and between labourers themselves and notes that this creation is “now one of the recognised elements in the progressive movement of the age” (Principles, Book IV, c. vii, § 6: 788). For Mill, associations of any kind would be the agents of improved productivity as they consist

in the vast stimulus given to productive energies, by placing the labourers, as a mass, in a relation to their work which would make it their principle and their interest- at present it is neither- to do the utmost, instead of the least possible, in exchange for their remuneration (p. 789).

Evidently, this advanced productivity will rescue society from the stagnant, in economic terms, condition of its ‘Stationary State’ as this state is the:

transformation of human life, from a conflict of classes struggling for opposite interests, *to a friendly rivalry in the pursuit of a good common to all*; the elevation of the dignity of labour; a new sense of security and independence in the labouring class; and the conversion of each human being’s daily occupation into a school of the social sympathies and the practical intelligence (p. 789-790, emphasis added).

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It is indicative that the Fabians established the LSE in 1890 and put as its director the historical economist H. Hewins who had been an open supporter of Chamberlain and his tariff reform policy.

According to Mill's *Utopianism*, the system of co-operations would combine the freedom and independence of the educated individual with the moral, cultural and economic benefits of social production. For Platteau (1985: 21):

Co-operatives could then become an ideal form of socio-economic organisation, since they would combine the advantages of large-scale enterprise and of a good system of incentives with those of distributive justice and with all the moral and social benefits of diffused ownership.

However, Mill, consistent with his classical upbringing, notes that competition is a crucial precondition of associationist development.<sup>516</sup> He believes that any obstacle which constrains competition is an obstacle to economic and intellectual progress and even in associationalist societies, co-operations, as producers of goods and services “would compete in the open market” (Harris 1956: 162). According to Sarvasy (1985: 313):

One of Mill's major contributions is to suggest that competition divorced from the wage-labor relationship and combined with worker-owned cooperatives would make socialism less utopian in its demands on human nature, and also more efficient and innovative.<sup>517</sup>

Mill's comment is indicative of the necessity of competition:

Competition may not be the best conceivable stimulus, but it is at present a necessary one, and no one can foresee the time when it will not be indispensable to progress [...] Instead of looking upon competition as the baneful and anti-social principle which it is held to be by the generality of Socialists. I conceive that, even in the present state of society and industry,

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<sup>516</sup> Though paradoxical, Mill's view of the sustention of competition in co-operative societies is compatible with the British socialist thought. According to Claeys (1987: 137-138), “The retention of some forms of competition was less alien to British socialism than even Mill himself may have supposed at this point”.

<sup>517</sup> Mill is explicit in his views upon competition even before the publication of his economic *locus classicus*. He notes in 1836 that “we believe that the multiplication of competitors in all branches of business and in all professions [...] will find a limiting principle in the progress of the spirit of co-operation; that in every overcrowded department there will arise a tendency among individuals to unite their labour or their capital, that the purchaser or employer will have to choose, not among innumerable individuals, but among a few groups. *Competition will be as active as ever, but the number of competitors will be brought within manageable bounds*” (EPS, Civilization: 136, emphasis added).

every restriction of it is an evil, and every extension of it, even if for time injuriously affecting some class of labourers, is always an ultimate good (Principles, Book IV, c. vii, § 7: 793).

As Riley (1998: 317) observes:

A decentralised socialist economy, in which many producer cooperatives compete with each other in product and factor markets, is evidently the only form of socialism he takes seriously.

De Marchi (1974: 139) is therefore right in arguing that Mill's *Principles* "was to be the first book of orthodox political economy which looked beyond laissez-faire to a future cooperative state of society". However, Mill himself, did not elaborate his socialist views to any great extent. His *Utopianism* impelled him to think of Socialism in visionary terms as it "looked rather comfortable, like a world without 'bustle' (his term) in which a philosopher like himself would not mind living and in which there would be moderate prosperity (or better) all round" (Schumpeter 1954: 545). His sympathy for Socialism is consistent with his political thought as developed in his *On Liberty* as he held the firm belief that the prelude to Socialism, the 'Stationary State', will contribute to the development of individuality, independence, and self-cultivation. According to Mill (EPS, *On Liberty*, c. iii: 261): "the free development of individuality is one of the leading essentials of well being", and "it is not only a co-ordinate element with all that is designed by the terms civilization, instruction, education, culture, but is itself a necessary part and condition of all those things". Mill's ethical utilitarianism is drawing away from the orthodox utilitarianism of old-utilitarians (his father included) as in the third chapter of his liberal manifesto he is ready to praise the doctrine of self-development or self-realisation citing the words of the German philosopher of Romanticism, Wilhelm von Humboldt. In Mill's own words:

[T]he end of man, or that which is prescribed by the eternal or immutable dictates of reason, and not suggested by vague and transient desires, is the highest and most harmonious development of his powers to a complete and consistent whole' that, therefore, the object 'towards which every human being must ceaselessly direct his efforts, and on which especially those who

design to influence their fellow-men must ever keep their eyes, is the individuality of power and development' (p. 261).

Evidently, Mill's utilitarianism is moving against Bentham's one-sided *homo economicus* and is conjoined to society's progressive development.<sup>518</sup> The introductory chapter of his political *locus classicus* is animated by this heterodox methodological spirit:

I regard utility as the ultimate appeal on all ethical questions: but it must be utility in the largest sense, grounded on the permanent interests of man as progressive being. Those interests, I contend, authorise the subjection of individual spontaneity to external control, only in respect to those actions of each, which concern the interest of other people. If any one does an act hurtful to others, there is a *prima facie* case for punishing him, by law, or, where legal penalties are not safely applicable, by general disapprobation (EPS, *On Liberty*, c. i: 224).

For Mill, utility, as a qualitative variable, individuality and self-development are inextricably conjoined and evidence the qualitative hedonism of his analysis (Drakopoulos 1990: 191). Strasser (1984: 65) acutely observes that Mill promotes both liberty and individuality as conducive to the maximum utility of human mankind. As Downie (1966: 70) notes:

The *On Liberty* conception of the end, then, is self-development through the development of individuality [...] a higher value can be set on some activities than on others, not for the amount of pleasure they produce but for their ability to deepen a person's individuality and so to help him to develop himself.

Mill's radical utilitarianism is consistent with his theory of structure. For him, and contrary to the majority of classical utilitarians, human nature is a plastic entity which affects, but is also been influenced by, historical circumstances. Essentially, his

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<sup>518</sup> As Strasser (1984: 64) observes: "Mill is talking about 'mankind' and 'the race itself'. When he talks of utility in the largest sense, he is talking about the utility of 'the Human Race, conceived as a continuous whole, including the past, the present and the future'". In this sense, Mill uses the word utility to refer to the maximization of happiness of the society not of the individual (Drakopoulos 1989: 37).

hedonistic analysis is moving against the mechanistic views of human nature as put forwards by Bentham's followers, his father included:

Among the works of man, which human life is rightly employed in perfecting and beautifying, the first in importance surely is man himself [...] Human nature is not a machine to be built after a model, and set to do exactly the work prescribed for it, but a tree, which requires to grow and develop itself on all sides, according to the tendency of the inward forces which make it a living thing (EPS, *On Liberty*, c. iii: 263).

Evidently, all these referrals illustrate that Mill's gradualist views on the transition from capitalism to socialism are not connected with a passive acceptance of the moral and ethical distortions of capitalism. As Ten (1998: 394) puts it:

Just as Mill is impatient with the revolutionary socialists who wish to transform society radically and immediately, so is he impatient with the defenders of the existing social order who are complacent about its virtue and who misrepresent the socialist alternative to it.

## **5.7 History as history: the 'art' of verification and the incorporation of historical evidence**

As has already been noted, Mill thought of history as highly as theory. History was his 'strongest predilection' when he was a child and remained of principal interest in his intellectual maturity.<sup>519</sup> Mill defines history as "the record of all great things which have been achieved by mankind" (EPS, *Civilization*: 145). History's importance is elevated because his theory of structure and agency is incompatible with the classical utilitarian view of human nature as fixed, ahistorical and given. Mill, on the other hand, makes an attempt to display the historically plastic character of human nature by noting that history elevates the latter's sophisticated colours and its complicated forms:

Nowhere else will the infinite varieties of human nature be so vividly brought home to him, and anything cramped or one-sided in his own standard of it so

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<sup>519</sup> Mill informs us that his principal historical readings during his childhood were the intellectual products of the Scottish historical school. Namely the works of Adam Ferguson, William Robertson, David Hume, Edward Gibbon and John Millar (*Autobiography*, c. i: 10).



effectually corrected; and nowhere else will he behold so strongly exemplified the astonishing pliability of our nature, and the vast effects which may under good guidance be produced upon it by honest endeavour. *The literature of our own and other modern nations should be studied along with the history, or rather as part of the history* (p. 145, emphasis added).

*Ad addendum*, it must be noted that Mill was well acquainted with historical studies not least through James Mill's monumental *History of India* (1818). J.S. Mill praises his father's book by noting that it "is the production of almost any other historical work of equal bulk and of anything approaching to the same amount of reading and research" (Autobiography, c. i: 6).<sup>520</sup> Moreover, Mill regarded history as a core element of a modern educational system. For instance, in his proposed reform programme for the English university system, he notes that an "important place in the system of education which we contemplate would be occupied by history" (EPS, Civilization: 145).

More specifically, with regard to Mill's own usage of historical evidence, we discern in his *Principles* far more historical material and factual evidence than in Ricardo and post-Ricardians (Milonakis and Fine 2009: 32). We know that Mill was addicted to recording historical facts and to sketching out historical figures (Cairns 1985: ix). However, contrary to Macaulay and other orthodox historians, he was ready to note that it is epistemically impossible for a historian to "set before himself a perfectly true picture of a great historical event, as it actually happened" (EFHH, Carlyle's French Revolution: 158). In fact, Mill is characterised by Wade Hands (2001: 16) as a 'radical empiricist' who believed that scientific laws were simply empirical event regularities. Such an epistemological stance renders the historical fact a core element of his economic analysis. However, the use of historical material is neither passive nor uncritical. Mill elaborates a critical account of historical facts by noting at the same time that factual data are the groundwork of logical inquiry which

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<sup>520</sup> J.S. Mill describes his father as the philosophical historian of India (*Principles*, Book II, c. ix, § 4: 325). In his autobiographical essay he illustrates his deep influence from the *History of British India*. As he puts it, "The number of new ideas which I received from this remarkable book, and the impulse and stimulus as well as guidance given to my thoughts by its criticisms and disquisitions on society and civilisation in the Hindoo part, on institutions and the acts of governments in the English part-made my early familiarity with this book eminently useful to my subsequent progress" (Autobiography, c. i: 27-28).

is the essential means of scientific reasoning (A System of Logic, Introduction, § 4: 4).<sup>521</sup>

Mill's history is neither explicitly descriptive nor simply narrative. He accepts the ontological motif of the Scottish historical school that narrative history is only a part of a broader philosophy of history and observes that "it is as much the historian's duty to judge as to narrate, to prove as to assert" (Cairns 1985: xxvii). He notes that narrative history is a part of a greater epistemic project named theoretical history. His famous aphorism is indicative of his theoretical predilections. He notes that the word 'theory' "expresses the highest and noblest effort of human intelligence" (NW, The Spirit of the Age II: 240) and praises both Bentham and Coleridge for agreeing

*that sound theory is the only foundation for sound practice, and that whoever despises theory, let him give himself what airs of wisdom he may, is self-convicted of being a quack* (EERS, Coleridge: 121, emphasis added).

Kawana (2009: 108) is right when he notes that,

Mill was not so much interested in the particular events of history as in theoretical views about history; what he was concerned with were the principles of explanation, or the laws of historical development, not historical events themselves.

Mill, for example, is not critical of Michelet's attitude of relying on his sagacity and of neglecting the careful study of original documents (EFHH, Michelet's History of France: 223).<sup>522</sup> In fact, Mill believes that the theoretical analysis of historical events is the chief mission of the historian since "Very few facts are able to tell their own story, without comments to bring out their meaning" (EPS, On Liberty, c. ii: 231).

This epistemic priority does not mean that Mill adopts a loose attitude towards of historical evidence. He believes that a painstaking research of historical facts is of prime importance for the research programme of the social scientist. Apart from that,

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<sup>521</sup> Mill's critical attitude towards historical evidence and historical monographs was bequeathed to him by his father James Mill. According to Cairns (1985: xxvi) "His father having alerted him to the problem of bias in history, he had read critically from the first".

<sup>522</sup> It must be noted that Mill's attitude towards Michelet is ambivalent. He notes that Michelet "is a man of deep erudition, and extensive research. He has a high reputation among the French learned for his industry; while his official position, which connects him with the archives of the kingdom, has given him access to a rich source of unexplored authorities, of which he has made abundant use" (EFHH, Michelet's History of France: 233).

theoretical history, which is connected with the positive stage of historical thought, asserts that there are no universal expectations but solid generalisations that are obtained through careful observation. Mill, already in his early ‘The Spirit of the Age’ had criticised both extreme inductivists, such as Macaulay, who had endeavoured to erect an inductive philosophy of history by taking “insufficient account of the qualities in which mankind in all ages and nations are alike”, and philosophers of history, like Hume, who “often form their judgments, in particular cases, as if, there are universal principles of human nature” (NW, *The Spirit of the Age* III, Part I: 256).

Although his history is more sociological than historiographical, Mill promotes a minute and critical treatment of historical sources.<sup>523</sup> Additionally, he illustrates the epistemological necessity of founding a general theorem on authentic historical data as theory is only an approximation to truth. Mill himself provides the epistemic linkage between ‘narrative’ and ‘theoretical’ history:

*Wherever the facts, authentically known, allow a consecutive stream of narrative to be kept up, the story is told in a more interesting manner than it has anywhere been told before [...] We are indeed disposed to assign to this history as high a rank in narrative as in thought* (EPC, Grote’s *History of Greece*: 330, emphasis added).

Essentially, Mill accepts the importance of theory but illustrates the necessity of historical criticism in formulating general theorems. His comment in the review of Carlyle’s *French Revolution* is illustrative of the dialectical relation between theory and history and anticipates Schumpeter’s *histoire raisonnee* which finds its utmost crystallisation in Marx’s theory of history. In Mill’s own words:

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<sup>523</sup> Mill intended to compose a history of the French Revolution (Autobiography, c. iv: 134). Cairns (1985: xxxi) notes “he had collected materials, made himself expert. He told Carlyle that he had ‘many times’ thought of writing such a history [and] it is highly probable that I shall do it sometime if you do not”. Mill’s material was very useful for Carlyle’s voluminous *The French Revolution*, 3 vols (Fraser, London, 1837). According to Cairns (1985: li), “Mill was a collaborator from the outset. For more than four years they discussed the work. Mill advising and then responding to the steady importuning”. Mill himself praises Carlyle’s *magnum opus* by noting that “I wrote and published a review of the book hailing it as one of those productions of genius which are above all rules and are a law to themselves” (Autobiography, c. vi: 224). As Mill observes in this review of Carlyle’s the *French Revolution*, it “is the history of the French Revolution, and the poetry of it, both in one; and on the whole no work of greater genius, either historical or poetical, has been produced in this country for many years” (EFHH, Carlyle’s *French Revolution*: 133). Moreover, Mill notes in his review, written in 1837, that Carlyle produced “a work which, whatever may be its immediate reception ‘will not willingly be let die’” (p. 138).

Nearly everything that has ever been ascertained by scientific observers, was brought to light in the attempt to test and verify some theory. To start from a theory, but not to see the object through the theory: to bring light with us, but also to receive other light from whence over it comes; such is the part of the philosopher, of the true practical *seer* or person of insight (EFHH, Carlyle's French Revolution: 162).

Essentially therefore, Mill's history is as an explicit reflection of his theory of structure and has a twofold existence: a theoretical and a historical one or a 'philosophical' and a 'critical' one:<sup>524</sup>

Doubtless, in the infinite complexities of human affairs, any general theorem which a wise man will form concerning them, must be regarded as a mere approximation to truth: an approximation obtained by striking an average of many cases, and consequently not exactly fitting any one case. No wise man, therefore, will stand upon his theorem only –neglecting to look into the specialties of the case in hand, and see what features *that* may present which may take it out of many theorem, or bring it within the compass of more theorems than one [...] It should be understood that general principles are not intended to dispense with thinking and examining, but to help us to think and examine [...] When we are not driven to guess, when we have means and appliances for observing general principles are nothing more or other than towards a better use of those means and appliances (EFHH, Carlyle's French Revolution: 161).

This proposition illustrates the epistemological thread between theory and history which finds its true origins in the Millian theory of structure and agency. Mill stresses the importance of historical (factual) data by noting that:

We are persuaded, however, that the more narrowly the records of the period are looked into, and the more accurately its real history becomes known, the more strictly conformable this conclusion will appear to historical truth (EFHH, Modern French Historical Works: 20).

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<sup>524</sup> According to Cairns (1985: xxv) "The origins of the new history lie in the eighteenth century, in the work of both the 'philosophical' historians who sought pattern and meaning, and the 'critical' historians who began to search for sources and their collection and evaluation".

Mill praises the French historian Jacques-Antoine Dulaure for paying great concern to facts and little to conjectural assertions. He notes that Dulaure,

has not been satisfied with taking upon trust from one author, what he had already taken upon trust from another. His work is not a mere register of the opinions of his predecessors, predecessors who did but register the opinions of their contemporaries. His ideas, such as they are, are his own (p.18).<sup>525</sup>

Mill pays the same tribute to Carlyle's *French Revolution* as he notes that:

*A more painstaking or accurate investigator of facts, and sifter of testimonies, never wielded the historical pen.* We do not say this in random, but from a most extensive acquaintance with his materials, with his subject, and with the mode in which it has been treated by others (EFHH, Carlyle's *French Revolution*: 138, emphasis added).

Furthermore, he praises Carlyle's *French Revolution* for his careful filtration of historical facts:

Mr. Carlyle has been the first to show that all which is done for history by the best historical play, by Schiller's *Wallenstein*, for example, or Vitet's admirable trilogy, may be done in a strictly true narrative, in which every incident rests on irrefragable authority; may be done, by means merely of an apt selection and a judicious grouping of authentic facts (EFHH, Carlyle's *French Revolution*: 134).

He points out that Carlyle, contrary to ordinary historians, is impartial in his narration of historical events and is critical of historical evidence:

Mr. Carlyle brings the things before us in the *concrete* –clothed, not indeed in *all* its properties and circumstances, since there are infinite, but in as many of them as can be authentically ascertained and imaginatively realised; not prejudging that some of those properties and circumstances will prove instructive and others not, a prejudgment which is the fertile source of

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<sup>525</sup> Mill also criticises Dulaure's lack of a philosophical mind: "he states the facts as he finds them, praises and censures where he sees reason, but does not look out for causes and effects, or parallel instances, or apply the general principles of human nature to the state of society he is describing, to show from what circumstances it became what it was" (Cairns 1985: xxxvi-xxxvii).

misrepresentation and one-sided historical delineation without end [...] Mr. Carlyle, therefore, brings us *acquainted* with persons, things, and events, before he suggests to us what to think of them (p. 158).

Essentially therefore, a minute, unbiased and critical assessment of historical facts is of prime epistemological importance for the social scientist. Mill believes that any theoretical treatise has to incorporate abstract reasoning with recorded facts (historical evidence) in order to erect well-rounded theorems. For instance, in discussing John Rae's *Statement of Some New Principles on the Subject of Political Economy* (1834), he points out that "no other book known to me is so much light thrown, both from principle and history, on the causes which determine the accumulation of capital" (Principles, Book I, c. x, § 2: 165).

As has already been noted, Mill proposes a verificationist role of history by noting that it is a means for the substantial establishment of general theorems. Mill believes that history is of prime importance in establishing the truth of theoretical reasoning:

In the philosophy of society, more especially, *we look upon history as an indispensable test and verifier of all doctrines and creeds*; and we regard with proportionate interest all explanations, however partial, of any important part of the series of historical phenomena- all attempts, which are in any measure successful, to disentangle the complications of those phenomena, to detect the order of their causation, and exhibit any portion of them in an unbroken series, each link cemented by natural laws with those which precede and follow it (Dissertations and Discussions, vol V, L' Avere e l' Imposta: 222-223, emphasis added).

Mill himself used historical evidence to verify (test) his ratiocinations and this attitude impelled Blaug (1980: 66) to characterise him as a typical verificationist. The act of verification is crucial in Mill's epistemological undertakings as he notes that "the perpetual testing of general statements by particular instances" mark out the limits of abstract definitions (Autobiography, c. i: 24). In his philosophical treatise, *A System of*

*Logic*, he notes that a necessary operation of deduction is the act of verification (A System of Logic, Book III, c. xi, § 1: 299; Book VI, c. v, § 3: 564).<sup>526</sup>

The inference given by theory as to the type of character which would be formed by any given circumstances must be tested by specific experience of those circumstances whenever obtainable; and the conclusions of the science as a whole must undergo a perpetual verification and correction from the general remarks afforded by common experience respecting human nature in our own age, and by history respecting times gone by. The conclusions of theory cannot be trusted, unless confirmed by observation (A System of Logic, Book VI, c. v, § 6: 570-571).

Mill believes that without verification, the results that the Deductive Method can:

have little other value than that of conjuncture. To warrant reliance on the general conclusions arrived at by deduction, these conclusions must be found, on careful comparison, to accord with the results of direct observation wherever it can be had (A System of Logic, Book III, c. xi, § 3: 303).

He elevates the necessity of verification by noting that it is the most effective means of qualifying truth and of typifying the influence of *disturbing causes*. He believes, in a pre-Kuhnian vein, that if *a posteriori* verification is successful, the confidence in theory increases. As Hollander and Peart (1999: 369) observe “verification played a key role in Mill’s method, both in principle and in practice”. Mill’s comment from his early methodological essay certifies their view:

The discrepancy between our anticipations and the actual fact is often the only circumstance which would have drawn our attention to some important disturbing cause which we had overlooked. Nay, it often discloses to us errors in thought, still more serious than the omission of what we can with any propriety be termed a disturbing cause. It often reveals to us that the basis itself of our whole argument is insufficient; that the data, from which we had reasoned, comprise only a part, and not always the most important part, of the

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<sup>526</sup> This aspect of Mill’s methodology was extensively presented in our discussion of his ‘Concrete Deductive Method’ and its constituent parts (see chapter 4).

circumstance by which the result is really determined (Essays, On the Definition of Political Economy: 154).

According to Mill, the ‘art’ of verification has to be exercised *in perpetuum* and it is this exercise which validates our abstract reasoning (Whitaker 1975: 1038).<sup>527</sup> Essentially therefore, Mill’s controversial assertion, that ‘recorded history’ as such, teaches little but is a protection against much error (EPS, State of Society in America: 93), should be viewed through this epistemological lenses.<sup>528</sup> For him, the most eminent feature of history is the rectification of abstract and universalistic reasoning:

*The correction of narrowness is the main benefit derived from the study of various ages and nations: of narrowness, not only in our conceptions of what is, but in our standard of what ought to be [...] Each nation, and the same nation in every different age, exhibits a portion of mankind, under a set of influences, different from what have been in operation anywhere else: each, consequently, exemplifies a distinct phasis of humanity (p. 93-94, emphasis added).*

Mill, in his critical review of *Professor Sedgwick’s Discourse on the Studies of the University of Cambridge*, notes that “History is not the foundation, but the verification, of the social science” (Dissertations and Discussions, vol I: 112). For him, history, through verification, would assure the political economist that when new facts come under his light, they “may become subject of a fresh analysis, and furnish the occasion for a consequent enlargement or correction of his general views” (Essays, On the Definition of Political Economy: 159). According to Mill, any proposition or inference should be grounded on observational facts and on methods of induction (Skorupski 1998: 36).

At the same time however, beyond the explicit methodological level, as de Marchi (1970: 272-273) observes, Mill sometimes left a gap between his deductive

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<sup>527</sup> For Blaug (1980: 51), the economists of the nineteenth century, and Mill in particular, were verificationists and “they preached a *defensive methodology* designed to make the young science secure against any and all attacks”.

<sup>528</sup> Mill used history as a necessary retroaction of his skepticism regarding universal premises. In his autobiographical essay he notes that this skepticism “has prevented me, I hope, from holding or announcing those conclusions with a confidence which the nature of such speculations does not warrant, and has kept my mind always open to admit clearer perceptions and better evidence” (Autobiography, c. vi: 196).



theory and the factual data.<sup>529</sup> However, although there is an evident variation between the Millian economic theory and historical facts, due to Mill's frequent inability to turn his empiricism into abstract schemes, the examples of their interaction more than many. Evidently, their perpetual independence is connected with Mill's general attitude. According to Schumpeter (1954: 505-506), Mill was

Incorruptibly honest. He would not twist either facts or arguments if he could help it. When the preferences- his social sympathies- did assert themselves all the same, he was not slow to apply the pruning knife. Hence many an inconclusive result, or even many a contradiction.

In many instances in his *Political Economy* there are cases in which the historical element is overlapping with the theoretical one. Essentially therefore, theoretical reasoning in Mill's political economy is frequently modified in the light of inadequacies revealed by empirical evidence (Hollander and Peart 1999: 372). For Mill, economic theory, even in its most abstract form, is subject to corrections in consequence of direct verification.<sup>530</sup> As Peart (1995: 1200) rightly observes, "the purpose of verification consisted of the explanation of the discrepancy between theoretical prediction and observed outcome". This process of correction is of prime importance in Mill, since as Mill himself observes:

If a political economist, for instance, finds himself puzzled by any recent or present commercial phenomena; if there is any mystery to him in the late or present state of the productive industry of the country, which his knowledge of principle does not enable him to unriddle; he may be sure that something is wanting to render his system of opinions a safe guide in existing circumstances. Either some of the facts which influence the situation of the country and the course of events are not known to him; or, knowing them, he knows not what ought to be their effects. In the latter case his system is imperfect even as an abstract system; it does not enable him to trace correctly

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<sup>529</sup> According to Whitaker (1975: 1046) "Even when Mill does employ a direct deductive approach he seldom attempts to verify the results empirically against specific examples, as his methodological precepts require. Perhaps he felt the theory to be so well established that this would be redundant".

<sup>530</sup> This ontological belief lies behind Mill's Herculean 'Reconciliatory Project' (see Chapter 4). Mill believes that Ricardian economics, which was the most abstract form of political economy, can be tested in the light of empirical and historical evidence.

all the consequences even of assumed premises (Essays, On the Definition of Political Economy: 157-158).

Mill believes that such imperfections would lead the political economist to refresh his analysis, and will “furnish the occasion for a consequent enlargement or correction of his general views” (p. 159). For him, verification is the true remedy of imperfections that are derived by deduction (A System of Logic, Book VI, c. ix, § 1: 583). *Ipsa facto*, history, as historical evidence, is rooted in the ‘hard core’ of his methodology of social sciences. More specifically, Mill praises Comte as the first thinker who had

placed the necessity of historical studies as the foundation of sociological speculation on the true footing. From this time any political thinker who fancies himself able to dispense with a connected view of the great facts of history, as a chain of causes and effects, must be below the level of the age (Auguste Comte and Positivism, Part I: 86).

Mill’s famous chapter on ‘Competition and Custom’ illustrates the view that in many historical instances, history really matters as it modifies the conclusions of abstract theoretical reasoning. In these historical circumstances, custom gives to competition the role of simple disturbance (Hollander and Peart 1999: 386). In other cases, it functions as the mark-up of prices, wages, rents etc. and as such limits the ‘competitive equilibrium’ of a given society. In fact, Mill does not hesitate to provide qualifications (and subsequent modifications) of many of his theoretical principles.

Additionally, many of his theoretical principles, especially those in Book IV, are phrased as following the assumption of ‘perfect competition’. However, he was conscious with regard to the problems of this abstract assumption. According to Mill, much of the confusion regarding economics, and especially Ricardian political economy, arise “because the ‘best teachers’ of economics rendered it ‘perfect as an abstract science’” (Wade Hands 2001: 24). He believes that in other historical instances, these principles are only partial and hypothetical. This belief is closely connected with his analysis of *tendency laws* and his view of economics as an *inexact* science. For instance, in his discussion concerning ‘Values and Prices’, he warns the reader about the ‘Relativity of Economic Doctrines’:

Once for all, that the cases I contemplate are those in which values and prices are determined by competition alone. In so far only as they are thus determined can only be reduced to any assignable law (Principles, Book III, c. i, § 5: 440).

Mill's analysis of the tendency of the rate of profit to fall is constructed *ceteris paribus* with regard to 'an entire cessation of the exportation of capital for foreign investment'. He notes, in a pre-Hobsonian vein, that the exportation of capital in pre-industrialised countries, which is a historical situation, upholds the general rate of profit in developed countries. For Mill, the downward tendency of the rate of profit would operate under certain (historical) conditions that would foreshadow the 'Stagnant State' of capitalist societies:

No more capital sent abroad for railways or loans; no more emigrants taking capital with them, to the colonies, or to other countries; no fresh advances made, or credits given, by bankers or merchants. We must also assume that there are no fresh loans for unproductive expenditure, by the government, or on mortgage, or otherwise; and none of the waste of capital which now takes place by the failure of undertakings which people are tempted to engage in by the hope of a better income than can be obtained in sage paths at the present habitually low rate of profit. We must suppose the entire savings of the community to be annually invested in really productive employment within the country itself; and no new channels opened by industrial inventions, or by a more extensive substitution of the best known processes for inferior ones (Principles, Book IV, c. iv, § 4:731-732).

Evidently therefore, the actual convergence of the 'Stagnant State' "is continually postponed for various reasons, for example, technological innovations that prevent profits from falling to their customary minimum rate" (Riley 1998: 311). Mill is wary of the diversity of historical circumstances and formulates the theorem of 'the tendency of the rate of profits to fall' through a historically delineated argumentation. For Mill, this is a true tendency law and there are many countervailing forces to this tendency which are discussed by him extensively (Wade Hands 2001: 25; section 5.4). He believes that technological investments, free distribution of capital, absence of security, emigration-colonisation and uneven economic development among

countries sustain the rate of profit above its customary minimum level (*Principles*, Book IV, c. iv: 725-739).

Essentially, the actual (historical) conditions influence and bound the working of the abstract principle. According to Bonar (1911: 723):

It is remarkable that a man, otherwise so little academic, should adopt so conspicuously a plan of exposition better suited for a lecturer than a writer of books, the initial exaggeration of a doctrine followed by qualifications of it. In his case the qualifications often come near to destroying its generality altogether.

Hunt (cited in Platteau 1985: 7) also stresses that Mill provides qualifications to any theoretical principle which “are so extensive and so persuasively argued that their cumulative effect was to suggest to the reader- and frequently to give a lucid and convincing defence for – the validity of principles quite contradictory to those espoused by Mill”. Peart (1995: 1195) notes that Mill’s methodology implies a crucial role for observation which gives access to the reliability of theoretical analysis but at the same time, and more importantly, it “might feed into the theory by uncovering causes ill-advisedly omitted from the axiomatic framework”. Essentially therefore, as Schumpeter (1954: 505) eloquently observes: “Mill never says a thing without also saying its opposite”. For him, this attitude, “to a greater part it is due to Mill’s judicial habit of mind that forced him to consider all aspects of each question” (p. 505). Additionally, Mill’s tendency to add historical evidence to the subsequent editions of his *Principles* illustrates the fact that he considers it of prime importance in testing his theoretical principles.

Verification *per se*, has a twofold dimension in the Millian political economy. It either enriches his theoretical analysis or re-specifies the deductive premises. However, Mill’s relation to history, both as evidence and as science, is limited by the degree of the development of the historical profession. According to Cairns (1985: xxv), “At Mill’s birth, the state of history was far from brilliant”, since the “archives were neglected and disarranged” and “the libraries were unwelcoming”. We have to keep in mind that during the nineteenth century the professional interest in history was in a process of regeneration but was far from being developed. More specifically, in England the professionalisation of history was declining and as such this imposed a

constraint on the incorporation of history in Mill's economic analysis.<sup>531</sup> Mill himself had this in mind and was virulently critical of the English historical scholarship (Section 5.2). In his own words:

How new an art that of writing history is, how very recently it is that we possess histories, of events not contemporary with the writer, which, apart from literary merit, have any value otherwise than as materials: how utterly uncritical, until lately were all historians, even as to the most important facts of history, and how much, even after criticisms had commenced, the later writers merely continued to repeat after the earlier (EPS, *The State of Society in America*: 93).

However, the sampling of historical evidence is extended in Mill's analysis as he, following the Smithian tradition, uses a variety of historical facts (Statutes and Official Reports) to support his theoretical arguments. He was well acquainted with official data since he had the opportunity – as an Examiner of the East India Company – to have access to contemporary (and historical) evidence. His autobiographical comment is illustrative of this potentiality:

I am disposed to agree with what has been surmised by others, that the opportunity which my official position gave me of learning by personal observation the necessary conditions of the practical conduct of public affairs, has been of considerable value to me as a theoretical reformer of the opinions and institutions of my time. Not indeed, that public business transacted on paper, to take effect on the other side of the globe, was of itself calculated to give much practical knowledge of life (*Autobiography*, c. iii: 87).

Mill elaborates historical and temporal data to strengthen the epistemic pillars of his political economy. Hollander and Peart (1999: 392) rightly observe that his verification was not based on statistical tests while “his engagement of the real world is most impressive in its qualitative detail”.<sup>532</sup> These qualitative sources evidence his

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<sup>531</sup> As Cairns (1985: xxv-xxvi) notes, “The universities were, and were to remain until after the mid-century, largely uninterested in modern history. In the uncatalogued depositories, whether Westminster Abbey's chapter-house or the Tower of London, rats and mice went about their casual destruction. Foreign scholars who came calling were appalled”.

<sup>532</sup> Mill's aversion to statistics resembles Smith's attitude. According to Schumpeter (1954: 517), in *Principles* “no contact whatever is made with any statistical method”. Peart (1995: 1195) goes further and notes that, “J.S. Mill erected a roadblock between economists and such elementary statistical

methodological attempt to incorporate history as a necessary element of the verification of his *a priorism*.

Mill follows the Smithian tradition and uses history for illustrative purposes. The instances of this illustration are numerous. For instance, in attempting to illustrate the (frequently) unproductive character of colonisation, Mill uses the historical example of the Swan River Settlement in Western Australia in which “There are many persons maintained from existing capital, who produce nothing, or who might produce much more than they do” (Principles, Book I, c. v, § 2: 65). Furthermore, he believes that the most influential factor in determining the productivity of the agents of production is “a maritime situation, especially when accompanied with good natural harbours; and, next to it, great navigable rivers” (Principles, Book I, c. vii, § 2: 103). He illustrates this view by noting that:

In the ancient world, and in the Middle Ages, the most prosperous communities were not those which had the largest territory, or the most fertile soil, but rather those which had been forced by natural sterility to make the utmost use of a convenient maritime situation, as Athens, Tyre, Marseilles, Venice, the free cities of the Baltic, and the like (p. 103-104).

In discussing ‘Money’ (Book III, c. vii), he sketches out a brief history of numismatics in order to support his view of the necessity of ‘Paper Money’ as a general means of exchange.<sup>533</sup> However, writing in a truly classical and anti-mercantilist vein, notes that:

It must be evident [...] that the mere introduction of a particular mode of exchanging things for one another by first exchanging a thing for money, and then exchanging the money for something else, makes no difference in the

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procedures”. It must be noticed that Mill was not in favour of statistics and arithmetic. He notes in his Autobiography that his lessons on arithmetic were remembered for their irksomeness (Autobiography, c. i: 8).

<sup>533</sup> Mill observes that “furs have been employed as money in some countries, cattle in others, in Chinese Tartary cubes of tea closely pressed together, the shells called cowries on the coast of Western Africa, and in Abyssinia at this day blocks of rock salt; though even of metals, the less costly have sometimes been chosen, as iron in Lacedaemon from an ascetic policy, copper in the early Roman republic from the poverty of the people; gold and silver have been generally preferred by nations which were able to obtain them, either by industry, commerce, or conquest” (Principles, Book III, c. vii, § 2: 485).

essential character of transactions. It is not with money that things are really purchased (Principles, Book III, c. vii, § 3: 487).

Additionally, in discussing the importance of co-operation and of the division of labour, he observes that the “savages of New Holland never help each other, even in the most simple operations; and their condition is hardly superior, in some respects it is inferior, to that of wild animals which they now and then catch” (Principles, Book I, c. viii, § 1: 117). Mill, like Smith, believes that even a precarious division of labour is the necessary condition for social and economic development. He notes that “Without some separation of employments, very few things would be produced at all” (Principles, Book I, c. viii, § 2: 118).<sup>534</sup> His belief in the division of labour is illustrated in his references to associations of labourers and to the associations of labourers and capitalists. He cites historical facts to illustrate his views. He notes that “In the American ships trading to China, it has long been the custom of every sailor to have an interest in the profits of the voyage”, and “An instance in England not so well known as it deserves to be, is that of Cornish miners” (Principles, Book IV, c. vii, § 5: 764-765). Moreover, in his discussion concerning the associations of labourers between themselves in England he cites as illustrative examples the Leeds Flour Mill and the Rochdale Society of Equitable Pioneers. He lines up the full accounts of the latter and notes that for the former “I have no certified information” (Principles, Book IV, c. vii, § 6: 788). Essentially, this remark shows his sensitivity with regard to historical evidence and illustrates the critical character of arraying them.

Mill employs a variety of historical sources which are, in the majority of instances, critically assessed. He used official documents, travellers’ notes and oral references. For instance, he used Escher’s Report, who was an engineer and cotton manufacturer, to provide factual data concerning child labour. Mill illustrates the authenticity of this Report by noting that it “gives a character of English as contrasted with Continental workmen, which all persons of similar experience will, I believe, confirm” (Principles, Book I, c. vii, § 5: 109). Mill deepens his historical criticism by noting that “The whole evidence of this intelligent and experienced employer of

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<sup>534</sup> At the same time, Mill, argues that the division of labour is also connected with unfavourable sociological and psychological effects: “The increasing specialization of all employments; the division of mankind into innumerable small functions, each engrossed by an extremely minute fragment of the business of society, is not without inconveniences, as well moral as intellectual, which, if they could not be remedied, would be a serious abatement from the benefits of advanced civilization” (Auguste Comte and Positivism, Part I: 94).

labour is deserving of attention (p. 110). In his discussion of ‘watchmaking’, he cites the historical evidence, annexed in Babbage’s *Economy of Machinery and Manufactures* (1846), in order to illustrate the economic effects of apprenticeship in this factor (Principles, Book I, c. viii, § 4: 124). Moreover, Mill elaborates a variety of historical sources to illustrate the importance of small proprietorships. He uses Sismondi’s observations to illustrate the improved productivity of small-scale proprietorship (Principles, Book I, c. vii, § 5: 109) and cites Thornton’s historical evidence on the subject (Principles, Book II, c. vi, § 6: 277). In his narrative, which represents a valuable piece of economic history, he uses a variety of historical references which are interesting even for the modern economic historian. Additionally, in his discussion of wages in Continental Europe, he uses Leonce de Lavergne’s historical references to illustrate his views, and characterises him a “painstaking, well-informed, and most imparer enquirer” (Principles, Book II, c. vii, § 5: 295).<sup>535</sup> In discussing high rents in Ireland under the cottier system he cites “evidence taken by Lord Devon’s Commission” (Principles, Book II, c. ix, § 2: 323). In his analysis of wages in England, he cites the *Report of the Handloom Weavers Commission* of 1841 to illustrate that “there are certain branches of handloom weaving in which wages are much above the rate common in the trade” due to the fact that neither women nor children are employed (Principles, Book II, c. xiv, § 4: 399). Furthermore, in his narrative on associations, which is one of the most interesting pieces of his political economy, he incorporates historical evidence to support his associationalist views. In doing so, he used Cochut’s article in the newspaper *National* “the accuracy of which I can attest” (Principles, Book IV, c. vii, § 6: 775). Last, he uses Holyoake’s references to present the organisation of the Rochdale Society of Equitable Pioneers (p. 784).

However, apart from official data and authentic secondary sources, Mill employs travellers’ notes and observations. He uses, as Smith had done, Ulloa’s descriptions of the savage economy of North America’s Indians (Principles, Book I, c. xi, § 3: 169). Additionally, in his discussion concerning saving, in the first book of his *Principles*, he notes that the Chinese “might be anticipated that they would possess a degree of prudence and self control greater than other Asiatics, but inferior to most

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<sup>535</sup> Louis Gabriel Leonce Guilhaud de Lavergne (1809-1880) was a French political economist who specialised in a variety of economic matters. Mill’s reference to him is annexed in the 1862 edition of Mill’s *Principles* and illustrates his anxiety to support his syllogisms with historical evidence.



European nations” (p. 170). He supports this view by citing travellers’ observations: “Durability is one of the chief qualities, marking a high degree of the effective desire of accumulation. The testimony of travellers ascribes to the instruments formed by Chinese a very inferior durability to similar instruments constructed by Europeans” (p. 170). He is critical, however, with use of a variety of traveller’s notes and memoirs and observes that they must be studied in a critical way. He criticises British travellers’ views on the disadvantages of small proprietorship by accusing them for subjectivity (Principles, Book II, c. vi, § 5: 274). Furthermore, he castigates de Tocqueville’s historical references by noting that:

The *Democracy in America* of M. de Tocqueville, will be apt, if read without [...] necessary caution, to convey a conception of America, in many respects very wide of the truth (EPS, *The State of Society in America*: 96).<sup>536</sup>

On the other hand, he notes that Abdy “appears a very competent observer and witness, as to the state of things in America” (p. 96).<sup>537</sup> For Mill:

Few books of travels in that country, which have fallen under our notice, have a greater number of useful and interesting facts and observations scattered through them.

What is more, he certifies a variety of his views by citing personal martyries as he favours the use of oral sources. He quotes Roland’s testimony, who was a Girondist minister, in order to illustrate the despotic character of the French government until to the French Revolution:

I have seen eighty, ninety, a hundred pieces of cotton or woollen stuff cut up, and completely destroyed. I have witnessed similar scenes every week for a number of years. I have seen manufactured goods confiscated; heavy fines laid on the manufactures; some pieces of fabric were burnt in public places, and at

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<sup>536</sup> Mill is generally critical of secondary historical sources. For instance, he is critical of Tooke’s *History of Prices* (1838) by noting that the author is characterised by extravagance “in attributing almost every rise or fall of prices to an enlargement or contraction of the issues of bank notes” (Principles, Book III, c. xxiv, § 1: 652).

<sup>537</sup> Edward Strutt Abdy (1791-1846) was an English legal academic, notable as an author on slavery, racism and racial relations in the United States (For more information see: B. Elizabeth (2004–2009), “[Abdy, Edward Strutt \(1791–1846\), campaigner against slavery and racism](#)”, in *Oxford Dictionary of National Biography*, Oxford University Press). Mill names Abdy ‘an enlightened Radical’ praises him for his sympathy to coloured population of North America (EPS, *State of Society in America*: 96).

the hours of market [...] All this was done under my eyes, at Rouen, in conformity with existing regulations, or ministerial orders (Principles, Book V, c. xi, § 7: 951).

Summarising, Mill's treatment of historical and factual data should be viewed as a necessary part of his Art of Verification. The historical element in all its forms (official, unofficial and oral) and in all its types (primary and secondary) is incorporated into Mill's economic analysis. This fact differentiates his political economy from that of Ricardo, evidences the difficulty of his methodological reconciliation and illustrates an agonising return to Smith's methodology. *Ipso facto*, this recursion is connected with Mill's Reconciliatory Project: to provide a *via media* between the Ricardian deductivism and anti-Ricardian inductivism.

## 5.8 Concluding remarks

The aforementioned analysis illustrates that Mill's economic, political and philosophical analysis is highly inclined towards history. Mill's different uses of history, as presented through the six thematic approaches of this essay, underline the view that history constitutes an important element of his work. Be that as it may, Mill did not incorporate history in the 'hard core' of his analysis. He allowed history and other sources of empirical evidence to infiltrate in a variety of ways but, at the same time, he believed that political economy remained essentially a deductive science. This structural ambivalence, despite its interesting tenets, represented a decisive frailty in his economic analysis, leading eventually to the emergence of two opposing approaches. The first one was promoted by his keen colleague, John Elliot Cairnes (1823-1875) who is often described as the 'last of the classical economists'. Cairnes wrote in the classical tradition and re-introduced many Ricardian motifs, such as the 'wages fund doctrine', which was discarded by J.S. Mill. The second approach was followed by the Irish applied economist Thomas Edward Cliffe Leslie (1825-1882) whose work was the authentic offspring of Richard Jones's heterodox teachings. Cliffe Leslie based his arguments on Mill's inductive and historical tenets and developed his historical method in the footsteps of David Hume and Francis Bacon. In contrast to Cairnes, he virulently criticised the 'wages fund doctrine' and accepted Mill's heterodox "relativity of economic doctrines" notion. Essentially, the pioneers of British Historicism can be seen as the offspring of Mill's heterodox methodology.

Cliffe Leslie and Arnold Toynbee laid the foundation of British historicism which became the womb of economic history proper.

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# ΠΕΡΙΛΗΨΗ

## Πρόλογος

Η χρηματοπιστωτική κρίση που ξέσπασε το 2008 επέφερε σημαίνουσες οικονομικές, κοινωνικές και πολιτικές αναδιπλώσεις καθιστώντας το ερώτημα ‘Τι γίνεται με τα Οικονομικά;’ ένα ζήτημα καθοριστικής σημασίας. Το δίδυμο πρόβλημα της ‘κρίσης χρέους’ και της χρηματοπιστωτικής και τραπεζικής ευθραυστότητας κατέστησε την παγκόσμια οικονομία εξαιρετικά ‘δεκτική’ σε εξωτερικά σοκ. Αναμφίβολα, η α-ιστορική και α-χρονική φύση των νεοκλασικών οικονομικών δεν επέτρεψε την πρόβλεψη της παγκόσμιας κρίσης γεγονός που εμφάνισε τα συμπαρομαρτούντα της μετάπτωσης ως αστραπές σε ένα ‘ξάστερο ουρανό’. Η κρίση, σε συνδυασμό με τον αποτυχημένο ‘φορμαλισμό’ της οικονομικής θεωρίας, κατέστησαν αδήριτη την ανάγκη για μια συνολική μεταστροφή της οικονομικής θεωρίας: από την αυτιστική φύση των μοντέλων σε μια ολιστική πολιτική οικονομία η οποία θα εδράζεται στην εγγενή συσχέτιση μεταξύ οικονομικής θεωρίας και οικονομικής ιστορίας. Όπως χαρακτηριστικά σημειώνουν οι Fine και Milonakis (2012) η σημασία της πολιτικής οικονομίας για την οικονομική επιστήμη είναι πιο έντονη από ποτέ.

Υπό το πρίσμα αυτό, η συγκεκριμένη διδακτορική διατριβή είναι ένα προϊόν του καιρού της καθώς επιχειρεί την ‘επαναξιολόγηση’ της σχέσης μεταξύ οικονομικής θεωρίας και οικονομικής ιστορίας στρέφοντας το βλέμμα της πίσω στην κλασική περίοδο της πολιτικής οικονομίας. Οι κυριότεροι εκπρόσωποι της κλασικής παράδοσης εκπόνησαν τις οικονομικές τους πραγματείες όταν η πολιτική οικονομία εννοείτο ως μια αξεδιάλυτη κοινωνική επιστήμη και όταν τα όρια μεταξύ των κοινωνικών επιστημών, οι οποίες βρισκόταν ακόμα στα σπάργανά τους, ήταν εξαιρετικά θολά. Επί παραδείγματι, οι Άνταμ Σμιθ, Τζον Στιούαρτ Μιλλ και Καρλ Μαρξ θεωρούσαν, έστω και υπόρρητα, πως η πολιτική οικονομία ήταν η ‘επιστήμη της κοινωνίας’ και ως τούτη ήταν στενά συνδεδεμένη με την ιστορία. Η διατριβή ερευνά την παράδοση αυτή δίδοντας ιδιαίτερη έμφαση στο πως οι κλασικοί πολιτικοί οικονομολόγοι χρησιμοποίησαν το ιστορικό στοιχείο, σε όλες του τις μορφές, ως έναν δομικό αρμό της οικονομικής τους ανάλυσης. Το κύριο σώμα της διατριβής οργανώνεται στη βάση τεσσάρων κεφαλαίων. Τα δυο πρώτα εξετάζουν την

εργογραφία του Άνταμ Σμιθ ενώ τα υπόλοιπα δυο αυτήν του Τζον Στιούαρτ Μιλλ, όμως όλα συνδέονται με το πώς σταχυολογείται το ιστορικό στοιχείο στην κλασική παράδοση. Η επιλογή τόσο του Σμιθ όσο και του Μιλλ δεν είναι τυχαία αλλά εντοπίζεται σε ένα διφυές αναλυτικό πλαίσιο. Η πρώτη διάσταση αυτού του πλαισίου σχετίζεται με τον όγκο του ερευνητικού υλικού. Στα παραδοσιακά συγγράμματα, τα σχετικά με την ιστορία της οικονομικής σκέψης, τόσο ο Σμιθ όσο και ο Μιλλ παρουσιάζονται ως συγγραφείς του ‘ενός magnum opus’. Όμως και οι δυο υπήρξαν πολυγραφότατοι με αποτέλεσμα το συγγραφικό τους έργο να είναι τεράστιο. Υπό την έννοια αυτή, η έρευνα αποδελτίωσε τα κείμενα τους και με επίτονο τρόπο επιχείρησε να αναδείξει την σημασία του ιστορικού στοιχείου μεταδιαμορφώνοντας την σχέση μεταξύ θεωρίας και ιστορίας στο σμιθιανό και μιλλιανό έργο. Από την άλλη, τα κείμενα του Σμιθ αποτελούν το ‘εναρκτήριο’ λάκτισμα της κλασικής περιόδου ενώ αυτά του Μιλλ συνιστούν το ‘κύκνειο άσμα’ αυτού του γόνιμου χρονικού ανύσματος. Απομένει λοιπόν στη μεθύτερη έρευνα να εξετάσει τα αναπόδραστα κενά του ερευνητικού μας προγράμματος. Όσον αφορά την καθεαυτό δομή της διατριβής:

Το πρώτο κεφάλαιο (δοκίμιο) εξετάζει την διανοητική και φιλοσοφική μετάβαση από την Σκωτική ιστορική σχολή στην θεωρία για την ιστορία του Άνταμ Σμιθ. Εξετάζει την παράδοση του Σκωτικού ιστορισμού και αναδεικνύει τους βασικούς πυλώνες της Σκωτικής θεωρίας για την ιστορία. Υποστηρίζει την θέση πως η μεθοδολογία και το επιστημολογικό πλαίσιο της Σκωτικής ιστορικής σχολής επηρεάστηκαν, σε ένα βαθύτερο μεθοδολογικό επίπεδο, από την αναλυτικό-συνθετική μέθοδο του Νεύτωνα του οποίου οι μεθοδολογικές σημαίνουσες αποτέλεσαν βασικό στοιχείο της θεωρίας της για την ιστορία. Επιπρόσθετα, το κεφάλαιο επιχειρεί να αναδείξει πως ο Άνταμ Σμιθ ήταν ένα τυπικό προϊόν του Σκωτικού Διαφωτισμού καθώς διαμοιραζόταν την δυναμική αλλά και τις αδυναμίες των συγκαρινών του διανοητών. Η βασική συνεισφορά του κεφαλαίου εδράζεται στο γεγονός πως ανασυσταίνει τα συνθετικά χαρακτηριστικά της σμιθιανής θεωρίας για την ιστορία. Υποστηρίζει πως αυτή αποτελεί το αμάλγαμα τριών ξέχωρων αλλά αξεδιάλυτων μεταξύ τους στοιχείων: της σμιθιανής φιλοσοφίας για την επιστήμη, της σμιθιανής μεθόδου και της σμιθιανής θέασης για την ιστοριογραφία. Πιο συγκεκριμένα, η φιλοσοφία του Σμιθ περί επιστήμης ερευνάται μέσω της προσέγγισης του εξαιρετικού *Δοκίμια περί της Αστρονομίας* (1795) στο οποίο ο Σμιθ αναπτύσσει, σε ένα προ-Κουνιανό επίπεδο, την έννοια της ‘επιστημονικής εξέλιξης’

(scientific progress). Επιπλέον, η μέθοδος του Σμιθ εξετάζεται αναλυτικά ενώ αναδεικνύονται οι στενοί δεσμοί της σμιθιανής μεθόδου με την νευτώνεια αναλυτικό-συνθετική μέθοδο. *In fine*, το κεφάλαιο αναδεικνύει τους δεσμούς του Σμιθ με την σύγχρονη ιστοριογραφία καθώς εξετάζει το σχετικά άγνωστο κείμενο του η *Ιστορία των Ιστορικών*. Από την άλλη, η κύρια ερευνητική στόχευση του συγκεκριμένου κεφαλαίου συνίσταται στο να αναδείξει πως η ‘θεωρία για την ιστορία’, όπως αυτή αναπτύσσεται στο σμιθιανό έργο, είναι ένα δομικό στοιχείο της οικονομικής ανάλυσης. Εν κατακλείδι, το κεφάλαιο υποστηρίζει, πως σε καθαρά επιστημολογικό επίπεδο, η σμιθιανή θεωρία για την ιστορία αρθρώνεται ως η πολύπλοκη ενότητα φιλοσοφικών, θεωρητικών και αφηγηματικών στοιχείων τα οποία είναι διαλεκτικά και σχεσιακά συνδεδεμένα.

Το δεύτερο κεφάλαιο διερευνά το σμιθιανό *locus classicus* ως το θεμέλιο λίθο τόσο της οικονομικής θεωρίας όσο και της οικονομικής ιστορίας. Το κεφάλαιο υποστηρίζει πως ο Σμιθ, πέρα από την ‘θεωρία του για την ιστορία’, χρησιμοποίησε την ιστορία με τέσσερις διακριτούς τρόπους στον *Πλούτο των Εθνών* (1776). Καταρχήν, εγγράφεται μια μεθοδολογική χρήση της ιστορίας στον πυρήνα της οποίας ο Σμιθ εντάσσει έναν πρωτόλειο ιστορικό υλισμό και μια προοδευτική φιλοσοφία για την ιστορία. Σε ένα δεύτερο επίπεδο, καταγράφεται μια επεξηγηματική χρήση της ιστορίας η οποία και χρησιμοποιείται για την ενίσχυση και την διασάφηση των αφηρημένων θεωρητικών σχημάτων. Με τον τρόπο αυτό ο Σμιθ προχωρά σε εκτενή χρήση οικονομικής και κοινωνικής ιστορίας ενώ τεκμηριώνει και τον ‘επαληθευτικό’ (verificationist) ρόλο της οικονομικής ιστορίας στην οικονομική θεωρία. Τρίτον, ο Σμιθ μεταχειρίζεται και μια ‘θεωρητική’ χρήση της ιστορίας σύμφωνα με την οποία η ιστορία εντάσσεται ως ένα οργανικό μέρος του καθαρού θεωρητικού συλλογισμού. Με την χρήση αυτή, η ιστορία καθίσταται οντολογικός πυλώνας της θεωρητικής προσέγγισης καθιστώντας τα σμιθιανά θεωρητικά σχήματα ιστορικά συγκεκριμένα (historical specificity). Τέλος, ανασυσταίνεται μια τέταρτη χρήση της ιστορίας κατά την οποία η ιστορία χρησιμοποιείται ως υποκατάστατο του θεωρητικού συλλογισμού. Η συγκεκριμένη πρακτική, παρά τις ενδιαφέρουσες σημαίνουσες της, συνιστά την καθαρή αποκρυστάλλωση του σμιθιανού εμπειρισμού ο οποίος προσεγγίζεται συχνά ως μια διφορούμενη εκδοχή της σκέψης του. Συγχρόνως, μια βασική διάσταση του κεφαλαίου είναι το ότι παρουσιάζει τον Σμιθ ως έναν πρώιμο οικονομικό ιστορικό. Αναντίρρητα, η σμιθιανή οικονομική ιστορία χαρακτηρίζεται από αναλυτικούς

περιορισμούς και ιστοριογραφικές αδυναμίες. Όμως, ο *Πλούτος των Εθνών* δύναται να χαρακτηριστεί ως μια πρωτοπόρα πραγματεία οικονομικής ιστορίας. Το κεφάλαιο εξετάζει πως ο Σμιθ χρησιμοποίησε ιστορικά τεκμήρια (πρωτογενή και δευτερογενή) ενώ ταυτόχρονα αναδεικνύει την κριτική μέθοδο που χρησιμοποίησε ο Σμιθ για να ανασυστήσει τα τεκμήρια αυτά.

Το τρίτο κεφάλαιο εξετάζει το μιλλιανό ‘συμφιλιωτικό σχέδιο’ (reconciliatory project) ως το κανάλι μέσω του οποίου η ιστορία μετατράπηκε σε σύστοιχο στοιχείο της οικονομικής θεωρίας. Αντίθετα με τον Ρικάρντο, ο Μιλλ επιχείρησε να εντάξει το ιστορικό στοιχείο στην ‘συμφιλιωτική’ του πολιτική οικονομία. Το κεφάλαιο παρουσιάζει την αποϊστορικοποίηση της πολιτικής οικονομίας, μέσω του έργου του Ρικάρντο και των μεταρικαρδιανών, ενώ αναδεικνύει τον Μιλλ ως τον πλέον ‘σμιθιανό’ πολιτικό οικονομολόγο της μεταρικαρδιανής περιόδου οικονομικής σκέψης. Η ανάλυση εξετάζει τις ετερόδοξες διαστάσεις της μιλλιανής πολιτικής οικονομίας ενώ ταυτόχρονα επιχειρεί να ανασυστήσει το ρόλο του ιστορικού στοιχείου στο έργο του Μιλλ. Το κεφάλαιο ερευνά την μιλλιανή ανάλυση περί της μεθόδου στις κοινωνικές επιστήμες δίδοντας έμφαση στην περίφημη ‘Φυσικό-ειδική Απαγωγική Μέθοδο’ (Concrete Deductive Method). Δεύτερον, μελετά την μιλλιανή ‘σχετικότητα των οικονομικών δογμάτων’ (Relativity of Economic Doctrines) σύμφωνα με την οποία η οικονομική γνώση και τα οικονομικά θεωρήματα είναι υποκείμενα στην σχετικότητα του ιστορικού και γεωγραφικού πλαισίου. Τρίτον, καταδεικνύει την μιλλιανή διάκριση μεταξύ των ‘νόμων παραγωγής και διανομής’ η οποία είναι Σαιντ-σιμονική στη σύλληψη της. Μέσω αυτής της διάκρισης ο Μιλλ επιτρέπει στην ιστορία να αποτελέσει ένα εγγενές συστατικό στοιχείο της οικονομικής θεωρίας. Η αυταπόδεικτα ετερόδοξη θέαση του Μιλλ πως η ‘Διανομή του Πλούτου’ είναι μια κοινωνική και ιστορική πράξη φωτίζει την αναγκαιότητα της συσχέτισης θεωρίας και ιστορίας. *In fine*, το κεφάλαιο εξετάζει τις ριζοσπαστικές σκέψεις του Μιλλ όσον αφορά την οικονομική πολιτική ενώ αποδίδει ξεχωριστή προσοχή στον Ιρλανδικό γαιοκτησιακό ζήτημα στο οποίο ανέπτυξε τις ετερόδοξες απόψεις του σε σχέση με την οικονομική πολιτική.

Το τελευταίο κεφάλαιο προτείνει μια ‘εξαθεματική’ προσέγγιση της σχέσης μεταξύ του μιλλιανού έργου και της ιστορίας. Σημειώνει πως η ιστορία ανασυσταίνεται στα κείμενα του Μιλλ μέσα από έξι ξέχωρες μορφές. Καταρχήν το κεφάλαιο παρουσιάζει τις ενδιαφέρουσες απόψεις του Μιλλ σε σχέση με την ιστορία

της ιστοριογραφίας κυρίως μέσα από την αποδελτίωση και τη μελέτη των συλλογικών άρθρων σε σχέση με την *Γαλλική Ιστορία και τους Ιστορικούς*. Η δεύτερη θεματική εστιάζει στην μιλλιανή φιλοσοφία για την ιστορία αναδεικνύοντας τη σημασία της προόδου για την λυσιτελή κατανόηση της. Η τρίτη θεματική ερευνά την μιλλιανή θεωρία οικονομικής ανάπτυξης δίδοντας έμφαση στο ‘Προκαταρκτικό Σημείωμα’ των *Αξιωμάτων της Πολιτικής Οικονομίας* (1848). Η τέταρτη και η πέμπτη θεματική συνδέονται μεταξύ τους καθώς εστιάζουν στη μιλλιανή θεωρία περί ‘αποικιοποίησης’ και στην ανάλυση του για το ‘Στάσιμο Στάδιο’ (Stationary State). Οι θεματικές αυτές αναδεικνύουν την διαφορά μεταξύ μιας στάσιμης οικονομίας και της μιλλιανής φιλελεύθερης ουτοπίας η οποία και δεν έχει αναδειχθεί στη μιλλιανή βιβλιογραφία. Τέλος, η έκτη θεματική εξετάζει τη χρήση των ιστορικών τεκμηρίων από το Μιλλ δίδοντας ιδιαίτερη έμφαση στην ‘τέχνη της επαλήθευσης’ όπως αυτή καταγράφεται στα μεθοδολογικά και θεωρητικά του κείμενα. Το καινοτόμο στοιχείο της εξαθεματικής προσέγγισης είναι ότι προσφέρει θεωρητικά, ιστορικά και μεθοδολογικά τεκμήρια που αναδεικνύουν τους δεσμούς μεταξύ της μιλλιανής πολιτικής οικονομίας και της ιστορίας.

## **1. Θεωρητικό, μεθοδολογικό και ιστορικό πλαίσιο: η οικονομική ιστορία ως το ‘μουλάρι’ των κοινωνικών επιστημών.**

Αυταπόδεικτα, οι κοινωνικές επιστήμες δεν δύνανται να παρουσιάσουν την συνοχή και την ακρίβεια των φυσικών επιστημών. Η διαπίστωση αυτή ανατροφοδοτείται από το γεγονός πως η κοινωνική πραγματικότητα είναι πολύ περισσότερο πολύπλοκη και πολυδιάστατη. Αναμφίβολα, αυτή είναι και η κυριότερη αιτία για τον έντονο απομονωτισμό μεταξύ των κοινωνικών επιστημών αφενός και των κοινωνικών επιστημόνων αφετέρου. Ο Μπρωντέλ, ένας ευαγγελιστής της ενότητας της κοινωνικής έρευνας, σημειώνει πως κάθε κοινωνική επιστήμη παρουσιάζεται ως μια διαφορετική ‘χώρα’, με τη δική της γλώσσα, περιεχόμενο, κανόνες και (κυρίως) σύνορα. Κάθε κοινωνική επιστήμη, μέσω του κυρίαρχου επιστημονικού της παραδείγματος (και της ανάπτυξης των δικών της επιστημονικών εργαλείων) επιχειρεί να παρουσιάσει τα θεωρητικά της σχήματα ως μοναδικά ‘θέσφατα’. Επομένως, κάθε κοινωνική επιστήμη είναι υπό μια έννοια ‘ιμπεριαλιστική’ καθώς επιχειρεί να αναδείξει τα συμπεράσματα της ως ‘καθολικά’

σε σχέση με την ανθρώπινη συμπεριφορά. Αναμφίβολα λοιπόν, αυτό το εύθραυστο και ασταθές πλαίσιο ορίζει και επανορίζει τις σχέσεις μεταξύ των κοινωνικών επιστημών ως πολυποίκιλες και δυναμικές. Πιο συγκεκριμένα, οι σχέσεις μεταξύ οικονομικής θεωρίας και ιστορίας, τα συστατικά πεδία της οικονομικής ιστορίας, παρουσιάζουν μια αέναη διακύμανση: από την επιτυχή και σταθερή ενότητα στην Σκωτική ιστορική σχολή και στην κλασική πολιτική οικονομία, την ανοιχτή διαμάχη μεταξύ θεωρίας και ιστορίας στη σύγκρουση της Βρετανικής ιστορικής σχολής και των νεοκλασικών οικονομικών, μέχρι την εξοβέλιση του οικονομικού στοιχείου από την ιστορία με τον διάλογο μεταξύ των ‘ουδετεριστών’ και των ‘ρεφορμιστών’ αλλά και την αποικιοποίηση της ιστορίας από τη (νεοκλασική) θεωρία μέσω της ‘κλιομετρικής επανάστασης’.

Παρότι η ‘ακαδημαϊκοποίηση’ της οικονομικής ιστορίας δεν είχε προωθηθεί μέχρι το τελευταίο τέταρτο του δεκάτου ενάτου αιώνα, η ουσία της - ως η συστηματική εξέταση του οικονομικού παρελθόντος – βρίσκει τα πρώτα ψήγματα της στις πρώτες δεκαετίες του δεκάτου ογδού αιώνα, και πιο συγκεκριμένα στα γραπτά της Σκωτικής ιστορικής σχολής. Κατά την κλασική περίοδο, η οικονομική ιστορία δεν εμφανιζόταν ως ένα ξεχωριστό ακαδημαϊκό πεδίο αλλά το οικονομικό ιστορικό στοιχείο ήταν οργανικά ‘δεμένο’ στον σκληρό πυρήνα (και όχι μόνο) της ‘κλασικής πολιτικής οικονομίας’ και κυρίως στα γραπτά των Άνταμ Σμιθ, Ρομπερτ Μάλθους, Τζον Στιούαρτ Μιλλ και Καρλ Μαρξ. Η πολιτική οικονομία εννοείτο ως μια ‘ενοποιημένη κοινωνική επιστήμη’ η οποία και αγκάλιαζε το κοινωνικό, ιστορικό και οικονομικό στοιχείο. Αμέσως μετά την οριακή επανάσταση της δεκαετίας του 1870 και της συνακόλουθης διαμάχης περί της μεθόδου (Methodenstreit), που διέρρηξαν τον ‘σκληρό πυρήνα’ του κλασικού παραδείγματος, η οικονομική ιστορία παρουσιάζεται σταδιακά ως ένα ξεχωριστό ακαδημαϊκό πεδίο το οποίο κινείται μεταξύ της αφηρημένης και φορμαλιστικής οικονομικής θεωρίας και της πιο ακραία αφηγηματικής ιστοριογραφίας. Η οικονομική ιστορία αναδύθηκε και συστηματοποιήθηκε μεταξύ 1875-1890 όταν και τα πρώτα βήματα έγιναν ώστε η οικονομική ιστορία να αναγνωρίζεται ως ένα ‘κατάλληλο’ αντικείμενο για τα βρετανικά πανεπιστήμια. Η περαιτέρω εδραίωση της – με τα δικά της ερευνητικά ερωτήματα, τις μεθόδους, τα εγχειρίδια και τις ακαδημαϊκές θέσεις της - ολοκληρώθηκε στις πρώτες δεκαετίες του ‘σύντομου’ εικοστού αιώνα.



Ιστορικά, η οικονομική θεωρία και η ιστορία αντιπαλεύουν για την ‘πατρότητα’ της οικονομικής ιστορίας. Η σχέση μεταξύ των δυο μπορεί να εκφραστεί, σύμφωνα με την εύστοχη ρήση του Θανάση Καλαφάτη, ως ένας ‘δυστυχής γάμος με αδύνατο διαζύγιο’. Έχουν καταγραφεί πολλαπλές αναγνώσεις σχετικά με το περιεχόμενο της οικονομικής ιστορίας. Σύμφωνα με την Pollard η οικονομική ιστορία είναι το ‘μουλάρι’ των κοινωνικών επιστημών. Παρόμοια, για τον Coats η οικονομική ιστορία είναι ένα ‘υβριδικό πεδίο’ στο οποίο ο οικονομικός ιστορικός οφείλει όχι μονάχα να εντρυφήσει στην φύση και τις μεθόδους της οικονομικής ιστορίας αλλά και σε αυτές των οικονομικών και της ιστορίας. Πράγματι, ο οικονομικός ιστορικός γνωρίζει πως δεν μπορεί να ζήσει κατά μόνας καθώς καλλιεργεί ένα ‘υβριδικό’ φυτό *in media res* μεταξύ τέχνης και κοινωνικών επιστημών. Αναντίρρητα, η κατάσταση είναι διαφορετική στα υπόλοιπα υπό-πεδία ιστορίας όπως η πολιτική ιστορία, η κοινωνική ιστορία ή η ψυχολογική ιστορία καθώς οι αντίστοιχες κοινωνικές επιστήμες δεν προσεγγίζουν την (υποτιθέμενη) ακρίβεια και την γενικότητα των οικονομικών. Από την άλλη, καμία άλλη κοινωνική επιστήμη δεν σχετίζεται τόσο οργανικά με την ιστορία όσο η οικονομική επιστήμη. Όπως χαρακτηριστικά σημειώνει ο Cole “οι δεσμοί μεταξύ ιστορίας και θεωρίας είναι πολύ στενότεροι στην ανάλυση των οικονομικών μεταβολών παρά σε οποιοδήποτε άλλο είδος ιστορικής ανάλυσης”. Ουσιαστικά, ο τυπικός οικονομικός ιστορικός βιώνει ένα είδος ‘σχιζοφρένειας’ καθώς εμφανίζεται με ένα διττό πρόσωπο όπως τον Ιανό: το ένα οικονομολόγου, το άλλο ιστορικού. Για τον λόγο αυτό ο οικονομικός ιστορικός που προσπαθεί να διαφύγει από αυτήν την διττότητα κινείται αντίθετα με το πεδίο αυτό καθαυτό.

Η οικονομική ιστορία είναι η σύνθεση δυο αντίθετων ακαδημαϊκών παραδόσεων των οικονομικών και της ιστοριογραφίας. Η ιστορία είναι ένα επιστημονικό πεδίο με αυταπόδεικτα αρχαϊκές ρίζες, διαπνέεται από κοσμοπολίτικα χαρακτηριστικά, είναι δεκτική στα ερεθίσματα των άλλων κοινωνικών επιστημών και διαπνέεται από έναν ευρύ, λογοτεχνικό και καλλιτεχνικό ορίζοντα. Για τον λόγο αυτό, η ιστορία χαρακτηρίζεται από τον Μπρωντέλ ως η ήκιστα ακριβής ανθρωπιστική επιστήμη. Από την άλλη, η οικονομική επιστήμη είναι ένα ξέχωρο επιστημονικό πεδίο, αρκετά νεαρότερο, όντας περισσότερο άκαμπτο και οριοθετημένο στο να συστηματοποιεί κανονικότητες στις οικονομικές διαδικασίες. Η οικονομική επιστήμη, ήδη από τις σμιθιανές της σημαίνουσες, επιχειρεί να

διαμορφώσει είτε γενικούς νόμους για όλη την οικονομία, όπως στην κλασική πολιτική οικονομία, είτε υποδείγματα σε σχέση με την ανθρώπινη συμπεριφορά όπως στην νεοκλασική μικροοικονομική θεωρία. Η τάση αυτή είναι διακριτή, τουλάχιστον μετά την οριακή επανάσταση του τελευταίου τετάρτου του δεκάτου ενάτου αιώνα, στην προσπάθεια των οικονομικών θεωρητικών να παράξουν μια επιστήμη η οποία να ομοιάζει στην φυσική. Τα αναπόδραστα απότοκα αυτής της διάθεσης διαγράφονται με ενάργεια στα κείμενα της τρίκας του μαρξινισμού, και κυρίως στον Τζέβονς και στον Βαλρας. Σε αντίθεση με την ιστορία, ο Μπρωντέλ χαρακτηρίζει τα οικονομικά ως την πλέον αυστηρή και φορμαλιστική επιστήμη. Τα συμπαρομαρτούντα της οριακής επανάστασης, όπως έχουν δηλωτικά καταγραφεί στην οικονομική φιλολογία, είναι μια αφηρημένη και γενικευτική επιστήμη η οποία αναζητεί κανονικότητες με καθολικό ερμηνευτικό εύρος και σε πλήρη αντίστιξη με την 'ιστορική συγκεκριμενότητα'. Η διαλεκτική σχέση μεταξύ της ορθόδοξης οικονομικής θεωρίας και της αφηγηματικής ιστοριογραφίας παρήγαγε μια σύνθεση, την οικονομική ιστορία, της οποίας το περιεχόμενο είναι συχνά θολό. Η ασταθής αυτή σύνθεση κληροδότησε πληθώρα επιστημολογικών (και οντολογικών) προβλημάτων στον οικονομικό ιστορικό ο οποίος είναι πάντα ιστορικός για τους οικονομολόγους και οικονομολόγος για τους ιστορικούς. Η ασταθής φύση της σύνθεσης αυτής μπορεί να αποδοθεί στην οριακή επανάσταση και στην μεθύτερη μετάβαση από την κλασική πολιτική οικονομία στα οικονομικά. Το δίδυμο αποτέλεσμα αυτής της μετάβασης είναι αφενός μια περαιτέρω αφηρημένη και φορμαλιστική οικονομική επιστήμη που εξοβέλισε το ιστορικό στοιχείο από τον οντολογικό της 'σκληρό πυρήνα', και αφετέρου μια α-θεωρητική μεταμοντέρνα ιστορία η οποία αποποιείται γενικών παραδοχών και προσομοιάζει στην τέχνη και την λογοτεχνία. Από την άλλη, ο ιμπεριαλισμός της οικονομικής επιστήμης, ο οποίος εκκολάφτηκε κατά τον 'μακρύ' δέκατο ένατο αιώνα, επιχείρησε κατά την δεκαετία του 1960 να «αποκοιποήσει» την οικονομική ιστορία χρησιμοποιώντας ως 'πολιορκητικό κριό' την οικονομετρία και την νεοκλασική οικονομική θεωρία.

Η διαδικασία αυτή κατέληξε σε μια ερμαφρόδιτη συσχέτιση μεταξύ οικονομικής θεωρίας και ιστορίας αποστερώντας από την θεωρία τον δυναμικό χαρακτήρα της ιστορίας και την ιστορία από την συστηματοποίηση της θεωρίας. Τα συμπαρομαρτούντα της αντί-διαλεκτικής αυτής σύνθεσης εγγράφονται στις εγγενείς αδυναμίες του κυρίαρχου παραδείγματος να κατανοήσει τις βαθύτερες συνέπειες της

παρούσας κρίσης και να ερμηνεύσει το βάθος και το εύρος των δομικών αλλαγών που συντελούνται στα ‘μακρά κύματα’ της ανθρώπινης ιστορίας. Το νεοκλασικό επιστημονικό παράδειγμα, μέσω της επιστημολογικής αναπαραγωγής των α-ιστορικών οντολογικών του παραδοχών, είναι εντελώς ασύμβατο ως προς τον ιστορικό χρόνο καθώς συνδέεται με την εκτενή χρήση στατικών εργαλείων και εννοιών (όπως αυτή της ισορροπίας) οι οποίες αποκλείουν την έννοια του ιστορικού χρόνου και των ιστορικών διεργασιών. Σε ανοιχτή αντίστιξη προς τα νεοκλασικά οικονομικά, η σχέση μεταξύ οικονομικής θεωρίας και ιστορίας οφείλει να είναι αρμονική καθώς η ιστορία αποτελεί το ‘διανοητικό όριο’ των όποιων ιμπεριαλισμών της θεωρίας. Πράγματι, η αλληλεξάρτηση μεταξύ οικονομικών και ιστορίας προϋποθέτει τον αέναο, συνεχή και ενεργό διάλογο ώστε να παραχθούν συνεκτικές ερμηνείες του οικονομικού παρελθόντος. Παρά ταύτα, η οικονομική θεωρία για να είναι ιστορικά σχετική πρέπει να εξωθεί τον οικονομολόγο να ‘εμβαπτίζει’ τα ιστορικά του στοιχεία στον ‘ιστορικό χρόνο’. Την ίδια στιγμή, ο οικονομικός ιστορικός χρειάζεται ένα συνεκτικό σώμα θεωρητικών σχημάτων ώστε να είναι σε θέση να επεξηγήσει, να ταξινομήσει και να ‘κριτικάρει’ τα διαθέσιμα ιστορικά δεδομένα. Αυτή η σύμφυση είναι σε θέση να καταστήσει δυνατή την δημιουργία μιας θεωρητικής, πραγματιστικής και κριτικής αντίληψης της ιστορικής πραγματικότητας η οποία είναι εντελώς ασύμβατη με την επιστημολογική λογική των νεοκλασικών οικονομικών. Αυτή η *κριτική ιστορία* βρίσκει τις ρίζες της στην παράδοση της κλασικής πολιτικής οικονομίας η οποία ενείχε στον ‘σκληρό πυρήνα’ της την οργανική σύμφυση μεταξύ ιστορίας και θεωρίας. Το κύριο σώμα της διατριβής ανασυσταίνει την παράδοση αυτή δίδοντας έμφαση σε δυο από τους κύριους εκπροσώπους της, τον Άνταμ Σμιθ και τον Μίλλ, επιχειρώντας να αναδείξει πως ο ‘ελεύθερος’ διάλογος μεταξύ θεωρίας και ιστορίας είναι σε θέση να παράγει ‘ιστορικά ευαίσθητα’ θεωρητικά σχήματα τα οποία δύνανται να κινηθούν προς μια στέρεη ερμηνεία της παρελθούσας και συγκαιρινής οικονομικής πραγματικότητας.

## **2. Οι προάγγελοι της οικονομικής ιστορίας: η κλασική περίοδος**

Όπως έχει ήδη σημειωθεί, αρκετά πριν την επίσημη (ακαδημαϊκή) ανάδυση της οικονομικής ιστορίας ως ενός ξέχωρου επιστημονικού πεδίου, η ιστορικό στοιχείο αποτελούσε την κύρια εστίαση της Σκωτικής ιστορικής σχολής ενώ αποτελούσε και

οργανικό στοιχείο των περισσότερων εκ των εκπροσώπων της κλασικής πολιτικής οικονομίας. Οι περισσότεροι εκ των κλασικών οικονομολόγων με το να αποδίδουν ιδιαίτερο ενδιαφέρον στον ιστορικό χαρακτήρα της παραγωγής και της διανομής χρησιμοποίησαν το ιστορικό στοιχείο ως ένα εγγενές συστατικό οικονομικής θεώρησης. Τα τέσσερα κεφάλαια της διατριβής εξετάζουν την χρήση της ιστορίας εντός του επιστημικού πλαισίου της θεωρίας επιχειρώντας παράλληλα να ανασυστήσουν την ‘θεωρία για την ιστορία’ όπως αυτή ανασυγκροτείται μέσω των κειμένων του Σμιθ και του Μιλλ.

### **3. ΚΕΦΑΛΑΙΟ Ι: Από τον Σκωτικό Ιστορισμό στην σμιθιανή θεωρία για την ιστορία**

#### **3.1 Σύντομη επισκόπηση κεφαλαίου**

Ο Άνταμ Σμιθ (1723-1790) θεωρείται ως ο θεμελιωτής της σύγχρονης οικονομικής σκέψης καθώς ο *Πλούτος των Εθνών* νοείται ως ο θεμέλιος λίθος της οικονομικής επιστήμης. Όπως χαρακτηριστικά σημειώνει και ο Θεοχαράκης, το έργο του Σμιθ μεταφράστηκε σε διάφορες (ευρωπαϊκές γλώσσες) και λειτούργησε ως ο διαμεσολαβητής της μετεκένωσης φιλελεύθερων οικονομικών ιδεών. Η μεθοδολογία του Σμιθ ήταν εκλεκτικιστική καθώς περιλάμβανε αντιθετικά στοιχεία: το εμπειρικό (ιστορικό), το θεωρητικό, το θεσμικό, το φιλοσοφικό, το στατικό και το δυναμικό. Το ιστορικό στοιχείο, σε όλες του τις μορφές, συσχετίζεται με τα υπόλοιπα στοιχεία και αποτελεί έναν άρρηκτο αρμό της σμιθιανής οικονομικής ανάλυσης. Όπως σημειώνουν οι Milonakis και Fine δεν υπάρχει καμία σελίδα στον *Πλούτο των Εθνών* όπου η θεωρία με την ιστορία να είναι χώρια. Το κεφάλαιο επιχειρεί να ανασύρει τις βαθύτερες σημαίνουσες της σχέσης θεωρίας και ιστορίας τολμώντας να προσφέρει μια, ει δυνατόν, ανασύσταση της σμιθιανής θεωρίας για την ιστορία. Το κεφάλαιο οργανώνεται μέσω τριών ενοτήτων. Η πρώτη παρουσιάζει την σημασία της ιστορίας στην Σκωτική ιστορική σχολή όπως αυτή εγγράφεται στην πλειονότητα των εκπροσώπων της. Η δεύτερη παρουσιάζει τον Άνταμ Σμιθ ως μια γνήσια αντανάκλαση του σκωτικού διαφωτισμού επιχειρώντας να ανασυστήσει τις βασικές επιρροές του Σμιθ, ενώ η τρίτη παρουσιάζει τη σμιθιανή θεωρία για την ιστορία ως την ενότητα τριών υπό-ιστοριών: της υποθετικής, της θεωρητικής και της αφηγηματικής. Η συνεισφορά της έρευνας εδράζεται σε ένα διττό επίπεδο: αφενός

παρουσιάζει τις επιστημικές σημαίνουσες της σμιθιανής θεωρίας για την ιστορία και αφετέρου ανασυσταίνει την θεωρία αυτή ως την αξεδιάλυτη ενότητα τριών επιμέρους υπό-ιστοριών.

### **3.2 Οι κυριότερες επιρροές προς τη σμιθιανή θεωρία για την ιστορία**

Ένα βασικό πόρισμα του κεφαλαίου συνίσταται στο ότι παρουσιάζει το σμιθιανό έργο ως μια εναργή αντανάκλαση του Σκωτικού διαφωτισμού. Η διαπίστωση αυτή τεκμαίρεται από το γεγονός πως ο Σμιθ συνέγραψε κείμενα σχετικά με την μεταφυσική, την ιστορία, την ηθική φιλοσοφία, την πολιτική οικονομία, την βιολογία και την δικονομία. Ως ένα γνήσιο τέκνο του Σκωτικού ιστορισμού ο Σμιθ θεωρούσε την ιστορία ως ένα αδήριτης σημασίας στοιχείο προς την άρθρωση ενός γενικού συστήματος κοινωνικής επιστήμης. Ουσιαστικά, παρότι δεν συνέγραψε ποτέ ένα ‘καθαρό’ κείμενο σχετικά με την ‘θεωρία του για την ιστορία’, αυτή αποτέλεσε μια σημαντική διάσταση της εργογραφίας του. Η ‘θεωρία του για την ιστορία’ αρθρώθηκε στη βάση τριών επιρροών: της φιλοσοφίας του για την επιστήμη, της νευτώνειας αναλυτικό-συνθετικής μεθόδου και της ιστοριογραφικής σκέψη του όπως αυτή αναπτύσσεται στην *Ιστορία των Ιστορικών*.

Ο Σμιθ παρουσίασε με γλαφυρό τρόπο το πνεύμα της φιλοσοφίας του για την επιστήμη στην *Ιστορία της Αστρονομίας* όπου και αναπτύσσει την ιδέα της επιστημονικής προόδου. Ο Σμιθ θεωρεί πως κάθε επιστημονικό πεδίο διαμορφώνεται στη βάση τριών συναισθημάτων: έκπληξη, αναρώτηση και θαυμασμός. Για τον Σμιθ η έκπληξη είναι μια βίαιη και απότομη μεταβολή που επέρχεται στην σκέψη όταν ένα αναπάντεχο γεγονός λαμβάνει χώρα; η αναρώτηση είναι αβεβαιότητα που λαμβάνει χώρα όταν το γεγονός αυτό δεν μπορεί να συνδεθεί με όλες τις πρότερες διαδικασίες, ενώ ο θαυμασμός εγγράφεται στη σκέψη του επιστήμονα όταν το αναπάντεχο γεγονός συνδέεται με το θεωρητικό σώμα που έχει διαμορφωθεί από την ακαδημαϊκή κοινότητα. Σύμφωνα με τον Σμιθ πίσω από κάθε επιστημονική διαδικασία εδράζεται η ψυχολογική ανάγκη το θεωρητικού να καταπραΰνει την έκπληξη και την αναρώτηση που αναδύονται από ‘ανερμήνευτα’ και αναπάντεχα γεγονότα. *Ipso facto*, κατά τη σμιθιανή φιλοσοφία για την επιστήμη ένα θεωρητικό σχήμα θα πρέπει να είναι εύληπτο, συνεκτικό, οικείο και απλό αλλά παράλληλα αισθητικά εύμορφο και ιδιαίτερο ώστε να προσφέρει τα συνδετικά αξιώματα για την ερμηνεία των φυσικών ή κοινωνικών φαινομένων. Ο Σμιθ αποδέχεται τον ‘ανοικτό’ χαρακτήρα της

επιστημονικής διαδικασίας και για τον λόγο αυτό δεν κάνει λόγο για την απόλυτη αλήθεια ενός θεωρητικού συστήματος αλλά παρουσιάζει μια δέσμη από *desiderata* για την αξιολόγηση των θεωρητικών συστημάτων. Σημειώνει πως κάθε θεωρητικό σχήμα θα πρέπει οντολογικά να εδράζεται σε συγκεκριμένα συνεκτικά και γενικά αξιώματα ώστε να δώσει τη δυνατότητα της κατανόησης όλων των γεγονότων με την χρήση ει δυνατόν ήκιστων αξιωμάτων. Η θεωρία, σύμφωνα με τον Σμιθ, είναι ένα εγχείρημα να εισάγεις τάξη και αρμονία σε εμπειρικά δεδομένα συνδέοντας τα με μια αόρατη διανοητική αλυσίδα. Αναλογικά, η σμιθιανή θεωρία για την ιστορία διαπνέεται από τα χαρακτηριστικά που εγγράφονται στην φιλοσοφία του για την επιστήμη. Αναπόδραστα, η θεωρία αυτή ενέχει συγκεκριμένες σημαίνουσες οι οποίες λειτουργούν ως μια δέσμη αξιωμάτων που συνδέουν φαινομενικά ασύμβατα μεταξύ τους τεκμήρια.

Όπως έχει ήδη σημειωθεί, ο Σμιθ υιοθέτησε την νευτώνεια αναλυτικό-συνθετική μέθοδο ως την πλέον κατάλληλη από όλες τις διαθέσιμες. Για τον συγγραφέα του *Πλούτου των Εθνών* το νευτώνειο θεωρητικό σύστημα (και η μεθοδολογία του) επέτυχε με το να επεξηγήσει ένα σημαντικά μεγάλο εύρος γεγονότων τα οποία τα προηγούμενα θεωρητικά συστήματα αδυνατούσαν να ερμηνεύσουν. Ο ίδιος ο Σμιθ σημειώνει στις περίφημες διαλέξεις του πως η νευτώνεια αναλυτικό-συνθετική μέθοδος είναι η πλέον φιλοσοφική και συνιστά την πλέον ευφυή για κάθε επιστήμη (φυσική ή κοινωνική). Ουσιαστικά η αναλυτικό-συνθετική μέθοδος αποτελεί μια σημαντική διάσταση της σμιθιανής φιλοσοφίας της επιστήμης αφού εισάγει την αναγκαία κανονικότητα στα θεωρητικά σχήματα. Η συγκεκριμένη μέθοδος αποτελεί τον μεθοδολογικό αρμό της σμιθιανής 'θεωρίας για την ιστορία' καθώς είναι το μέσο για την κατανόηση συγκεκριμένων κανονικοτήτων στην ιστορικά και συγκαιρινά φαινόμενα δίδοντας τη δυνατότητα διαμόρφωσης απαγωγικών συλλογισμών σε σχέση με τα κοινωνικά και οικονομικά φαινόμενα. Πάρα ταύτα, ο Σμιθ υπήρξε προσεκτικός στο να χρησιμοποιήσει την αναλυτικό-συνθετική μέθοδο με διαφορετικό τρόπο στα κοινωνικό-οικονομικά φαινόμενα. Ο Σμιθ αποδέχεται την σημασία της απαγωγής αλλά είναι πάντοτε προσεκτικός στην εφαρμογή της. Αυτή η προσεκτική μεθοδολογική ανάγνωση επηρέασε την χρήση της αναλυτικό-συνθετικής μεθόδου από τον Σμιθ. Η σμιθιανή αναλυτικό-συνθετική μέθοδος υπήρξε περισσότερο εμπειρική, γεγονός που αντανάκλα τον τρόπο με τον οποίο οι Σκωτσέζοι φιλόσοφοι υιοθέτησαν τον Νευτωνιανισμό. Έτσι, ενώ ο Σμιθ

αποδέχθηκε την αναλυτικό-συνθετική μέθοδο ενέταξε νέες (περισσότερες απαγωγικές) διαστάσεις σε αυτήν. Οι διαστάσεις αυτές προσέθεσαν μια ιστορική μεθοδολογική πνοή στα της αναλυτικό-συνθετικής μεθόδου. Αυτή η ιδιάζουσα σύνθεση απαγωγής και επαγωγής προσέδωσε στην σμιθιανή μέθοδο κριτικό-ρεαλιστικά γνωρίσματα τα οποία έδωσαν τη δυνατότητα στο Σμιθ να είναι τόσο θεωρητικός όσο και ιστορικός στην ανάλυση του. Η αναλυτικό-συνθετική μέθοδος του Σμιθ μπορεί να συνοψισθεί ως εξής:

- i. Αναδεικνύει την σημασία της παρατήρησης αφού οι απλές (και αξιωματικές) ιδέες παράγονται από τις ανθρώπινες αισθήσεις
- ii. Σημειώνει πως η φαντασία παράγει συνεκτικά τα οποία συσχετίζουν επαναλαμβανόμενα γεγονότα
- iii. Ταξινομεί τα συνδέοντας τα με το υπόλοιπο θεωρητικό σώμα σε σχέση πάντα με την επαγωγική λογική

Η σύνδεση της απαγωγής με την επαγωγή μέσω της αναλυτικό-συνθετικής μεθόδου, έδωσε τη δυνατότητα στο Σμιθ να παράσχει τον μεθοδολογικό δεσμό μεταξύ θεωρητικής και αφηγηματικής ιστορίας. Αναμφίβολα αυτό σχετίζεται με την επιστημική μετακίνηση από τα φαινόμενα στη διαμόρφωση αξιωμάτων και στην παραγωγή θεωρητικών συλλογισμών μέσω των αξιωμάτων αυτών. Η (περισσότερο) εμπειρική σμιθιανή μέθοδος ανατροφοδότησε τη 'θεωρία για την ιστορία' και προσέδωσε σε αυτήν περισσότερο ιστορικά στοιχεία. Η σμιθιανή 'θεωρία για την ιστορία' εμβαπτίζεται στην φιλοσοφική πεποίθηση του Σμιθ πως η ανθρώπινη φύση, σε ανοιχτή αντίστιξη προς την καθαυτή φύση, είναι ακανόνιστη, ιστορικά διαπνεόμενη και απρόβλεπτη αντανακλώντας την αναγκαιότητα για μια ιστορικά ευαίσθητη θεωρία και μέθοδο. Αναντίρρητα, η σμιθιανή μέθοδος φωτίζει την αναγκαιότητα και τη σημασία της ιστορίας και επιτρέπει την ευρεία χρήση ιστορικών στοιχείων ούσα ένα συστατικό στοιχείο της 'θεωρίας για την ιστορία'.

Η σμιθιανή 'θεωρία για την ιστορία' διαπνέεται από τις θεάσεις του Σμιθ για την ιστοριογραφία. Ο Σμιθ παρότι δεν αποτελεί τον τυπικό ιστορικό της Σκωτικής ιστορικής σχολής όπως νοούνται οι Hume, Robertson, Millar και Ferguson. Όμως η σκέψη του ήταν βαθύτατα ιστορίζουσα. Οι ιστοριογραφικές επιρροές του Σμιθ είναι πολυποίκιλες και διαδιάστατες και εγγράφονται στον 'σκληρό πυρήνα' της 'θεωρίας του για την ιστορία'. Η Θουκυδιδιανή διάσταση της ιστορικής σκέψης του τον

εξώθησε να εντάξει την αναζήτηση του ‘αιτίου’ ως κεντρικής σημασίας έννοια στην διαμόρφωση της ‘θεωρίας του για την ιστορία’. Από την άλλη η επιρροή του Hutcheson στην ιστοριογραφική σκέψη του Σμιθ τον βοήθησε να εισάγει το αναλυτικό στοιχείο στην ‘θεωρία του για την ιστορία’. Αναμφίβολα, η εκλεκτικιστική (μεθοδολογική) στάση του Σμιθ σχετίζεται με την δίδυμη χρήση τόσο της αφηγηματικής ιστορίας, ως το μέσο για την ανάδειξη παρατηρήσεων και γεγονότων, όσο και της θεωρητικής ιστορίας για την τυποποίηση κανονικοτήτων και ομοιομορφιών στην ανθρώπινη ζωή.

### **3.3 Η σμιθιανή θεωρία για την ιστορία.**

Η σμιθιανή θεωρία για την ιστορία χαρακτηρίζεται από τρία γνώρισμα όπως αυτά εγγράφονται στα διάφορα κείμενα του συγγραφέα των *Ηθικών Συναισθημάτων*. Το πρώτο γνώρισμα της είναι η αναγκαιότητα να εντοπίσει τα γενικά αίτια που βρίσκονται κάτω από τις ιστορικές διεργασίες. Υπόρρητα, ο Σμιθ θεωρεί πως ο ρόλος της ιστορίας είναι να φωτίσει τα αίτια που ‘κινούν’ τα ηθικά και κοινωνικά φαινόμενα. Σημειώνει στις διαλέξεις του ότι:

Η επιδίωξη της ιστορικής γραφής δεν είναι απλά η ψυχαγωγή του αναγνώστη [...] καθώς παραθέτει τα ενδιαφέροντα και σπουδαία γεγονότα της ανθρώπινης ζωής και υπογραμμίζει τα αίτια των γεγονότων αυτών.

Αναντίρρητα, ο οντολογικός ‘θεμέλιος λίθος’ της ‘σμιθιανής θεωρίας για την ιστορία’ είναι η επισήμανση των βαθύτερων αιτιών που παρατηρούνται και αφηγούνται από τον ιστορικό. Ο Σμιθ, *en converso* προς τους ορθόδοξους ιστορικούς, παρήγαγε μια ‘θεωρία για την ιστορία’ που συνέδεσε την (παραδοσιακή) ιστορική αφήγηση με την ερμηνεία ιστορικών γεγονότων. Κατά τον Σμιθ η τέχνη του να εντοπίζεις το ‘αίτιο’ ενός ιστορικού γεγονότος εκφράστηκε στην ιστορία της ιστοριογραφίας από τους Θουκυδίδη και Τάκιτο σημειώνοντας στην 18<sup>η</sup> διάλεξη του για την ρητορική πως η επιστημική σύνδεση μεταξύ ‘αιτίου και αποτελέσματος’ συνιστά την πλέον σημαντική συμβολή. Σε άμεση σύνδεση με τους υπόλοιπους Σκώτους συγγραφείς, διαμορφώνει μια ‘θεωρία για την ιστορία’ ώστε να ανακαλύψει την βαθύτερη σχέση ‘αιτίου και αποτελέσματος’.

Το δεύτερο γνώρισμα της σμιθιανής ‘θεωρίας για την ιστορία’ είναι η αναγκαιότητα της αντικειμενικότητας. Ο Σμιθ εξυμνεί τον Μακιαβέλι ως έναν από



τους μοναδικούς ιστορικούς που επιχειρήσαν να συνδέσουν τα αίτια με τα αποτελέσματα χωρίς να κλίνει (υποκειμενικά) προς καμία ερμηνεία. Αναμφίβολα η αντικειμενικότητα προϋποθέτει την κριτική αποτίμηση των ιστορικών τεκμηρίων. Για τον Σμιθ ο ιστορικός θα πρέπει να αναπτύσσει μια κριτική στάση προς τα δεδομένα προσπαθώντας να τα μελετά αντικειμενικά αναζητώντας την εναργέστερη διασάφηση των αιτίων. Η κριτική διάσταση της ιστορικής σκέψης του Σμιθ τον εξώθησε να εντάξει την κριτική αποτίμηση των διαθέσιμων τεκμηρίων ως ένα οργανικό στοιχείο της ‘θεωρίας για την ιστορία’.

*In fine*, το τελευταίο (επιστημικό) γνώρισμα της σμιθιανής ‘θεωρίας για την ιστορία’ είναι η διαμόρφωση γενικών αξιωμάτων για την περιγραφή, την επεξήγηση και την ερμηνεία της ιστορικής διαδικασίας. Το ενδιαφέρον του Σμιθ ως προς την κατανόηση και την συστηματοποίηση του ρόλου των κοινωνικών δομών στην ιστορία αλλά και το ενδιαφέρον του να ‘τυποποιήσει’ τις σχέσεις μεταξύ των διαφόρων κοινωνικών τάξεων καταδεικνύουν πόσο διαφορετική είναι η προσέγγιση του σε σχέση με τους ‘ορθόδοξους’ ιστορικούς του δεκάτου ενάτου αιώνα. Το ενδιαφέρον αυτό προσέδωσε στη ‘σμιθιανή θεωρία για την ιστορία’ το πιο ενδιαφέρον γνώρισμα της: την ερμηνεία όχι μεμονωμένων φαινομένων ή συγκεκριμένων γεγονότων αλλά την διαμόρφωση συνδετικών αξιωμάτων σε σχέση με την ανθρώπινη συμπεριφορά. Αυταπόδεικτα μια τέτοια προσέγγιση προσέδωσε στην ‘σμιθιανή θεωρία για την ιστορία’ μια φιλοσοφική διάσταση η οποία σχετίζεται επιστημολογικά με την αναζήτηση κανονικοτήτων πίσω από τις ιστορικές διαδικασίες. Βέβαια, ο Σμιθ δεν αρνήθηκε ποτέ τη σημασία της αφηγηματικής ιστορίας και τη σύνδεση της με την παραγωγή θεωρητικών συλλογισμών.

Από την άλλη πλευρά, η σμιθιανή ‘θεωρία για την ιστορία’ παρότι αναπτύσσει οντολογικές συγγένειες με τις θεωρίες των άλλων μελών της Σκωτικής ιστορικής σχολής είναι περισσότερο πολύπλοκη. Η ‘σμιθιανή θεωρία’ εδράζεται επιστημικά στη βάση τριών πυλώνων: την υποθετική ιστορία (*conjectural history*) η οποία είναι η οντολογική της διάσταση, τη θεωρητική ιστορία η οποία συνιστά την επιστημολογική της αντανάκλαση, και την αφηγηματική ιστορία η οποία συνιστά τον δεσμό μεταξύ των δυο. Η σμιθιανή ‘θεωρία για την ιστορία’, παρότι σχετίζεται με την άρθρωση γενικών αξιωμάτων σε σχέση με την ανθρώπινη φύση, δεν υποβαθμίζει τη σημασία της αφηγηματικής ιστορίας η οποία σχετίζεται με την δράση των μεμονωμένων ατόμων και την αφήγηση συγκεκριμένων γεγονότων. Ειδικότερα στον

Σμιθ, η αφηγηματική ιστορία ενέχει σημαίνοντα ρόλο καθώς είτε ενισχύει είτε διαψεύδει τον συχνά αφηρημένο χαρακτήρα της θεωρίας του για την ιστορία. *Ad addendum*, σύμφωνα και με την διαφοροποιημένη νευτώνεια αναλυτικό-συνθετική μέθοδο που μεταχειρίζεται ο Σμιθ, η αφηγηματική ιστορία προσφέρει το απαραίτητο ιστορικό υλικό από το οποίο δύναται να εξαχθούν (και να αναπτυχθούν) γενικά θεωρητικά σχήματα. Από την άλλη, ο έμφυτος εμπειρισμός του Σμιθ τον εξωθεί να λογίζει το εμπειρικό (αφηγηματικό) στοιχείο ως ένα σύστοιχο στοιχείο της ‘θεωρίας για την ιστορία’. Ουσιαστικά, η σμιθιανή ‘θεωρία για την ιστορία’ συνιστά την αποκρυστάλλωση τριών ξέχωρων (αλλά στενά συνδεδεμένων) τύπων *ιστορειν* (υποθετικό, θεωρητικό, αφηγηματικό) που καθορίζουν την ιστορική του γραφή. Η επιστημική συνέπεια των τριών αυτών τύπων επηρεάζει την οικονομική και κοινωνική του ανάλυση και καθορίζει την πολιτική του οικονομία. Το συγκεκριμένο κεφάλαιο ανασυστήνει τους τύπους αυτούς και παρουσιάζει τη ‘σμιθιανή θεωρία για την ιστορία’ ως το αξεδιάλυτο αμάλγαμα της αλληλεπίδρασης τους.

## **4. ΚΕΦΑΛΑΙΟ ΙΙ: Ο ΠΛΟΥΤΟΣ ΤΩΝ ΕΘΝΩΝ ΤΟΥ ΑΝΤΑΜ ΣΜΙΘ, ΘΕΜΕΛΙΩΝΟΝΤΑΣ ΤΗΝ ΟΙΚΟΝΟΜΙΚΗ ΙΣΤΟΡΙΑ**

### **4.1 Σύντομη επισκόπηση κεφαλαίου**

Η πλούσια και πολυδιάστατη διανοητική κληρονομιά της Σκωτικής ιστορικής σχολής εμφυτεύτηκε από τον ηγέτη της σε ένα ακαλλιέργητο αλλά εξαιρετικά γόνιμο έδαφος, αυτό της πολιτικής οικονομίας. Ο Άνταμ Σμιθ, μετά την συνταξιοδότηση του από το πανεπιστήμιο της Γλασκώβης, συνέχισε να μετέρχεται των οικονομικών ζητημάτων στα όποια αναφερόταν αόριστα στις *Διαλέξεις του για την Νομολογία*. Τα οικονομικά ενδιαφέροντα του Σμιθ εστίαζαν, πριν τη συγγραφή του *Πλούτου των Εθνών*, σε ζητήματα παραγωγής και διανομής του πλούτου αλλά και στα δημόσια οικονομικά. Αναπόδραστα, τα ενδιαφέροντα αυτά μετατόπισαν την σκέψη του Σμιθ εγγύτερα στο πεδίο το οποίο ονομάστηκε αργότερα πολιτική οικονομία. Όπως ήδη εγγράφηκε στην επισκόπηση του πρώτου κεφαλαίου της διατριβής, στον *Πλούτο των Εθνών* καταγράφεται μια οργανική και διαλεκτική σύνθεση οικονομικής θεωρίας και ιστορίας. Στο συγκεκριμένο κείμενο ο ‘επιστημικός διάλογος’ μεταξύ των δυο κατακτά το απόγειο του, δεδομένου ότι το συγκεκριμένο κείμενο αναδεικνύει την σημασία και των δυο στην ανατομία των οικονομικών διεργασιών. Στον Σμιθ, η αφηρημένη οικονομική θεώρηση εμβαπτίζεται στα διαθέσιμα ιστορικά τεκμήρια με

σκοπό να παράγει μια νεότευκτη οικονομική θεωρία. Το ιστορικό στοιχείο, σε όλες του τις δυνατές μορφές – οικονομικό, κοινωνικό, πολιτικό, πολιτισμικό κ.λπ. - προσδένεται στο κεντρικό ενδιαφέρον του σμιθιανού έργου: δηλαδή να κατανοήσει την φύση και τα τόσο της παραγωγής όσο και της διανομής.

Μεθοδολογικά η εκλεκτικιστική φύση της μεθοδολογίας του Σμιθ σχετίζεται με την εκτενή χρήση δυισμών στο *magnum opus* του. Ο εκλεκτικιστικός χαρακτήρας του έργου του Σμιθ αντανακλάται στην πλουραλιστική φύση του και στη συχνά συγκρουσιακή σχέση μεταξύ οικονομικής θεωρίας και ιστορίας, η οποία σμιλεύεται μέσω του δυισμού απαγωγής και επαγωγής. Ο Σμιθ χρησιμοποιεί τόσο τη θεωρία όσο και την ιστορία ώστε να ‘τυποποιήσει’ τη ‘φυσική τάξη των πραγμάτων’ κάνοντας παράλληλα εκτενή χρήση ιστορικών στοιχείων μέσω της εμπειρικής ανάλυσης ώστε να αναδείξει την διάσταση του πραγματικού από το ιδεατό’. Ο ερευνητικός σκοπός του συγκεκριμένου κεφαλαίου είναι η επέκταση της ‘λεσλιανής’ κριτικής (Cliffie Leslie) ώστε να προσλάβει (και να συστηματοποιήσει) την πηγή αυτών των δυισμών, τυποποιώντας παράλληλα τις ‘αρετές’ και τις αντιφάσεις στη σμιθιανή χρήση της ιστορίας. Επιπρόσθετα προσφέρει μια κριτική αποτίμηση του σμιθιανού εμπειρισμού ώστε να φωτίσει την εσωτερική αντίθεση μεταξύ της ‘εσωτερικής’ και ‘εξωτερικής’ φύσης της σμιθιανής ανάλυσης όπως αυτή εγγράφεται στις *Θεωρίες για την Υπεραξία* του Καρλ Μαρξ.

Η ουσία του συγκεκριμένου κεφαλαίου – και η συνεισφορά του ερευνητικού προγράμματος - έγκειται στο να αναδείξει πως ο Σμιθ, πέρα από την ανάπτυξη μια ξεχωριστής ‘θεωρίας για την ιστορία’, χρησιμοποίησε την ιστορία ως εγγενές στοιχείο της σμιθιανής πολιτικής οικονομίας. Πιο συγκεκριμένα, το κεφάλαιο προτείνει μια ‘τετραθεματική’ προσέγγιση στην χρήση της ιστορίας από τον Σμιθ επιχειρώντας να ανασυστήσει, με αναλυτικό τρόπο, όλους τους τρόπους με τους οποίους η ιστορία προσδένεται στον θεωρητικό συλλογισμό. Από την άλλη, το κεφάλαιο σημειώνει πως ο *Πλούτος των Εθνών*, παρά τις ιστοριογραφικές του αδυναμίες αποτελεί ένα πρώιμο κείμενο οικονομικής ιστορίας.

#### **4.2 Μια ‘τετραθεματική’ προσέγγιση της χρήσης της ιστορίας στο σμιθιανό έργο**

Όπως αναφέρθηκε και παραπάνω καταγράφεται μια τετραφυής χρήση της ιστορίας στον *Πλούτο των Εθνών*. Το δεύτερο κεφάλαιο της διατριβής επιχειρεί να

ανασυστήσει τους τρόπους αυτούς προσφέροντας παράλληλα μια νέα ανάγνωση της σχέσης θεωρίας και ιστορίας στο σμιθιανό έργο.

Αρχικά καταγράφεται μια *μεθοδολογική* χρήση της ιστορίας. Ο Σμιθ συνδυάζει έναν πρώιμο ιστορικό υλισμό με μια προοδευτική φιλοσοφία για την ιστορία ώστε να θεμελιώσει τους οντολογικούς πυλώνες τόσο της ‘θεωρίας του για την ιστορία’ όσο και της πολιτικής του οικονομίας. Μεθοδολογικά, η ιστορία αποτελεί ένα συστατικό στοιχείο τόσο της ‘θεωρίας δομής’ (theory of structure) του Σμιθ όσο και του μεθοδολογικού ολισμού που συνιστούν χαρακτηριστικά στοιχεία του σμιθιανού έργου. Αναντίρρητα ο Σμιθ θα πρέπει να λογίζεται ως ένας τυπικός υλιστής καθώς θεωρεί την οικονομική ανάπτυξη ως να επηρεάζει το σύνολο των υπόλοιπων κοινωνικών διεργασιών. Μια από τις κυριότερες έννοιες που αναπτύσσονται στην σμιθιανή εργογραφία είναι αυτή του ‘τρόπου επιβίωσης’ (mode of subsistence), η οποία σμιλεύεται εντός ενός υλιστικού πλαισίου και επιδρά στην φύση της οικονομικής δραστηριότητας και επηρεάζει όλο το εύρος της κοινωνικής και πολιτικής ζωής, δηλαδή τις ιδέες, τους θεσμούς ιδιοκτησίας και διακυβέρνησης, το δικαιοκράτημα, τον καταμερισμό εργασίας κ.α. *Ad addendum*, ο ‘τρόπος επιβίωσης’ – που συνδέεται με την ικανότητα των ανθρωπίνων όντων να αναπαράξουν τους εαυτούς του καθώς παράγουν τη ‘δική τους ιστορία’ - αποτελεί ένα βασικό στοιχείο για την κατανόηση των ιστορικών διεργασιών, αφού συνιστά τον διάυλο της μετάβασης από το ένα στάδιο οικονομικής ανάπτυξης στο επόμενο. Ο Σμιθ μεταχειρίζεται τον ‘τρόπο επιβίωσης’ ως την οντολογική προϋπόθεση για κατανόηση της ιστορίας. Στον *Πλούτο των Εθνών* καταγράφεται μια πληθώρα τεκμηρίων που υπογραμμίζουν την σημασία του ‘τρόπου επιβίωσης’. Η υλιστική χρήση της ιστορίας από τον Σμιθ αποκρυσταλλώνεται στην (ιστορική) ανάλυση των θεσμών. Ο Σμιθ θεωρεί πως οι θεσμοί διαμορφώνονται στη βάση των συμφερόντων των εργοδοτών ενώ σύμφωνα με την ανάλυση του μια τέτοια διαμόρφωση εξαρτάται από το υλικό επίπεδο της ταξικής θέσης των υποκειμένων. Για τον Σμιθ, η τυπολογία της οικονομικής δομής είναι καθοριστική στον τρόπο με τον οποίο η ισχύς ασκείται και εν τέλει κατανέμεται σε μια ιστορικά συγκεκριμένη μορφή κοινωνικής οργάνωσης. Αυταπόδεικτα, η ισχύς αυτή, η οποία καθορίζεται υλικά, είναι το μέσο για την διαμόρφωση του θεσμικού πλαισίου. Ο Σμιθ παραθέτει πληθώρα ιστορικών αναφορών στις οποίες το θεσμικό πλαίσιο είναι ευνοϊκό για τους εμπόρους, τους βιομηχάνους και τους χειροτέχνες και όχι για τους απλούς ανθρώπους. *Exempli*

*gratia*, ο περίφημος θεσμός της μαθητείας, η οποία αναπτύχθηκε μεταξύ συγκεκριμένων ενώσεων, “μετατράπηκε σε γενικό και δημόσιο νόμο όλων των ασχολιών”. Η ιστορική ανάλυση του Σμιθ τον εξωθεί να σημειώσει πως η κατανομή των ιδιοκτησιακών δικαιωμάτων επιδρά στο σώμα των θεσμών. Η υλιστική φύση της ιστορικής προσέγγισης του Σμιθ εγγράφεται στην διαλεκτική σχέση μεταξύ των οικονομικών δυνάμεων (*economic forces*) και στον τύπο πολιτικής διακυβέρνησης με κύριο παράδειγμα την συσχέτιση μεταξύ της ‘ασφάλειας’ των οικονομικών συναλλαγών και της υλικής προόδου. Τα ιστορικά τεκμήρια που παραθέτει ο Σμιθ τεκμαίρουν την συσχέτιση αυτή. Επιπρόσθετα, σύμφωνα με τον Σμιθ οι ‘εθιμικές’ σκέψεις ενός συγκεκριμένου κοινωνικού οργανισμού, δηλαδή η θρησκεία, η κουλτούρα και τα έθιμα, όλα επηρεάζονται από το οικονομικό (υλικό) *status quo*. Το περίφημο παράδειγμα περί των διαφορών μεταξύ του φιλοσόφου και του φύλακα, ή της χήρας στην Βόρεια Αμερική αναδεικνύουν την υλική επίδραση σε νοοτροπίες, αντιλήψεις και ιδέες.

Ο ιστορικός υλισμός του Σμιθ συνδέεται με μια εναργή προοδευτική φιλοσοφία για την ιστορία. Ο Σμιθ, ως ένα γνήσιο τέκνο του Σκωτικού διαφωτισμού, κατανοεί την ιστορική διαδικασία κάτω από καθαρά προοδευτικούς όρους. Η έννοια της προόδου συνιστά ένα δομικό στοιχείο της Σκωτικής ιστορικής σχολής και επέδρασε στο σώμα των κειμένων της. Πιο συγκεκριμένα, στο σμιθιανό έργο, η έννοια της προόδου, σε συνδυασμό με ιστορικά υλιστική μεθοδολογία, συνιστά τον πυλώνα τόσο της ‘θεωρίας του για την ιστορία’ όσο και της πολιτικής του οικονομίας. Είναι δηλωτικό πως το βασικό θεωρητικό σχήμα της οικονομικής του ιστορίας, η θεωρία των σταδίων οικονομικής ανάπτυξης, υποδηλώνει πως κάθε επόμενη ‘εποχή’ (στάδιο) σχετίζεται με ένα εξελιγμένο επίπεδο υλικής και πνευματικής ανάπτυξης σε σχέση με τα προηγούμενα. Ο ίδιος ο Σμιθ αναφέρεται συχνά στην ‘πρόοδο’ (*progress*), στην ‘προοδευτική ανάπτυξη’ (*progress of improvement*) ή και στην ‘φυσική εξέλιξη των πραγμάτων’ (*natural progress of improvement*). Οι έννοιες αυτές συνδέονται με τις οντολογικές σημαίνουσες του Σκωτικού διαφωτισμού ο οποίος κινείται αντίθετα στα ‘κυκλικά’ μοτίβα του ιστορικού χρόνου όπως αυτά εγγράφονται στα κείμενα του Μεσαίωνα και της Αναγέννησης. Θα πρέπει βέβαια να σημειωθεί πως κατά σμιθιανή προοδευτική ‘φιλοσοφία για την ιστορία’ η πρόοδος δεν συνιστά ένα απότομο και θορυβώδες γεγονός αλλά μια βαθμιαία και ήρεμη διαδικασία. Όπως χαρακτηριστικά σημειώνει,

“η πρόοδος είναι συχνά τόσο βαθμιαία, που σε κοντινές περιόδους, η ανάπτυξη είναι ανεπαίσθητη”. Επιπρόσθετα, θα πρέπει να καταγραφεί πως η ανάλυση του Σμιθ δεν συνεπάγεται πως δεν καταγράφονται περίοδοι στασιμότητας ή περιοδικές οπισθοδρομήσεις. Παρά τον αναπόδραστο χαρακτήρα της προόδου, ο Σμιθ παραθέτει ιστορικά τεκμήρια όπου χώρες είτε παραμένουν στάσιμες (όπως η Κίνα) είτε κινούνται οπισθοδρομικά (όπως η Ινδία). Η σμιθιανή ‘θεωρία για την ιστορία’ περιλαμβάνει τόσο προοδευτικά όσο και ‘οπισθοδρομικά’ χαρακτηριστικά, με την όποια οπισθοδρομηση να παρουσιάζεται ως η αντανάκλαση κυβερνητικών παρεμβάσεων που εκτρέπουν την ‘φυσική εξέλιξη των πραγμάτων’.

Σε ένα δεύτερο επίπεδο, μπορούμε να σταχυολογήσουμε μια *επεξηγηματική* χρήση της ιστορίας όπου το ιστορικό στοιχείο χρησιμοποιείται εκτενώς ώστε να ενισχύσει και να διασαφηνίσει τα αφηρημένα θεωρητικά σχήματα που μετέρχεται. Σύμφωνα με τον Leslie, ο Σμιθ χρησιμοποιεί εμπειρικά και ιστορικά τεκμήρια – εντός ενός εναργώς επαγωγικού μεθοδολογικού πλαισίου - ώστε να επαληθεύσει τους απαγωγικούς του συλλογισμούς. Η συγκεκριμένη χρήση της ιστορίας εισήγαγε μια σημαντική διάσταση στη μεθοδολογία της πολιτικής οικονομίας, αυτήν της ‘τέχνης’ της επαλήθευσης (art of verification) η οποία χρησιμοποιήθηκε εκτενώς τόσο από τον Μάλθους όσο και στον νεότερο Μιλλ. Ο Σμιθ, όντας ένας οικονομολόγος της προβιομηχανικής κοινωνίας, προχώρησε στην άρθρωση θεωρητικών σχημάτων ώστε να κατανοήσει έναν ‘κόσμο υπό τον μεγάλο μετασχηματισμό’. Ο απαγωγισμός του Σμιθ, η προτίμηση του για το νευτώνειο θεωρητικό σύστημα και η υιοθέτηση της αναλυτικό-συνθετικής μεθόδου, τον εξώθησαν να διαμορφώσει ένα σώμα θεωρητικών σχημάτων για την κατανόηση των μετασχηματισμών που λάμβαναν χώρα στη Μεγάλη Βρετανία. Όμως ο έμφυτο εμπειρισμός του τον εξώθησε να ‘δοκιμάζει’ τα θεωρητικά αυτά σχήματα στον πραγματικό ιστορικό χρόνο. Όταν η θεωρία συμβάδιζε με την καταγεγραμμένη εμπειρία το θεώρημα ενισχυόταν και ενδύοταν τον μανδύα μιας πραγματιστικής διάστασης όντας συμβατή με την ιστορική ευαισθησία του Σμιθ. Από τα πρώτα του κείμενα χρησιμοποιεί την ιστορία (και τα ιστορικά δεδομένα) ώστε να υπογραμμίζει την εγκυρότητα των θεωρητικών αξιωμάτων που χρησιμοποιεί αναδεικνύοντας την ιστορικό-συγκεκριμένη διάσταση τους. Μια τέτοια χρήση της ιστορίας συνδέεται με μια περισσότερο αφηγηματική ιστορία όπου το ιστορικό υλικό χρησιμοποιείται για να ενισχύσει το ερμηνευτικό βάθος των θεωρητικών σχημάτων που χρησιμοποιεί. Οι εκδηλώσεις της

συγκεκριμένης χρήσης είναι πολυάριθμες και προσφέρουν πληθώρα τεκμηρίων οικονομικής, κοινωνικής και πολιτικής ιστορίας. *Exempli gratia* στα θεωρητικά σχήματα που αφορούν τον καταμερισμό της εργασίας, την σύνδεση της οικονομικής ανάπτυξης και της εγγύτητας υδάτινων πόρων, στη σύγκριση των μέσων κερδών στην πόλη και στην ύπαιθρο, στην ανάλυση της σχέσης μεταξύ μισθών και κερδών, στην σχέση μισθών και ρυθμού οικονομικής ανάπτυξης αλλά και στην σχέση μεγέθους κεφαλαίου και εμβάθυνσης του καταμερισμού της εργασίας ο Σμιθ χρησιμοποιεί εκτενώς ιστορικά δεδομένα ώστε να ενισχύσει τους θεωρητικούς του συλλογισμούς.

Τρίτον, καταγράφεται μια *θεωρητική* χρήση της ιστορίας. Η ιστορία εισδύει ως ένα δομικό στοιχείο του οικονομικού θεωρείν και η θεωρητική ιστορία συνιστά το οντολογικό θεμέλιο λίθο της αφηρημένης θεώρησης. Στη λογική αυτή, η περίφημη ‘θεωρία των σταδίων οικονομικής ανάπτυξης’ προσφέρει έναν εναργή θεωρητικό συλλογισμό σε σύνδεση με τον ιστορικό χαρακτήρα της οικονομικής ανάλυσης. Η ‘εννοιολόγηση’ των σταδίων οικονομικής ανάπτυξης, παρότι δεν αποτελεί μια αμιγή ερμηνευτική καινοτομία του Σμιθ, συνιστά τον βασικό πυλώνα της θεωρητικής χρήσης της ιστορίας. Η ‘θεωρία των σταδίων’, σε συνδυασμό με την υλιστική και προοδευτική χρήση της ιστορίας, προσδίδει στην ιστορική ανάλυση του Σμιθ μια δαρβινική διάσταση και μετατρέπεται σε μια ρητή θεωρία οικονομικής ανάπτυξης. Η επιστημολογική αυτή σύνδεση έδωσε τη δυνατότητα στον Σμιθ να μελετήσει την ανάδυση, την εξέλιξη, την παρακμή και τον μετασχηματισμό θεσμών και δομών μέσω μιας στατικής προσέγγισης. Ο Σμιθ αναφέρεται ρητά στα τέσσερα στάδια οικονομικής ανάπτυξης ήδη από τις πρώιμες διαλέξεις του περί της νομολογίας όπου και σημειώνει πως υπάρχουν τέσσερα στάδια μέσω των οποίων περνά το ανθρώπινο γένος: 1<sup>ov</sup> την εποχή των κυνηγών, 2<sup>ov</sup> την εποχή των κτηνοτρόφων, 3<sup>ov</sup> την εποχή της γεωργίας και 4<sup>ov</sup> την εποχή του εμπορίου. Βέβαια παρά τον (φαινομενικά) τελεολογικό χαρακτήρα της ‘θεωρίας των σταδίων’ οι θεάσεις του Σμιθ δεν θα πρέπει να ειδωθούν ως απλοϊκές ή μηχανιστικές. Σύμφωνα με την οικονομική ιστορία του Σμιθ, κάθε στάδιο χαρακτηρίζεται από τους δικούς του θεσμούς και δομές, ενώ καθώς μεταβαίνουμε από ένα αρχικό στάδιο στο επόμενο, το θεσμικό πλαίσιο μετασχηματίζεται θέτοντας τις απαρχές για την ανάδυση νεότευκτων θεσμών. Μια από τις βασικές αδυναμίες της σμιθιανής θεωρίας σταδίων συνίσταται στο ότι δεν προσφέρει μια συνεκτική θεωρία μετάβασης από το ένα στάδιο στο αμέσως επόμενο. Το κεφάλαιο επιχειρεί να διαμορφώσει μια μεταθεωρία μετάβασης δίδοντας έμφαση

στο ρόλο των σχετικών τιμών εντός του σμιθιανού έργου. Από την άλλη η χρήση (φαινομενικά) υπέρ-ιστορικών εννοιών, όπως αυτή της αγοράς ή του καταμερισμού της εργασίας, είναι στενά συνδεδεμένες στον ιστορικό χρόνο καθώς το περιεχόμενο τους προσαρμόζεται στις αναδιπλώσεις του κάθε σταδίου οικονομικής ανάπτυξης. Η ιστορία, ως ιστορικός χρόνος, προσδένεται οργανικά στους θεωρητικούς συλλογισμούς του Σμιθ και συνιστά ένα σημαντικό αρμό της αφηρημένης θεώρησης. Από την άλλη, η ιστορία συσχετίζεται άρρηκτα με την ‘θεωρία σταδίων’ καθώς υπάρχουν δυο σημεία που χρήζουν ειδικής μνείας: πρώτον, η μετάβαση από το ένα στάδιο στο επόμενο καταγράφονται ‘μεταβατικές περίοδοι’ οι οποίες επιδρούν ως ενδιάμεσες ιστορικές περίοδοι. Για τον Σμιθ, σε κάθε στάδιο κοινωνικής οργάνωσης επιβιώνουν δομές, πρακτικές, ήθη και παραδόσεις από προηγούμενα στάδια τα οποία και επιδρούν στο νέο στάδιο οικονομικής ανάπτυξης. Δεύτερον, η σμιθιανή ‘θεωρία οικονομικής ανάπτυξης’ σχετίζεται με ένα σχήμα ‘ανισομερούς’ οικονομικής ανάπτυξης καθώς στην οικονομική ιστορία του Σμιθ κάποια έθνη είναι πλουσιότερα από κάποια άλλα. Το μοτίβο της ‘άνισης’ οικονομικής ανάπτυξης εγγράφεται στον *Πλούτο των Εθνών*, όπου και σημειώνει πως απομεινάρια του φεουδαλισμού επιβιώνουν ακόμα σε διάφορες περιοχές της Ανατολικής Ευρώπης (Ρωσία, Πολωνία, Ουγγαρία, Βοημία, περιοχές της Γερμανίας κ.α.).

*In fine*, στην τελευταία προτεινόμενη θεματική το κεφάλαιο αναδεικνύει τους τρόπους με τους οποίους ο Σμιθ χρησιμοποίησε την ιστορία – κυρίως στην αφηγηματική της διάσταση - ως υποκατάστατο του θεωρητικού συλλογισμού. Η χρήση αυτή, πέρα από τα ενδιαφέροντα ιστοριογραφικά της χαρακτηριστικά, προωθείται από τον εμπειρισμό του Σμιθ και σχετίζεται με τη χρήση αμφίσημων επιστημολογικών σχημάτων. Η κριτική που υιοθετεί το κεφάλαιο πηγάζει από την κριτική του Μαρξ στην επιστημολογία του Σμιθ και αναδεικνύει τους επιστημικούς δυισμούς που εγγράφονται στην σμιθιανή θεωρητική ανάλυση. Ο Σμιθ παραθέτει εμπειρικά (καθορισμένες) διατυπώσεις, –όπως τα παραδείγματα του καρφίτσοποιού ή του φιλόσοφου και του φύλακα, ή ιστορικές αναφορές, όπως η αγροτική επανάσταση του δεκάτου εβδόμου αιώνα, οι οποίες είναι οργανικά δεμένες στο ενδιαφέρον θεωρητικό του πρόγραμμα. Παρόλα ταύτα, ο εμπειρισμός του μετατρέπεται σε αρκετές περιπτώσεις σε υποκατάστατο της αμιγούς ‘θεωρητικής’ αφήγησης. Η υποκατάσταση αυτή εμπόδισε τον Σμιθ από το να παράξει ένα καθαρό θεωρητικό σύστημα εμβλαπτιζόμενο στον ιστορικό χρόνο. Ουσιαστικά, σε αρκετές περιπτώσεις



στην ανάλυση του, ο Σμιθ μοιάζει να είναι παγιδευμένος στην ‘Λοκεανή μέγγενη’ αδυνατώντας να προβεί σε μια (οντολογικά) εναργή διάκριση μεταξύ θεωρητικού συλλογισμού και απλοϊκής εμπειρικής ανάλυσης. Στις περιπτώσεις αυτές η θεωρητική προσέγγιση των τεκμηρίων δίδει τη θέση της στην αφηγηματική (εμπειρική) σύγκριση. Η συγκεκριμένη ενότητα του κεφαλαίου υποστηρίζει πως σε αρκετές περιπτώσεις εντός της σμιθιανής πολιτικής οικονομίας, ο εμπειρισμός μετατρέπεται σε μεταφυσική αφήγηση και σχολαστικισμό. Ουσιωδώς ο Σμιθ αδυνατεί να συστηματοποιήσει ένα συνεκτικό θεωρητικό πλαίσιο ώστε να μετατρέψει τα εμπειρικά δεδομένα σε αφηρημένα (γενικευτικά) σχήματα. Ο σχολαστικισμός του Σμιθ, που παρατηρείται από τον Μαρξ, εγγράφεται στην παράθεση πληθώρας εμπειρικών διαπιστώσεων ως αυτόνομα θεωρητικά σχήματα. Σε αρκετές περιπτώσεις εμπειρικά και ιστορικά δεδομένα (αλλά και προσωπικές παρατηρήσεις) παρουσιάζονται ως αυτόνομος θεωρητικός λογισμός. Από την άλλη, ο εμπειρισμός του Σμιθ τον εξώθησε σε πλήθος περιπτώσεων να συμπίσει την μεθοδολογικά ενδιαφέρουσα σχέση μεταξύ θεωρητικής και αφηγηματικής ιστορίας στα άκρα καθώς η αδυναμία σύνδεσης των ιστορικών στοιχείων με τα (αφηρημένα) θεωρητικά σχήματα παρουσιάζει κάθε παρέκκλιση της ‘φυσικής κατάστασης των πραγμάτων’ ως απότοκα της παραβίασης του *laissez-faire*.

#### **4.3 Η χρήση των ιστορικών πηγών στον Πλούτο των Εθνών και οι περιορισμοί**

Σε ένα δεύτερο επίπεδο, το συγκεκριμένο κεφάλαιο, πέρα από το να προσφέρει την ‘τετραθεματική’ προσέγγιση στις χρήσεις της ιστορίας από το Σμιθ, αποτιμά τον Σμιθ ως έναν πρώιμο οικονομικό ιστορικό εστιάζοντας στην προσπάθεια του να κατανοήσει και ερμηνεύσει τις συγκαιρινές του οικονομικές διεργασίες. Στην ενδιαφέρουσα αυτή προσπάθεια ο Σμιθ μεταχειρίζεται μια πληθώρα ιστορικών τεκμηρίων αναπτύσσοντας παράλληλα μια κριτική αποτίμηση αυτών. Το κυριότερο εύρημα του κεφαλαίου συνίσταται στο να παρουσιάζει τον Σμιθ ως τον θεμελιωτή της οικονομικής ιστορίας η οποία στα χέρια του είναι στενά αλληλοτροφοδοτούμενη με την οικονομική θεωρία. Ο Σμιθ, παρότι δεν παραθέτει παραπομπές, μετέρχεται μιας πολυδιάστατης χρήσης των ιστορικών δεδομένων η οποία τον εξωθεί να κάνει εκτενή χρήση ιστορικού υλικού όλων των ειδών (αρχαιακές καταγραφές, λογοτεχνικές αναφορές, σημειώσεις περιηγητών κ.α.) αλλά και όλων των τύπων (πρωτογενών αλλά και δευτερογενών). Η ποικιλία των ιστορικών πηγών στον *Πλούτο των Εθνών* είναι εντυπωσιακή εκπλήσσοντας αρκετούς από τους μελετητές του σμιθιανού έργου. Ο

Σμιθ προτιμούσε τα επίσημα δεδομένα και η συχνή παράθεση πολυάριθμων νομοθετημάτων αρκεί να το αποδείξει αυτό. Παρόλα ταύτα, λόγω της έλλειψης επίσημων ιστορικών τεκμηρίων για τις πρώτες μορφές κοινωνικής οργάνωσης, ο Σμιθ εξωθείται να χρησιμοποιήσει άλλες μορφές ιστορικού υλικού, όπως οι περιηγητικές αναφορές και περιγραφές, προκειμένου να εξετάσει σύγχρονες του κοινωνίες που ήταν εγγύτερα στις πρώτες μορφές κοινωνικής εξέλιξης (όπως το Περού, το Μεξικό και η Αργεντινή).

Από την άλλη ο Σμιθ δεν ήταν ένας ενθουσιώδης θαυμαστής των στατιστικών τεκμηρίων (political arithmetic). Οι περισσότερες από τις αναφορές που παραθέτει ο Σμιθ σχετίζονται με τη Σκωτία, όπου γεννήθηκε και δίδαξε, με την Αγγλία, όπου έζησε και ερεύνησε, με τη Γαλλία, όπου ταξίδεψε συχνά, αλλά και την Ολλανδία, με την οποία ήταν εξοικειωμένος ως κομισάριος των δασμών. Είναι δηλωτικό πως σε μεθύτερες εκδόσεις του *Πλούτου των Εθνών*, ο Σμιθ χρησιμοποίησε νέα εμπειρικά δεδομένα σε σχέση με δασμούς, επιδοτήσεις κ.α. Από την άλλη, λόγω και της έλλειψης εμπειρικών δεδομένων, δεν είχε πολλά να πει σχετικά με την Ισπανία και την Πορτογαλία, ακόμα λιγότερα για τη Γερμανία και τίποτε για την Βοημία, την Ουγγαρία ή την Πολωνία. Επιπρόσθετα, λόγω και του υποκειμενικού χαρακτήρα διάφορων από τις αναφορές του, η ιστορική του αφήγηση είναι συχνά αντιφατική. Βέβαια, αυτή η διαπιστωμένη ασυνέπεια δεν 'μηδενίζει' τον πλούτο μιας πρώιμης οικονομικής ιστορίας όπως αυτή εγγράφεται στον *Πλούτο των Εθνών*. Ο Σμιθ επιχείρησε να προσφέρει, ως ένας κριτικός χρονικογράφος, μια συνοπτική οικονομική ιστορία από την πτώση της Ρωμαϊκής αυτοκρατορίας μέχρι και το τελευταίο τέταρτο του δεκάτου ογδόου αιώνα. Τα παραδείγματα της οικονομικής (και κοινωνικής) ιστορίας είναι διανθισμένα και πολυποίκιλα: η παιδική εργασία και θνησιμότητα, οι αναφορές για τη μετάβαση από την οικιακή χειροτεχνία στην εργοστασιακή παραγωγή, η περιγραφή της επανάστασης στις μεταφορές, ο πλούτος των πληροφοριών σχετικά με τις τιμές των αγαθών και των ημερομισθίων αλλά και οι πληροφορίες σχετικά με τις διατροφικές συνήθειες των Άγγλων και των Σκωτσέζων εργατών, οι αναφορές σχετικά με τις διακυμάνσεις των επιτοκίων, τα σχόλια τα σχετικά με το τραπεζικό σύστημα στην Αγγλία, οι πληροφορίες σχετικά με τις πολεμικές δαπάνες, οι πρόσθετες πληροφορίες, στην τρίτη έκδοση του *Πλούτου των Εθνών*, σχετικά με την ιστορία των εμπορικών επιχειρήσεων και η σύντομη ιστορία της συσσώρευσης του δημοσίου χρέους 1688-1697; 1697-1714; 1715-1721; 1722-

1729; 1730-1738, όλα αυτά συνιστούν αντανακλάσεις μιας πρώιμης οικονομικής (και κοινωνικής) ιστορίας. Βέβαια, η οικονομική ιστορία του Σμιθ χαρακτηρίζεται από μια σειρά από (ιστοριογραφικές) αδυναμίες: α) παρότι οι ιστορικές πηγές είναι πολυποίκιλες, η συστηματοποίηση της αρχαιότητας δεν υποστηρίζεται από χρήσιμες πηγές, β) η οικονομική ιστορία του Σμιθ είναι *Ευροκεντρική*, ενώ γ) σε αρκετές περιπτώσεις η άμεση επίκληση στα ιστορικά δεδομένα καταπατείται. Όμως, πέρα από αυτούς τους περιορισμούς, οι οποίοι αποτελούν την επιστημική αντανάκλαση της συγκεκριμένης περιόδου, ο Σμιθ κατόρθωσε να μετατραπεί σε έναν ‘κουρσάρο’ του οικονομικού παρελθόντος που μέσω της οικονομικής του πραγματείας προσέφερε μια πρωτόλεια οικονομική ιστορία της σύγχρονης Ευρώπης.

## **5. ΚΕΦΑΛΑΙΟ ΙΙΙ: ΤΟ ‘ΣΥΜΦΙΛΙΩΤΙΚΟ ΕΓΧΕΙΡΗΜΑ’ ΤΟΥ ΤΖΟΝ ΣΤΙΟΥΑΡΤ ΜΙΛΛ: ΜΕΘΟΔΟΣ, ΘΕΩΡΙΑ, ΠΟΛΙΤΙΚΗ**

### **5.1 Σύντομη επισκόπηση του κεφαλαίου**

Ο Τζον Στιούαρτ Μίλλ (1806-1873) θεωρείται ως ο τελευταίος εκπρόσωπος της κλασικής πολιτικής οικονομίας. Η οικονομική του ανάλυση, παρότι αρκετά ρικαρδιανή σε αρκετές από τις αντανακλάσεις της, προσέφερε τον δίαυλο για τη νέα μαρξιναιστική ορθοδοξία του τελευταίου τετάρτου του δεκάτου ενάτου αιώνα. Όμως αυτή είναι η μια όψη του νομίσματος καθώς ο Μίλλ, στην προσπάθεια του να περισώσει τα ρικαρδιανά οικονομικά από την οριστική τους κατάπτωση, εισήγαγε αρκετά δυναμικά στοιχεία στην πολιτική του οικονομία. Η εισαγωγή αυτών των στοιχείων, η οποία συνιστά μια οντολογική έκφραση του συμφιλιωτικού του εγχειρήματος, είναι μια εξαιρετικά σημαντική πτυχή της μιλλιανής πολιτικής οικονομίας. Η εισαγωγή αυτή, παρότι επιστημολογικά προβληματική σε σημαντικές της εκφάνσεις, διάνοιξε τις πόρτες για την ιστορία να μετατραπεί σε ένα οργανικό στοιχείο της οικονομικής του ανάλυσης. Με τον τρόπο αυτό τα *Αρχές Πολιτικής Οικονομίας* (1848) ο Μίλλ προσέφερε μια *via media* μεταξύ της αξιωματικής προσέγγισης του Ρικάρντο και των επικριτών του.

Το συγκεκριμένο κεφάλαιο εξετάζει τα μη-ρικαρδιανά και αντί-ρικαρδιανά στοιχεία της ανάλυσης του Μίλλ μέσω της ανάδειξης της ιστορικής, κοινωνικής και μεθοδολογικής διάστασής της. Το κεφάλαιο ερευνά την εκλεκτικιστική φύση της προσέγγισης του Μίλλ και καταλήγει στο συμπέρασμα πως αυτός ο εκλεκτικισμός

είναι αναπόδραστος λόγω θεωρητικών, ιστορικών και μεθοδολογικών αιτιάσεων. Η σημασία του μιλλιανού ‘συμφιλιωτικού εγχειρήματος’ υπήρξε αποφασιστική για την μετάβαση από την πολιτική οικονομία στα οικονομικά μέσω της ανάδειξης των αντιφάσεων της πολιτικής οικονομίας. Η ανάλυση μας επιχειρεί να θέσει το μιλλιανό εγχείρημα εντός του πλαισίου της ιστορίας της οικονομικής σκέψης επιχειρώντας να αναδείξει πως το ιστορικό στοιχείο παρέμεινε ένα οργανικό στοιχείο της μιλλιανής πολιτικής οικονομίας. Ουσιαστικά, με την μελέτη της ιστορικής, ηθολογικής και μεθοδολογικής διάστασης του έργου του Μιλλ, το τελευταίο αναδεικνύεται ως μια από τις τελευταίες προσπάθειες να περισωθεί η πολιτική οικονομία από την α-ιστορική προσέγγιση και τον ακραίο απαγωγισμό που προωθούνταν από το έργο του Ρικάρντο και του Senior.

Το κεφάλαιο επιχειρεί να θέσει το θεωρητικό, μεθοδολογικό και ιστορικό πλαίσιο του μιλλιανού έργου εξετάζοντας παράλληλα την ποικιλομορφία των επιρροών που επέδρασαν στον Μιλλ και διαμόρφωσαν (σε σημαντικό βαθμό) την εκλεκτικιστική του προσέγγιση. Το κεφάλαιο εξετάζει το ‘συμφιλιωτικό εγχείρημα’ του Μιλλ μέσα από τέσσερις υπό-ενότητες. Στην πρώτη εξετάζεται η ‘συμπαγής απαγωγική μέθοδος’ (concrete deductive method) ως η αποκρυστάλλωση της ‘μέσης οδού’ μεταξύ της αξιωματικής προσέγγισης των μεταρικαρδιανών και της επαγωγικής μεθόδου. Η μέθοδος του Μιλλ, παρότι απαγωγική, και σε αντίθεση με την αξιωματική μέθοδο του Ρικάρντο, ενέχει δυναμικά και ιστορικά στοιχεία τα οποία την διαφοροποιούν από την μέθοδο των μεταρικαρδιανών. Η δεύτερη ενότητα εξετάζει την μιλλιανή ‘σχετικότητα των οικονομικών θεωρημάτων’. Το μοτίβο αυτό, το οποίο συνδέεται με το επιστημολογικό μοτίβο της ‘ιεραρχίας των νόμων’ (hierarchy laws) à la Κοντ και με τον ‘ηθικό ατομισμό’ (ethical individualism), αποτέλεσε την επιστημική μήτρα του Βρετανικού ιστορισμού. Η τρίτη ενότητα εξετάζει την διαφορούμενη μιλλιανή διάκριση μεταξύ των ‘νόμων της παραγωγής’ και των ‘νόμων της διανομής’ ως μια δηλωτική εκδήλωση της σημασίας της ιστορίας στην μιλλιανή πολιτική οικονομία. Η ακροτελεύτια ενότητα εξετάζει τις ριζοσπαστικές σκέψεις του Μιλλ σε σχέση με τη οικονομική πολιτική, δίδοντας ιδιαίτερη έμφαση στις θεάσεις του σχετικά με τον μετασχηματισμό των γαιοκτησιακών δικαιωμάτων στην Ιρλανδική γη.

## 5.2 Η ανατομία του μιλλιανού ‘συμφιλιωτικού εγχειρήματος’

Οι *Αρχές Πολιτικής Οικονομίας* (Principles of Political Economy) εκδίδονται στα μέσα του δεκάτου ενάτου αιώνα και επιδρούν σημαντικά στο σώμα της πολιτικής οικονομίας, επιδρώντας στην εξέλιξη της. Η συγκεκριμένη οικονομική πραγματεία αποτέλεσε τον ακρογωνιαίο λίθο της οικονομικής παιδείας στην Αγγλία εκτοπίζοντας όλα τα υπόλοιπα εγχειρίδια. Το καινοτόμο γνώρισμα του μιλλιανού έργου έγκειται στο γεγονός πως προχώρησε σε μια σύνθεση ορθόδοξων (ρικαρδιανών και ωφελμιστικών) και ετερόδοξων στοιχείων. Η σύνθεση αυτή αποκρυσταλλώνεται στην προσπάθεια του να παντρέψει την αφηρημένη οικονομική θεώρηση με την επαγωγική (ιστορική) ανάλυση.

*Ab initio*, η πρώτη έκφανση του μιλλιανού ‘συμφιλιωτικού εγχειρήματος’ καταγράφεται, πριν τις *Αρχές της Πολιτικής Οικονομίας*, στα πρώιμα μεθοδολογικά κείμενα του Μιλλ και πιο συγκεκριμένα στο *Σύστημα Λογικής* το οποίο εκδίδεται το 1843. Καταρχήν, ο Μιλλ αναπτύσσει μια ‘θεωρία δομής’ (theory of structure and agency) η οποία τον απομακρύνει από τις ‘μοιρολατρικές’ και ‘ατομικιστικές’ προσεγγίσεις των κοινωνικών φαινομένων. Ο Μιλλ πιστεύει πως τα κοινωνικά συμβεβηκότα αλληλεπιδρούν με την ανθρώπινη αυτενέργεια παράγοντας ποικίλες ιστορικές καταστάσεις. Σύμφωνα με την μιλλιανή οντολογία, η σχέση μεταξύ δομής και ανθρώπινης δράσης είναι δυναμικά, διαλεκτικά και σχεσιακά διαπνεόμενη και για τον λόγο αυτό μια ανθρώπινη πράξη είναι το (οντολογικό) απότοκο δυο ξέχωρων δυνάμεων το δομικού (θεσμικού) περιβάλλοντος και των ατομικών κινήτρων. Βάσει της συγκεκριμένης ‘θεωρίας δομής’, το άτομο ενεργοποιείται από έναν ιδιότυπο ‘ηθικό ωφελμισμό’ καθώς παρουσιάζεται ως ένα κοινωνικό όν του οποίου οι δράσεις περιλαμβάνουν και άλλους ηθικούς παράγοντες οι οποίοι δεν είναι εγγενείς στην ανθρώπινη φύση αλλά πολιτισμικά συμπαρομαρτούντα. *Ipsa facto*, το ‘μεθοδολογικό σημείο εκκίνησης’ της μιλλιανής ανάλυσης και επιστημολογίας είναι οι συγκεκριμένες οντολογικές σημαίνουσες. Η μέθοδος που υιοθετεί ο Μιλλ για τις κοινωνικές επιστήμες είναι η ‘φυσική ή συμπαγής απαγωγική μέθοδος’ η οποία προσομοιάζει στην σμιθιανή αναλυτικό-συνθετική μέθοδο. Ο συνθετικός χαρακτήρας της συγκεκριμένης μεθόδου εντοπίζεται στο ότι αναπτύσσεται μέσω ενός τριφυούς μοτίβου ανάπτυξης: εδράζεται σε εμπειρικά και ιστορικά στοιχεία, προχωρά σε απαγωγικούς συλλογισμούς από τα δεδομένα αυτά και ‘δοκιμάζει’ τους συλλογισμούς αυτούς με την ‘ανοιχτή επίκληση’ στα εμπειρικό-ιστορικά δεδομένα.

Το τρίτο συστατικό στοιχείο της ‘συμπαγούς απαγωγικής μεθόδου’, αυτό της επαλήθευσης, είναι άρρηκτα προσδεδεμένο στην ιστορία, καθώς δίδει τη δυνατότητα στο θεωρητικό να αναγνωρίζει τα δεδομένα που έχουν παραληφθεί κατά την εξαγωγή του θεωρητικού του συλλογισμού. Για τον Μιλλ, η ‘συμπαγής απαγωγική μέθοδος’ προωθεί τη σύνθεση απαγωγής και επαγωγής καθώς η επαγωγική έρευνα επαληθεύει τους νόμους που παρήχθησαν διαμέσου της απαγωγής. Ο Μιλλ πιστεύει πως η συγκεκριμένη μέθοδος δεν οδηγεί στην διαμόρφωση στέρεων, αυστηρών και αφηρημένων μοντέλων αλλά σχετίζεται με την τυποποίηση *τάσεων* στα κοινωνικά και οικονομικά φαινόμενα. Ο Μιλλ πιστεύει πως μέσω μιας διακριτικής και απλής σύνθεσης της αφηρημένης θεώρησης και της ιστορίας, ο θεωρητικός είναι σε θέση να αποφύγει τους μεθοδολογικούς περιορισμούς τόσο της αξιωματικής όσο και της εμπειρικής μεθόδου. Θεωρεί πως μονάχα μέσα από την ‘συμπαγή απαγωγική μέθοδο’ είναι δυνατή μια τέτοια σύνθεση.

Ένας δεύτερος πυλώνας του μιλλιανού ‘συμφιλιωτικού εγχειρήματος’ είναι η ‘σχετικότητα των οικονομικών θεωρημάτων’ (relativity of economic doctrines). Ο Μιλλ έχει πάντα κατά νου πως το δομικό (θεσμικό) περιβάλλον είναι ευμετάβλητο με αυτήν την μεταβλητότητα να επιδρά στο σώμα των θεωρήσεων σχετικά με αυτό. Σημειώνει πως στις κοινωνικές επιστήμες, και στην πολιτική οικονομία πιο συγκεκριμένα, συγκεκριμένοι νόμοι είναι ιστορικά (και γεωγραφικά) καθορισμένοι εντός συγκριμένων γεγονότων. Για τον λόγο αυτό, μια σημαντική παράμετρος της μιλλιανής επιστημολογίας είναι πως οι πολιτικοί οικονομολόγοι δεν μπορούν να χρησιμοποιήσουν τα θεωρήματα τους σε άλλα στάδια της κοινωνίας (states of society) καθώς οι ιστορικές, κοινωνικές, πολιτικές, πολιτισμικές και οικονομικές συνθήκες δεν είναι οι ίδιες. *Ipsa facto*, σημειώνει πως η μελέτη των οικονομικών φαινομένων η οποία εδράζεται στους επιστημικούς πυλώνες της ρικαρδιανής πολιτικής οικονομίας είναι ιστορικά, θεσμικά και κοινωνικά συγκεκριμένα και περιορίζεται ερμηνευτικά στις βιομηχανικές κοινωνίες του δεκάτου ενάτου αιώνα. Σε επιστημολογικό επίπεδο, η έννοια της ‘σχετικότητας των οικονομικών θεωρημάτων’ προσδέεται στην έννοια του ‘σταδίου της κοινωνίας’ (state of society) υπό την έννοια πως τα ‘οικονομικά θεωρήματα’ (και οι επιστημονικές ιδέες) ακολουθούν (και μετασχηματίζονται) τον δυναμικό και αέναο χαρακτήρα των κοινωνικών μεταλλαγών. Ο Μιλλ, ανακαλώντας τον Σαιντ-Σιμόν, σφυρηλατεί την θεωρία της ‘σχετικότητας των οικονομικών θεωρημάτων’ στο πλαίσιο της οντολογικής διάκρισης

‘οργανικών- κριτικών’ περιόδων όπου και σημειώνει πως σε μια ‘κριτική’ περίοδο, όπου το σύνολο των επιστημονικών ιδεών τίθεται εν αμφιβόλλω, νέα θεωρητικά (επιστημονικά) δόγματα αναδεικνύονται. Το κεφάλαιο σημειώνει πως το η θεωρία της ‘σχετικότητας των οικονομικών θεωρημάτων’ εδράζεται οντολογικά στην ‘σχετικότητα της ανθρώπινης γνώσης’ την οποία είχε αποδεχθεί ο Μιλλ κάτω από την επίδραση του Hamilton και του Bain . Το σχήμα της ‘σχετικότητας των οικονομικών θεωρημάτων’ έδωσε τη δυνατότητα στο Μιλλ να συνδέσει τη διαμόρφωση θεωρητικών σχημάτων με την ιστορία καθώς η θεωρία διαπνέεται από μια σχετικότητα η οποία συνιστά αντανάκλαση των μεταλλαγών του ιστορικού πλαισίου. Επιπρόσθετα, ο Μιλλ συνδέει την διαδικασία παραγωγής θεωρητικών σχημάτων με το ‘μοτίβο’ της ‘ιεραρχίας των νόμων’ (hierarchy of laws) σύμφωνα με το οποίο τα σχήματα της πολιτικής οικονομίας εδράζονται επιστημικά στην ψυχολογία και την ηθολογία η οποία και εξετάζει τα ιστορικά φαινόμενα που είναι επιδραστικά στη διαμόρφωση της οικονομικής συμπεριφοράς. Σύμφωνα με τη ‘μιλλιανή φιλοσοφία για την επιστήμη’ οι ηθολογικοί νόμοι είναι εξαιρετικά σημαντικοί προς τη κατανόηση του γενικού χαρακτήρα των ανθρώπων αφού ο γενικός χαρακτήρας είναι μια δυναμική (αναλυτική) ενότητα που διαφοροποιείται αναλόγως των ιστορικών συνθηκών.

*In se*, το κεφάλαιο υπογραμμίζει τη σύνδεση της ‘σχετικότητας των οικονομικών θεωρημάτων’ με τη θεωρία δομής που αναπτύσσει ο Μιλλ στο *Σύστημα της Λογικής* αφού, σε καθαρά οντολογικούς όρους, ένα κοινωνικό φαινόμενο συνιστά την αζεδιάλυτη αντανάκλαση της διαλεκτικής σχέσης μεταξύ της ανθρώπινης φύσης και του κοινωνικού-ιστορικού περιβάλλοντος. Για τον λόγο αυτό ο Μιλλ σημειώνει την αναγκαιότητα η πολιτική οικονομία να παράγει θεωρήματα τα οποία συνδέονται με την εμπειρική (ιστορική) πραγματικότητα. Το σχήμα της ‘σχετικότητας των οικονομικών θεωρημάτων’ συνδέεται με τον ‘θεσμικό ατομισμό’ του Μιλλ ο οποίος εντοπίζεται μεθοδολογικά στο ενδιάμεσο της ακραίου ατομισμού και του δογματικού ντετερμινισμού των δομών. Ουσιαστικά, ο ‘μιλλιανός ατομισμός’ είναι λειτουργικός μονάχα εντός θεσμικών και εθιμικών ορίων και για τον λόγο αυτό, σύμφωνα με την μιλλιανή επιστημολογία, διαφορετικές ιστορικές, κοινωνικές, πολιτικές και πολιτισμικές συνθήκες παράγουν διαφορετικά οικονομικά θεωρήματα. Έτσι, οι πολιτικοί οικονομολόγοι πρέπει να έχουν πάντα κατά νου αυτήν τη ‘σχετικότητα’ ώστε να παράγουν συνεκτικούς συλλογισμούς. *Exempli gratia*, η ‘μιλλιανή θεωρία

για την ιστορία' αναπτύσσεται, όπως και η αντίστοιχη σμιθιανή, στη βάση τεσσάρων σταδίων οικονομικής ανάπτυξης όπου το καθένα επεξηγείται και διαφωτίζεται διαμέσου της δικής του πολιτικής οικονομίας. Ευαπόδεικτα, η μιλλιανή πολιτική οικονομία είναι ιστορικά συγκεκριμένη καθώς περιορίζεται σε συγκεκριμένα κοινωνικό-οικονομικά συστήματα.

Ο τρίτος πυλώνας του 'συμφιλιωτικού εγχειρήματος' συνίσταται στην περίφημη διάκριση μεταξύ των 'νόμων της παραγωγής' και των 'νόμων της διανομής'. Πληθώρα μελετητών λογίζει αυτήν τη μεθοδολογική διάκριση ως μια από τις σημαντικότερες συνεισφορές της μιλλιανής πολιτικής οικονομίας. Ο Μιλλ, σε αντίθεση με τη ρικαρδιανή παράδοση δεν αποδέχεται την θέαση πως η παραγωγή κατευθύνει τις διανεμητικές επιλογές και διαδικασίες. Η επιστημική του συμβολή συνίσταται στο ότι σημειώνει πως η παραγωγή και η διανομή 'κυβερνώνται' από διαφορετικούς παράγοντες και χαρακτηρίζονται από διαφορετικούς νόμους. Για τον Μιλλ, η παραγωγή του πλούτου διαπνέεται από νόμους αντίστοιχους με τους φυσικούς σε αντίθεση με τους νόμους της διανομής του πλούτου οι οποίοι είναι υποκείμενοι σε συγκεκριμένες ιστορικές συνθήκες και είναι (άρρηκτα) προσδεδεμένες στον χαρακτήρα των ανθρώπινων σχέσεων και επιθυμιών. Αυταπόδεικτα, μια τέτοια διάκριση συνδέεται με τον 'ιστορικό σχετικισμό' του Σαιντ-Σιμόν και καθιστά το κοινωνικό και ιστορικό στοιχείο ένα ιδιαίζον γνώρισμα της μιλλιανής πολιτικής οικονομίας.

Η διάκριση μεταξύ των 'νόμων της παραγωγής και της διανομής', αλλά και το μοτίβο της 'σχετικότητας των οικονομικών θεωρημάτων', θα πρέπει να ειπωθεί εντός της 'ηράκλειας' προσπάθειας του να 'εξανθρωπίσει' την ακραία αφηρημένη ρικαρδιανή πολιτική οικονομία. Το κεφάλαιο υποστηρίζει πως η περίφημη αυτή διάκριση δεν δύναται να καταστεί λυσιτελώς κατανοητή παρά μονάχα αν τοποθετηθεί εντός του 'συμφιλιωτικού εγχειρήματος' του Μιλλ να συνδέσει τον αφηρημένο χαρακτήρα της ρικαρδιανής θεώρησης με την επαγωγική-ιστοριστική κριτική στην ρικαρδιανή πολιτική οικονομία. Πιο συγκεκριμένα, ο Μιλλ αποδέχεται τα ρικαρδιανά αξιώματα περί της παραγωγής (π.χ. φθίνουσες αποδόσεις κλίμακας, φθίνον ποσοστό κέρδους κ.λπ.), ενώ την ίδια στιγμή, με ένα άρθρο του το 1831, συμφωνεί με τον Scrope ότι οι μεταρικαρδιανοί οικονομολόγοι εστίασαν τη προσοχή τους στα ζητήματα της παραγωγής και υποβάθμισαν τα ζητήματα της διανομής. Σημειώνει πως ακόμα και ο ίδιος ο Ρικάρντο, παρότι έγραψε εκτενώς για ζητήματα διανομής,



θεωρούσε τη διανομή ως να είναι άρρηκτα προσδεδεμένη στην παραγωγή. Ο Μιλλ παρότι συνέγραψε την πλέον σημαίνουσα πραγματεία υπεράσπισης του *laissez-faire* στη μεταρικαρδιανή πολιτική οικονομία, σημείωσε πως η αγνόηση της διανομής μπορεί να είναι κοινωνικά και ηθικά επιζήμια.

Ο Μιλλ ακολουθεί τη ‘σμιθιανή’ παράδοση σημειώνοντας πως οι ‘νόμοι της παραγωγής’ προσομοιάζουν στους ‘φυσικούς νόμους’ και κατέκτησαν το θεωρητικό status μέσω της στατικής του φύσης. Σύμφωνα με τη μιλλιανή πολιτική οικονομία λειτουργούν ως ‘φυσικές δυνάμεις’ τις οποίες η δεν μπορεί να μεταβάλλει η επιθυμία του ανθρώπου, καθώς η ‘παραγωγή του πλούτου’ οδηγείται από αυστηρούς, αμείλικτους, απρόσωπους και αναπόδραστους παράγοντες. Οι ‘νόμοι της παραγωγής’ επηρεάζονται είτε από τις φυσικές δυνάμεις είτε από τις εγγενείς ιδιότητες των ανθρωπίνων όντων και ως εκ τούτου δύνανται να εξαχθούν επιστημονικά. Οι ‘νόμοι της παραγωγής’ προσεγγίζουν έναν επιστημικά στατικό χαρακτήρα, και ως εκ τούτου είναι ανεξάρτητοι από το ιστορικό-κοινωνικό πλαίσιο. Σύμφωνα με τον Μιλλ, η παραγωγή του πλούτου εξαρτάται από την κατάσταση των πραγμάτων όπως η συσσώρευση του πλούτου, της ενέργειας, της τελειότητας των μηχανημάτων, του καταμερισμού της εργασίας, των φθινουσών αποδόσεων κλίμακας, και είναι ανεξάρτητη από την ανθρώπινη γνώση και θέληση. Ο Μιλλ μετέρχεται την ρικαρδιανή ‘θεωρία της αξίας’ ως τον επιστημικό πυλώνα της ‘θεωρίας παραγωγής’, αναδεικνύοντας παράλληλα την α-ιστορική φύση των νόμων παραγωγής. Αντίθετα, ο Μιλλ πιστεύει πως οι ‘νόμοι της διανομής’ επηρεάζονται από πολιτισμικούς, κοινωνικούς, πολιτικούς και (ακόμα) θρησκευτικούς παράγοντες, οι οποίοι είναι σε μια κατάσταση δυναμικής διαδικασίας ιστορικών μεταλλαγών. Για τον Μιλλ οι ‘νόμοι της διανομής’ είναι σε μια κατάσταση αέναης κατάστασης μετασχηματισμού. Θεωρεί πως η διανομή του πλούτου είναι μια κοινωνική επιλογή η οποία εξαρτάται από την ανθρώπινη επιλογή, σημειώνοντας παράλληλα πως η κοινωνία έχει την ισχύ να διευθετήσει τους μηχανισμούς διανομής όπως αυτή θεωρεί. Ο Μιλλ προχωρά στην ριζοσπαστική θέαση πως η διανομή του πλούτου είναι ένα ζήτημα ισχύος καθώς οι νόμοι (και τα έθιμα) σύμφωνα με τους οποίους γίνεται η διανομή σχετίζεται με τις γνώμες και τις συναισθήματα της κυρίαρχης τάξης. Οι ‘νόμοι της διανομής’ συνιστούν τραχείς ιστορικές γενικεύσεις και σε αντίθεση με τους ‘νόμους της παραγωγής’ δεν είναι τόσο στέρεοι όσο οι τελευταίοι.

Η εγγενής ‘ευπλαστότητα’ των νόμων της διανομής αποκλείει την πιθανότητα μιας ‘γενικής θεωρίας διανομής’, διανοίγοντας παράλληλα τις πόρτες για την ιστορία να αποτελέσει ένα δομικό στοιχείο της μιλλιανής οικονομικής θεώρησης. Το κεφάλαιο αναδεικνύει, από τις σημειώσεις του Μιλλ, την ‘οικονομική ιστορία των ιδιοκτησιακών δικαιωμάτων’ συνδέοντας την με την ιστορική διάσταση των νόμων της διανομής. Οι ετερόδοξες θεάσεις του Μιλλ σχετικά με την διανομή εγγράφονται με ενάργεια στην ενότητα IV του δευτέρου βιβλίου των *Αρχών Πολιτικής Οικονομίας* όπου και τοποθετεί το ‘έθιμο’, μαζί με τον ανταγωνισμό, ως καθοριστικούς παράγοντες για τον καθορισμό της διανομής του προϊόντος. Το κεφάλαιο διατέμνει την συγκεκριμένη ενότητα αναδεικνύοντας την ιστορική συγκεκριμενότητα του Μιλλ και τον επαγωγικό (ιστορικό) χαρακτήρα της μιλλιανής μεθοδολογίας. Επίσης, η έρευνα εξετάζει την πορεία της σκέψης του Μιλλ σχετικά με το ‘σιδηρό νόμο των μισθών’ (*wages fund doctrine*), αναδεικνύοντας την ετερόδοξη και (ιστορική) εξέλιξη των θεάσεων του πάνω σε ένα κλασικό ζήτημα διανομής. *Ad addendum*, ένα ιδιαίζον γνώρισμα της μιλλιανής πολιτικής οικονομίας είναι η ανάδειξη της διανομής ως ίσης αξίας με την παραγωγή. Ο Μιλλ ασκεί κριτική στις κλασικές απόψεις περί διανομής και αποδέχεται τις θεωρητικές θεάσεις των *ουτοπικών σοσιαλιστών* οι οποίοι κινούνται ενάντια στα ρικαρδιανά διανεμητικά αξιώματα.

Ο τελευταίος πυλώνας του μιλλιανού ‘συμφιλιωτικού εγχειρήματος’ εντοπίζεται στις ριζοσπαστικές θεάσεις του Μιλλ όσον αφορά την οικονομική και κοινωνική πολιτική. Ο Μιλλ, σε εναργή ευθυγράμμιση με την κλασική παράδοση, προώθησε τις πολιτικές του *laissez-faire* στην οικονομική πολιτική υπερασπιζόμενος παράλληλα τα ατομικά ιδιοκτησιακά δικαιώματα. Για τον Μιλλ, όπως και για όλους τους κλασικούς, τα άτομα έχουν την (έμφυτη) ικανότητα να αναγνωρίζουν τα συμφέροντα τους καλύτερα από κάθε κυβερνητική επιτροπή και γι’ αυτό το δόγμα του *laissez-faire* συνιστά μια αναπόδραστη πρακτική και κάθε παρέκκλιση από αυτήν είναι κοινωνικά ελέγξιμη. Από την άλλη, ο Μιλλ σημειώνει πως η κυβερνητική πολιτική είναι καθοριστική για την παραγωγή και (κυρίως) για την διανομή του πλούτου. Υπό το πρίσμα αυτό, ο Μιλλ αναπαράγει τα κλασικά μοτίβα σε σχέση με την παραγωγή και την (αντιπαραγωγική) κρατική παρέμβαση. Γενικά, σύμφωνα με τη μιλλιανή παράδοση, κάθε προστατευτική πολιτική που προσβάλλει την ελεύθερη λειτουργία της αγοράς δεν μπορεί να είναι οικονομικά δικαιολογήσιμη. Παρόλα αυτά, ο εγγενής φιλελευθερισμός του Μιλλ δεν τον απέτρεψε από το να εκφράσει τους

περιορισμούς του *laissez-faire* και να αναδείξει τις αποτυχίες της αγοράς. Για τον λόγο αυτό, οι προτάσεις οικονομικής πολιτικής κινούνται αντίθετα από το (κλασικό) μοτίβο της ανεμπόδιστης ελευθερίας. Ο Μιλλ, ειδικότερα προς το τέλος της διανοητικής του πορείας, υιοθέτησε την πεποίθηση πως η κυβέρνηση δύναται να μεσολαβεί στις σχέσεις κεφαλαίου και εργασίας όταν το ‘κοινό καλό’ το απαιτεί.

Το κεφάλαιο υποστηρίζει την άποψη πως οι διαφοροποιήσεις του Μιλλ σε σχέση με την οικονομική (και κοινωνική) πολιτική σχετίζεται μεθοδολογικά με τον εκλεκτικισμό του, που είναι σύμφυτος με τη μιλλιανή μεθοδολογία, αλλά αντανακλά και τον ‘πολιτικό φιλελευθερισμό’ του Μιλλ ο οποίος εδράζεται στην αναγκαιότητα της ‘ισότητας των ευκαιριών για όλους’. Για τον συγγραφέα του φιλελεύθερου μανιφέστου *Για την Ελευθερία*, οι ίσες ευκαιρίες συνιστούν το *sine qua non* της ατομικής ελευθερίας. Το κεφάλαιο επιχειρεί μια πυραμιδοειδή ανάγνωση του μιλλιανού φιλελευθερισμού στην κορυφή της οποίας εντοπίζεται ο πολιτικός φιλελευθερισμός με τον οικονομικό φιλελευθερισμό να είναι απλά ένα μέσο για την κατάκτηση του. Για τον λόγο αυτό, ο Μιλλ θεωρεί πως ο σκοπός της κυβέρνησης πρέπει να είναι η προώθηση κοινωνικών και οικονομικών πολιτικών που θα προωθήσουν την ‘ισότητα των ευκαιριών’. *Ipsa facto*, ο Μιλλ προτείνει συγκεκριμένες (οικονομικές) πολιτικές οι οποίες είτε είναι συμβατές είτε κινούνται αντίθετα προς το αξίωμα του *laissez-faire*. Το κεφάλαιο αποδελτιώνει τις προτάσεις του Μιλλ για την οικονομική και κοινωνική πολιτική και σημειώνει πως η πρόταση του Μιλλ για την προστασία των ‘νηπιακών βιομηχανιών’ ενός νεοσύστατου κράτους με τη χρήση δασμών, δεν κινείται σε αντίθεση προς τους διθυράμβους του ελεύθερου εμπορίου αλλά σχετίζεται με την ιστορική του ευαισθησία και τη θεωρία του για την ιστορία. Το κεφάλαιο υποστηρίζει πως οι ετερόδοξες θεάσεις του Μιλλ, σχετικά με τη διανομή και την κοινωνικό-οικονομική πολιτική, αποκρυσταλλώνονται εναργώς στην ανάλυση του Ιρλανδικού ζητήματος ιδιοκτησίας, οι οποίες κατέστησαν τον Μιλλ ως την πλέον ριζοσπαστική φιγούρα της κλασικής πολιτικής οικονομίας. Η ανάλυση διατέμνει την εξέλιξη των μιλλιανών απόψεων σχετικά με την Ιρλανδία υποστηρίζοντας την (ριζοσπαστική) άποψη πως η μιλλιανή πολιτική οικονομία αποτέλεσε τη βάση για την ανάδυση των μεθύτερων ιστορικών απόψεων της Βρετανικής ιστορικής σχολής.

## 6. ΚΕΦΑΛΑΙΟ IV: Ο ΤΖΟΝ ΣΤΙΟΥΑΡΤ ΜΙΛΛ ΚΑΙ Η ΙΣΤΟΡΙΑ: ΜΙΑ ‘ΕΞΑΘΕΜΑΤΙΚΗ’ ΠΡΟΣΕΓΓΙΣΗ

### 6.1 Σύντομη επισκόπηση κεφαλαίου

Ο Μίλλ είναι γνωστός ως ένας περίφημος πολιτικός οικονομολόγος, πολιτικός φιλόσοφος, φιλόσοφος και κοινωνικός μεταρρυθμιστής. Όμως δεν ανέδειξε, μέσω των κειμένων του, την ‘ψυχοσύνθεση’ του ιστορικού. Αυτός είναι και ο (κύριος) λόγος που η μιλλιανή φιλοσοφία για την ιστορία (και η θεωρία του για την ιστορία) λογίζονται ως δευτερεύοντα ζητήματα στα μιλλιανό έργο και δεν έλκυσαν το ενδιαφέρον των αναλυτών. Αυτή η παραμέληση πηγάζει από το γεγονός ότι τα ζητήματα αυτά δεν αποτέλεσαν ευδιάκριτα στοιχεία του έργου του Μίλλ. Το συγκεκριμένο κεφάλαιο προβαίνει σε μια ‘συνολική’ ανάγνωση του μιλλιανού έργου στοιχειοθετώντας την άποψη πως εγγράφονται σε αυτό θεάσεις σχετικές με μια ‘φιλοσοφία για την ιστορία’ αναδεικνύοντας παράλληλα πως αναπτύσσει μια ξεχωριστή θεωρία για την ιστορία μέσω των ‘Προκαταρκτικών Σχολίων’ των *Αρχών* του.

Επιπρόσθετα, το κεφάλαιο υποστηρίζει πως τόσο η φιλοσοφία όσο και η θεωρία του για την ιστορία έχουν οργανικό ρόλο στην μιλλιανή οικονομική και πολιτική σκέψη. Το κεφάλαιο επιχειρεί να ‘φωτίσει’ τους δεσμούς του Μίλλ με την ιστορία. Ο ‘φωτισμός’ αυτός εδράζεται στη βάση έξι ξεχωριστών αλλά διαλεκτικά συνδεδεμένων θεματικών. Η πρώτη σχετίζεται με τις ενδιαφέρουσες απόψεις του Μίλλ για την ιστοριογραφία, εστιάζοντας στα συλλογικά δοκίμια *Για την Γαλλική Ιστορία και τους Ιστορικούς*. Η δεύτερη εστιάζει στην μιλλιανή φιλοσοφία για την ιστορία δίδοντας ιδιαίτερη έμφαση στο ρόλο της προόδου. Η τρίτη διερευνά τη μιλλιανή θεωρία οικονομικής ανάπτυξης μέσω της εξέτασης των ‘Προκαταρκτικών Σχολίων’ των *Αρχών της Πολιτικής Οικονομίας*. Η τέταρτη και η πέμπτη θεματική είναι στενά συνδεδεμένες καθώς εστιάζουν στη ‘μιλλιανή θεωρία αποικιοποίησης’ και στην ανάλυση του ‘Στάσιμου Σταδίου’ (Stationary State). Οι θεματικές αυτές αναδεικνύουν τις (επιστημικές) διαφορές μεταξύ μιας στάσιμης οικονομίας και της μιλλιανής φιλελεύθερης ουτοπίας. Η τελευταία (έκτη) θεματική ερευνά την μιλλιανή οικονομική ιστορία καθώς σχετίζει την (επιστημολογική) σχέση του Μίλλ με τα ιστορικά δεδομένα μέσω της εξέτασης της χρήσης της έννοιας της ‘Τέχνης της Επαλήθευσης’ (Art of Verification).

## **6.2 Η ανατομία της ‘εξαθεματικής’ προσέγγισης**

Παρότι εγγράφονται αρκετά σημεία στο μιλλιανό έργο όπου ο Μιλλ εκφράζει τις απόψεις του για την ιστορία της ιστοριογραφίας, οι θεάσεις αυτές δεν έχουν συστηματοποιηθεί και αποδοθεί ξεκάθαρα. Το κεφάλαιο αυτό ανασυστήνει τις απόψεις του Μιλλ για την ιστοριογραφία εξετάζοντας το επισκοπικό του δοκίμιο για την *Ιστορία της Γαλλίας* του Michelet όπως αυτή δημοσιεύθηκε το Γενάρη του 1844. Εξετάζοντας το δοκίμιο του Michelet ο Μιλλ προσφέρει ένα σύντομο αλλά εξαιρετικά ενδιαφέρον ‘σκίτσο’ του πως η ιστορική γνώση αναπτύχθηκε ιστορικά. Το ‘σκίτσο’ αυτό εδράζεται οντολογικά στον ιδεαλισμό à la Κοντ σύμφωνα με τον οποίο η επιστημονική γνώση είναι υποκείμενη σε αέναους διανοητικούς μετασχηματισμούς. Σύμφωνα με τον Μιλλ, η ιστορική επιστήμη (και σκέψη) είναι μεταβαλλόμενη καθώς κάθε επόμενη γενιά είναι καλύτερα προσαρμοσμένη για νέα (ιστορική) γνώση. Στην βάση αυτή, το κεφάλαιο σημειώνει πως σύμφωνα με τον Μιλλ μπορούμε να διακρίνουμε τρεις (ξέχωρες) περιόδους ιστορικής γραφής.

Το πρώτο στάδιο χαρακτηρίζεται από την απλή μετάφραση των ιστορικών πηγών και θεωρείται (σχετικά) ρηχή στην επιστημολογία της. Ο Μιλλ ασκεί κριτική σε αυτό το στάδιο ιστορικής σκέψης σημειώνοντας πως οι ωμές γενικεύσεις του εδράζονται οντολογικά στις απόψεις και τις προδιαθέσεις του ιστορικού. Το δεύτερο στάδιο ιστορικής σκέψης, σε αντίθεση με το πρώτο, επιχειρεί να εξετάσει τις παρελθοντικές περιόδους όχι με το μάτι του ‘σύγχρονου’ ιστορικού αλλά, στο μέτρο του δυνατού, με το βλέμμα του ‘παρατηρητή’ ώστε να προσλάβει μια αληθινή και ζωντανή εικόνα του παρελθοντικού χρόνου. Το στάδιο αυτό χαρακτηρίζεται ως ακραιφνώς ‘ηθογραφικό και βιογραφικό’ και είναι άρρηκτα προσδεδεμένο με τη λεπτομερειακή αποδελτίωση των εμπειρικών δεδομένων. Ο Μιλλ αναγνωρίζει τις δυσκολίες του συγκριμένου εγχειρήματος και παρατηρεί πως το κυριότερο πρόβλημα του ιστορικού αυτού του σταδίου είναι η επιστημολογική δυσκολία να μεταστραφεί ένα συγκεκριμένο τεκμήριο σε γενική ιστορική πρόταση. Για τον λόγο αυτό, το συγκριμένο στάδιο, λόγω και της έλλειψης θεωρίας, εστιάζει στην εξαντλητική αφήγηση και περιγραφή προσομοιάζοντας σε αυτό που ονομάστηκε αργότερα αφηγηματική ιστορία (narrative history). Το συγκριμένο στάδιο παράγαγε σημαίνοντα κείμενα αλλά δεν είναι στενά συνδεδεμένο με μια συγκεκριμένη θεωρία για την ιστορία ή με μια σχέση αιτίου και αποτελέσματος σε ‘Θουκυδιδιανούς’ όρους.

Το τελευταίο στάδιο ιστορικής σκέψης δεν εστιάζει απλά στη σύνθεση ιστοριών αλλά σχετίζεται με την δόμηση μιας επιστήμης για την ιστορία. Ο Μιλλ παρατηρεί πως αυτός ο τρόπος ιστορικής σκέψης συνδέεται με την συνεχή αναζήτηση του ‘αιτίου’ και εδράζεται οντολογικά στο μοτίβο ‘της συνέχειας της ιστορίας’. Ο Μιλλ, υπενθυμίζοντας τις οντολογικές επιλογές του Αύγουστου Κοντ, σημειώνει πως το τρίτο στάδιο ιστορικής σκέψης δεν είναι ανεξάρτητο από το δεύτερο, καθώς αναπαράγει αρκετά από τα επιστημολογικά του μοτίβα. Αναμφίβολα, η τριφυής διάκριση του Μιλλ για την εξέλιξη της ιστοριογραφικής σκέψης προσομοιάζει στην κοντιανή ταξινόμηση της επιστημονικής γνώσης σύμφωνα με την οποία η γνώση αναπτύσσεται μέσω τριών σταδίων: του θεολογικού, του μεταφυσικού και του θετικιστικού. Για τον Μιλλ, το πρώτο στάδιο ιστορικής έρευνας συνδέεται με την εξέταση ιστορικών γεγονότων μέσω εννοιών και σχημάτων τα οποία είναι οικεία στον ιστορικό και ως εκ τούτου συνιστά αντανάκλαση του θεολογικού σταδίου επιστημονικής σκέψης. Το δεύτερο, αφηγηματικό στάδιο, συνδέεται με τον μεταφυσικό στάδιο σκέψης, ενώ το τρίτο συνδέεται εναργώς με τον θετικιστικό τρόπο σκέψης. Από την άλλη, η μιλλιανή διάκριση είναι μεθοδολογικά συνεπής με την κοντιανή οντολογία καθώς έχει τη στέρεη πεποίθηση πως το ‘τελικό’ στάδιο ιστορικής σκέψης συνιστά το *sum summarum* όλων των προηγούμενων σταδίων. Για τον λόγο αυτό, η θεωρητική ιστορία, την οποία μετέρχεται ο Μιλλ στην πολιτική του οικονομία εδράζεται σε ‘αφηγηματικά’ (narrative) συμπεράσματα και προϋποθέσεις.

Η δεύτερη ‘θεματική’ που εντοπίζεται σχετίζεται με την χρήση της ιστορίας ως φιλοσοφία και μεθοδολογία. Σύμφωνα με το Μιλλ, όπως και για τον Σμιθ, η πιο σημαντική διάσταση της (επιστημονικής) ιστορίας είναι να ‘τυποποιήσει’ γενικά σχήματα σχετικά με την ανθρώπινη συμπεριφορά. Όμως ο Μιλλ εξυφαίνει τη ‘φιλοσοφία του για την ιστορία’ με μιλλιανικά (Millarian) υλικά καθώς σημειώνει πως η καταγεγραμμένη μαρτυρία συνιστά την πηγή των γενικεύσεων σημειώνοντας πως αυτές οι γενικεύσεις θα πρέπει να εδράζονται σε συγκεκριμένα ιστορικά τεκμήρια. Ο Μιλλ ακολουθεί το τρίτο ρεύμα της ιστοριογραφικής σκέψης το οποίο προωθεί την ‘στενή’ συσχέτιση θεωρητικής και αφηγηματικής ιστορίας. Ουσιαστικά δηλαδή, για το Μιλλ, η ιστορία, παρότι συνιστά μια αέναη διαδικασία μετασχηματισμού, είναι χρήσιμη στο να ανακαλύπτεις ‘κανονικότητες στην αλλαγή’. Το κεφάλαιο υπογραμμίζει πως για τον Μιλλ ο ιστορικός πρέπει να είναι προσεκτικός με την παραγωγή γενικεύσεων σημειώνοντας την σημασία του Fitzjames Stephen

στην ‘φιλοσοφία της ιστορίας’ του Μιλλ. Η μεθοδολογική αυτή σύνδεση εμπειρίας και θεωρίας σχετίζεται με την ‘σχετικότητα των οικονομικών θεωρημάτων’ και ανατροφοδοτεί την διαλεκτική σχέση θεωρίας και ιστορίας.

Από την άλλη, η έννοια της προόδου προσφέρει τον επιστημικό δεσμό μεταξύ της μιλλιανής μεθοδολογίας, φιλοσοφίας και θεωρίας για την ιστορία. Πιο συγκεκριμένα, το κεφάλαιο αναδεικνύει πως ο Μιλλ ακολουθεί το μοτίβο των ‘κοντεανών δυναμικών’ (Comtean Dynamics), και με το να υπενθυμίζει την Σκωτική ιστορική σχολή αναπτύσσει μια συνοπτική θεωρία οικονομικής ανάπτυξης η οποία προσομοιάζει σε μια οικονομική ιστορία σε συμπύκνωση. Η συγκεκριμένη οικονομική ιστορία σχετίζεται με μια πολυποίκιλη και δυναμική εικόνα του οικονομικού παρελθόντος η οποία περιλαμβάνει περιβαλλοντικά, φυλετικά, ταξικά και πολιτισμικά στοιχεία. Τα στοιχεία αυτά συνδέονται διαμέσου του ‘μίτου’ της προόδου. Ο Μιλλ, ως μια τυπική φιγούρα του Βρετανικού διαφωτισμού, λογίζει την πρόοδο ως ένα αυταπόδεικτο γνώρισμα του σύγχρονου πολιτισμού. Οι προοδευτικές θεάσεις του Μιλλ αναπτύσσονται με ενάργεια στην εξαιρετική σύννοψη του δοκιμίου του Michelet η *Ιστορία της Γαλλίας*. Βέβαια, παρά τον έμφυτο χαρακτήρα της προόδου, ο Μιλλ αποδέχεται πως αρκετές φορές περιοδικές υστερήσεις αναχαιτίζουν την προοδευτική πορεία της οικονομίας. Ο Μιλλ σημειώνει πως αυτές οι (περιοδικές) υστερήσεις είναι το αυταπόδεικτο απότοκο των ‘κριτικών περιόδων’ οι οποίες είναι μεταβατικές μεταξύ δυο ξεχωριστών ‘οργανικών περιόδων’. Το κεφάλαιο δείχνει πως η ενδιαφέρουσα επιστημολογικά διάκριση ‘οργανικών’ και ‘κριτικών’ περιόδων σμιλεύεται διαμέσω της επίδρασης τόσο του Κοντ όσο και του Σαιντ-Σιμόν ενώ αναδεικνύει τα ‘γνώρίσματα’ των δυο περιόδων.

Ένα από τα βασικά ευρήματα του κεφαλαίου συνίσταται στο ότι υποστηρίζει πως η διχοτόμηση του ιστορικού χρόνου σε ‘οργανικές’ και ‘κριτικές’ περιόδους είναι ένα σημαίνον γνώρισμα τόσο της ‘φιλοσοφίας του για την ιστορία’ όσο και για την μεθύτερη διαμόρφωση της ‘θεωρίας του για την ιστορία’. Για τον Μιλλ, η πρόοδος λαμβάνει χώρα μέσω της σύγκρουσης αντιτιθέμενων ιδεών και πεποιθήσεων, η οποία σύγκρουση λαμβάνει χώρα στην ‘αρένα’ της κριτικής περιόδου. Η ανάλυση δείχνει πως η φιλοσοφία του Μιλλ για την ιστορία είναι περισσότερο περίπλοκη σε σχέση με τη φιλοσοφία της Σκωτικής ιστορικής σχολής και του κλασικού ωφελιμισμού. Για τον λόγο αυτό, η ‘φιλοσοφία του Μιλλ για την ιστορία’ δεν είναι τελεολογική καθώς κρίσεις και οπισθοδρομήσεις είναι συχνά

εμπόδια στην οικονομική ανάπτυξη και συνδέονται επιστημολογικά με τη διαλεκτική συσχέτιση ‘οργανικών και κριτικών περιόδων’. Το κεφάλαιο δείχνει πως η μιλλιανή φιλοσοφία για την ιστορία εδράζεται οντολογικά στη θεωρία δομής που υιοθετεί και αντανακλά τη μεθοδολογία του για την ιστορία.

Η τρίτη ‘θεματική’ εξετάζει τη μιλλιανή ‘θεωρία για την ιστορία’ ως ένα βασικό αρμό της μιλλιανής θεωρίας για την οικονομική ανάπτυξη. Το κεφάλαιο υποστηρίζει πως η θεωρία του Μιλλ για την ιστορία διακρίνεται στη βάση συγκεκριμένων επιστημικών γνωρισμάτων. Καταρχήν, είναι ιστορικά ευαίσθητη. Ο Μιλλ παρότι αποδέχεται πως κάθε στάδιο οικονομικής ανάπτυξης αναπτύσσει συγκεκριμένα χαρακτηριστικά κανονικότητας, σημειώνει πως η καταγεγραμμένη μαρτυρία ενέχει στοιχεία μονηρότητας και για αυτό κάθε πρόβλεψη είναι προβληματική. Η παρατήρηση αυτή πηγάζει από το γεγονός πως ο ίδιος ο Μιλλ θεωρεί πως οι νόμοι οικονομικής ανάπτυξης είναι ‘ευμετάβλητοι’ νόμοι οι οποίοι δεν μπορούν να σημειώσουν με βεβαιότητα την διάρκεια που είναι απαιτητή για να φθάσει το επόμενο στάδιο. Δεύτερον, η μιλλιανή ‘θεωρία για την ιστορία’, όπως οι συντριπτικές θεωρήσεις του δεκάτου ενάτου αιώνα, είναι Ευροκεντρική στις οντολογικές της σημαίνουσες καθώς έχει την άποψη πως η ευρωπαϊκή οικογένεια των εθνών είναι η μοναδική που διαπνέεται από τη δυνατότητα να ξεπεράσει μια συγκριμένη βαθμίδα ανάπτυξης. Αυταπόδεικτα, ο μιλλιανός Ευροκεντρισμός συνιστά το εναργές απότοκο της μιλλιανής πολιτικής φιλελεύθερης φιλοσοφίας. Τρίτον, ο Μιλλ, ακολουθώντας την κοντιανή δυναμική φιλοσοφία, σημειώνει πως η οικονομική ανάπτυξη δεν είναι ούτε ‘καθολική’ ούτε και γραμμική καθώς κάποιες περιοχές, όπως οι Βρετανικές αποικίες, εντοπίζονται στο κτηνοτροφικό ή στο αγροτικό στάδιο οικονομικής ανάπτυξης ενώ η Αγγλία εισέρχεται, σύμφωνα με τις μιλλιανές ουτοπικές θεωρήσεις, στο ‘Στάσιμο στάδιο’ οικονομικής και κοινωνικής οργάνωσης. Για τον Μιλλ οι προϊστορικές και υπανάπτυκτες κοινωνίες παρέχουν σημαντικά τεκμήρια για την προοδευτική οικονομική και κοινωνική ανάπτυξη αλλά αναδεικνύουν πως η ανάπτυξη είναι γενικά ασύμμετρη. Η οικονομική ιστορία του Μιλλ δείχνει πως ακόμα και η Ευρώπη δεν παρουσιάζει μια συνεκτική (και καθολική) ιστορία. Αναπόδραστα λοιπόν καταλήγει στο συμπέρασμα πως ο ιστορικός δεν δύναται να αναδείξει (γενικούς) νόμους οι οποίοι να συνεπάγονται μια συγκεκριμένη, προδιαγεγραμμένη και γενική ιστορική εξέλιξη. Για τον λόγο αυτό, ο Μιλλ



μεταχειρίζεται μια θεωρία για την ιστορία η οποία είναι ιστορικά συγκεκριμένη και σε καμία περίπτωση δεν αποκόπτει τους δεσμούς της με το ιστορικό τεκμήριο.

Τέταρτον, ο Μιλλ προτείνει μια οργανική (και στενή) σχέση μεταξύ θεωρίας και ιστορίας, ενώ αποδέχεται τη (Σκωτική) υποθετική ιστορία σε αρκετές περιπτώσεις. Από την άλλη, ο Μιλλ κάτω από την επίδραση του Κοντ, αποδέχθηκε μια ολιστική ιστορία η οποία ενσωματώνει ψυχολογικά, πολιτισμικά, πολιτικά στοιχεία. Η μιλλιανή ‘θεωρία για την ιστορία’ εδράζεται στην ‘θεωρία δομής’ που αναπτύσσει στο *Σύστημα Λογικής* και λειτουργεί στη βάση της αλληλεπίδρασης οικονομικής συμπεριφοράς και οικονομικών θεσμών. Υπό την έννοια αυτή, η ‘μιλλιανή θεωρία για την ιστορία’ είναι περισσότερο κοινωνιολογική παρά φιλοσοφική και αφηρημένη. Η ‘μιλλιανή θεωρία για την ιστορία’ μετατρέπεται σε οικονομική ιστορία καθώς η οικονομική ανάπτυξη προωθείται μέσω σταδίων. Ο Μιλλ, σε αντίθεση με τον Σμιθ και τον Μαρξ, υιοθετεί την άποψη πως η μετάβαση από το ένα στάδιο κοινωνικής οργάνωσης στο επόμενο επιτυγχάνεται διαμέσου της συσσώρευσης επιστημονικής γνώσης. Σύμφωνα με το Μιλλ, η πρόοδος της βιομηχανίας εξαρτάται από την πρόοδο της γνώσης. Το κεφάλαιο υποστηρίζει πως η οικονομική ιστορία του Μιλλ είναι σε ένα μεγάλο βαθμό μια διανοητική ιστορία πολιτισμικής ανάπτυξης. Ουσιαστικά δηλαδή, η μιλλιανή ‘θεωρία για την ιστορία’ αντανακλά έναν ιδιότυπο ιδεαλισμό καθώς, ακολουθώντας τον κοντιανό ιδεαλισμό, αναδεικνύει την προαιότητα των (επιστημονικών) ιδεών σε σχέση με τις υλικές διαδικασίες. Η οικονομική ιστορία του Μιλλ αναπτύσσεται με ενάργεια στα ‘Προκαταρκτικά σχόλια’ των *Αρχών Πολιτικής Οικονομίας*, όπου όμως διαγράφεται με (σχετικά) αφηρημένα χαρακτηριστικά. Το κεφάλαιο προτείνει μια συνθετότερη ανάγνωση του συγκεκριμένου εδαφίου καθώς συνδέει τη μιλλιανή ‘θεωρία οικονομικής ανάπτυξης’ με την εξελικτική πολιτική θεωρία της *Ελευθερίας* (*On Liberty*) και την αντικομμφορμιστική λογική της επισκόπησης του έργου του ντε Τοκβίλ *Η Δημοκρατία στην Αμερική*. Επιπρόσθετα, το κεφάλαιο σημειώνει πως η μιλλιανή ‘θεωρία για την οικονομική ανάπτυξη’ εδράζεται στη οικονομική ιστορία των ιδιοκτησιακών δικαιωμάτων όπως αυτή εγγράφεται στα *Κεφάλαια για το Σοσιαλισμό*. Ο Μιλλ, όπως και ο Σμιθ, σημειώνει πως το πρωτόγονο στάδιο ακολουθείται από ποιμενικό, το ποιμενικό από το αγροτικό και το αγροτικό από το εμπορικό (καπιταλιστικό). Για τον Μιλλ, κάθε στάδιο οικονομικής ανάπτυξης χαρακτηρίζεται από τα ιδιότυπα ιδιοκτησιακά του δικαιώματα με τα δικαιώματα,

αυτά να συνιστούν το *clavis aurea* για την κατανόηση των οικονομικών, κοινωνικών, πολιτικών και πολιτιστικών διαφορών.

Το κεφάλαιο σκιαγραφεί το μιλλιανό σκίτσο των σταδίων οικονομικής ανάπτυξης αναδεικνύοντας την μιλλιανή αντιστοίχιση οικονομικής μεγέθυνσης και κυρίαρχου τρόπου (επιστημονικής) σκέψης. Από την άλλη, η ανάλυση αναδεικνύει την επιστημολογική συγγένεια μεταξύ της Σκωτικής παράδοσης και του Μιλλ, καθώς δείχνει πως για τον Μιλλ, όπως και για τον Σμιθ, η μετάβαση από την ποιμενική στην αγροτική μορφή κοινωνικής οργάνωσης ήταν μια αργή και σε καμία περίπτωση αυτόματη διαδικασία. Όπως σημειώνει ο ίδιος ο Μιλλ, ο κίνδυνος της στασιμότητας είναι πάντα πιθανή εξέλιξη που αναδεικνύεται από ιστορικά παραδείγματα όπως η Κίνα, η Αίγυπτος ή άλλα ασιατικά κράτη τα οποία συνιστούν, σύμφωνα με την περίφημη φράση του, “τα πιο μελαγχολικά τεκμήρια της ιστορίας”. Το κεφάλαιο υπογραμμίζει τη σημασία της διάκρισης ‘οργανικών και κριτικών’ περιόδων για την κατανόηση της διαδικασίας μετάβασης από το ένα στάδιο στο (αμέσως) επόμενο. Η μιλλιανή οικονομική ιστορία τεκμαίρει την άποψη πως η εμβάθυνση του πολιτισμού και της οικονομικής ανάπτυξης σχετίζεται με την εμφάνιση νέων μορφών διανομής οι οποίες διαφοροποιούνται αναλόγως φυσικών και κοινωνικών αιτίων.

Το ρηξικέλευθο γνώρισμα της μιλλιανής θεωρίας σταδίων οικονομικής ανάπτυξης είναι η θέαση του Μιλλ πως η οικονομική ιστορία δεν ολοκληρώνεται με την έλευση του εμπορικού (καπιταλιστικού) σταδίου οικονομικής ανάπτυξης. Ο Μιλλ, σε ανοιχτή αντίθεση με την υπόλοιπη κλασική παράδοση, σκιαγραφεί το μέλλον της καπιταλιστικής κοινωνίας εισάγοντας την έννοια του ‘ακίνητου σταδίου’ (stationary state) οικονομικής ανάπτυξης το οποίο και λογίζει ως το προλούδιο της σοσιαλιστικής ή συνεργατικής οικονομικής ανάπτυξης. Μια από τις βασικές παραμέτρους της έρευνας είναι η διάκριση μεταξύ του ‘ακίνητου σταδίου’ (stationary state) και του ‘στάσιμου σταδίου’ (stagnant state) καθώς το ‘στάσιμο στάδιο’ συνδέεται με οικονομική και πνευματική στασιμότητα. Το ‘στάσιμο στάδιο’, το οποίο θεωρείται ως ένα από τα πλέον μελαγχολικά στοιχεία της ανθρώπινης ιστορίας, θα πρέπει να αποφευχθεί κυρίως για πολιτισμικούς λόγους. Ο Μιλλ θεωρεί πως το ‘στάσιμο στάδιο’ αποτελεί την άμεση αντανάκλαση είτε του ‘φθίνοντος ποσοστού κέρδους’, είτε της αναποτελεσματικής (πολιτικής) διαχείρισης. Κατά τον Μιλλ, οι ώριμες οικονομίες μπορούν να το αποφύγουν αντιμετωπίζοντας την φθίνουσα τάση

των κερδών. Σύμφωνα με την ανάλυση του ο πιο αποτελεσματικός τρόπος για την αντιμετώπιση αυτή είναι η συστηματική αποκοιοποίηση.

Η θέαση αυτή εισάγει την έρευνα στην πέμπτη θεματική όπου και αναλύεται η (ιμπεριαλιστική) θεωρία αποκοιοποίησης. Η ανάλυση του Μιλλ εδράζεται στην οντολογική του θέαση πως η σύνδεση της μαλθουσιανής πληθυσμιακής θεωρίας και της διαφορετικής γονιμότητας της αγροτικής γης παράγουν την τάση για την πτώση του ποσοστού των κερδών σε μια καπιταλιστική οικονομία. *Ipsa facto*, αυτή η σύνδεση έχει ως αναπόδραστο απότοκο τη γενική πτώση των ποσοστών κέρδους. Η θεώρηση ‘της φθίνουσας τάσης του ποσοστού κέρδους’ εκφράστηκε από αρκετούς πολιτικούς οικονομολόγους πριν το Μιλλ όπως ο Σμιθ, ο Ρικάρντο, ο Chambers και ο Wakefield. Υπό την έννοια αυτή, ο Μιλλ παρέχει μια ενδιαφέρουσα συζήτηση για τους ‘επιχειρηματικούς κύκλους’ σημειώνοντας πως η διαμόρφωση του ‘ελάχιστου ποσοστού κέρδους’ (minimum rate of profit) διαμορφώνεται διττά: πρώτον, σε αντιστοίχιση με την ένταση της επιθυμίας συσσώρευσης, και, δεύτερον, σε σχέση με τον βαθμό ασφάλειας του κεφαλαίου στις επιχειρηματικές διαδικασίες. Ο Μιλλ, θυμίζοντας τον Μαρξ, σημειώνει πως η πιο συνηθισμένη λύση για τα ‘φθίνοντα ποσοστά κέρδους’ είναι οι εμπορικές μεταστροφές οι οποίες καταστρέφουν τα στάσιμα κεφάλαια, παράγοντας μια (παροδική) αύξηση του επιτοκίου και δημιουργώντας χώρο για νέες συσσωρεύσεις κεφαλαίου. *Pro rata*, για τον Μιλλ, ο εφιάλτης της οικονομικής στασιμότητας μπορεί να αποκοπεί με την εξαγωγή (στάσιμων) κεφαλαίων είτε με την κατασκευή σιδηροδρόμων, είτε με εξωτερικό δανεισμό, είτε μέσω αποκοιοποίησης η οποία μεταφέρει κεφάλαια στις αποικίες. Σύμφωνα με την μιλλιανή πολιτική οικονομία, τα μέσα αυτά δίνουν τη δυνατότητα στις ώριμες οικονομίες, όπως η Αγγλία, να αποφύγουν μια στάσιμη κατάσταση μηδενικών κερδών. Ο Μιλλ, ακολουθώντας την (ιμπεριαλιστική) ανάλυση του Wakefield, σημειώνει πως η αποκοιοποίηση είναι ένας από τους πιο αποτελεσματικούς τρόπους αντιμετώπισης των ‘φθινόντων ποσοστών κέρδους’ χρησιμοποιώντας ιστορικά τεκμήρια που θεμελιώνουν την θέαση αυτή. Ουσιαστικά, ο Μιλλ, σε αντίθεση προς στην κλασική παράδοση του Σμιθ, του Ρικάρντο και του Μπένθαμ, συνιστά έναν (ανοικτό) υποστηρικτή της αποκοιοποίησης και της διατήρησης της διατήρησης της Βρετανικής Αυτοκρατορίας. Το κεφάλαιο υπογραμμίζει πως η ιμπεριαλιστική σκέψη του Μιλλ σφυρηλατήθηκε στο πλαίσιο της καθημερινής του ενασχόλησης στην εταιρεία Ανατολικών Ινδιών.

Η μιλλιανή θεωρία αποικιοποίησης αναπτύσσεται στις *Αρχές Πολιτικής Οικονομίας* και στην *Αντιπροσωπευτική Διακυβέρνηση* όπου και αναπτύσσονται οι σχέσεις (αποικιακής) θεωρίας και ιστορίας. Η ανάλυση υποστηρίζει πως η μιλλιανή θεωρία αποικιοποίησης δεν συνιστά ένα καινοτόμο γνώρισμα της πολιτικής και οικονομικής σκέψης του Μιλλ, σημειώνοντας ταυτόχρονα πως οι θεάσεις του Μιλλ δεν ακολούθησαν μια γραμμική και ήρεμη ανάπτυξη. Το κεφάλαιο επιχειρεί να φωτίσει αυτήν την εξέλιξη αναδεικνύοντας το γεγονός ότι η μιλλιανή θεωρία αποικιοποίησης διαμορφώθηκε μέσω τριών σταδίων εξέλιξης, τα οποία, παρότι αναπτύσσουν τα δικά τους συγκεκριμένα γνωρίσματα, αλληλεπιδρούν μεταξύ τους σχηματίζοντας τη μιλλιανή ιμπεριαλιστική θεώρηση. Το πρώτο στάδιο της ‘θεωρίας αποικιοποίησης’ συνδέεται με το οικονομικό στοιχείο καθώς ο Μιλλ θεωρεί πως η διαμόρφωση αποικιών είναι ένα αποτελεσματικό μέσο για την αντιμετώπιση της φθίνουσας τάσης των ποσοστών κέρδους. Ο Μιλλ ακολουθεί τον Wakefield, τον ραψωδό της αποικιοποίησης, σημειώνοντας πως η Αγγλία συσσωρεύει περισσότερο κεφάλαιο από αυτό που θα μπορούσε να επενδυθεί εγχώρια. Το δεύτερο στάδιο συνδέεται με την θέαση του Μιλλ ότι η αποικιοποίηση επιφέρει ειρήνη, οικονομική δικαιοσύνη και ηθική ανάπτυξη. Στην τρίτη φάση, η θεωρία αποικιοποίησης εισέρχεται στην μελαγχολική της περίοδο, αλλά έχει ως κεντρικό οντολογικό πυλώνα τον αμοιβαία ευεργετικό χαρακτήρα της αποικιοποίησης για όλα τα συμβαλλόμενα μέρη. Ο Μιλλ, σε όλες τις φάσεις ανάπτυξης της ιμπεριαλιστικής του θεώρησης, χρησιμοποιεί το ιστορικό στοιχείο ως βασική διάσταση της ανάλυσης ενισχύοντας τους δεσμούς οικονομικής θεωρίας και οικονομικής ιστορίας.

Η πέμπτη θεματική συνδέεται στενά με την τέταρτη καθώς αναδεικνύει την μιλλιανή αισιοδοξία για το ‘ακίνητο στάδιο’ (stationary state) ως διακριτό από το ‘στάσιμο στάδιο’ (stagnant state) το οποίο συνδέεται με οικονομική και πολιτισμική στασιμότητα. Ο Μιλλ, σε αντίθεση με τους υπόλοιπους πολιτικούς οικονομολόγους, πιστεύει πως η ιστορία είναι μια ανοικτή διαδικασία και δεν μπορεί να χαρακτηριστεί ως μια προ-διαμορφωμένη κατάσταση. Η μιλλιανή ‘θεωρία για την ιστορία’ δεν είναι ούτε ντετερμινιστική, ούτε τελεολογική, καθώς το εμπορικό στάδιο (commercial stage) δεν θεωρείται, όπως στη πλειοψηφία των πολιτικών οικονομολόγων και των πολιτικών θεωρητικών, με το ‘τέλος της ιστορίας’. Στη μιλλιανή οικονομική ιστορία το εμπορικό στάδιο χαρακτηρίζεται από ίδιους περιορισμούς καθώς υπάρχει πάντα η πιθανότητα το καπιταλιστικό στάδιο οικονομικής ανάπτυξης να αντικατασταθεί από

το συνεργατικό σύστημα κοινωνικής οργάνωσης, τόσο μεταξύ εργοδοτών όσο και μεταξύ εργοδοτών και εργαζομένων.

*Ipsa facto*, το πρελούδιο της συγκεκριμένης μορφής κοινωνικής οργάνωσης, είναι στο ‘ακίνητο στάδιο’ το οποίο και παρουσιάζεται στο έκτο κεφάλαιο του Βιβλίου IV, όπου και ουσιαστικά λογίζεται από τον Μιλλ ως αναπόδραστο. Η ανάλυση φωτίζει το ‘ακίνητο στάδιο’ (stationary state) ως ένα ανεξάρτητο στάδιο οικονομικής ανάπτυξης στη μιλλιανή θεωρία σταδίων παρουσιάζοντας τις διαφορές του με το ‘στάσιμο στάδιο’ (stagnant state). Για τον Μιλλ, το ‘ακίνητο στάδιο’ είναι μια φάση ανάπτυξης και όχι ένα τεκμήριο οικονομικής κατάπτωσης. Σύμφωνα με την μιλλιανή (ετερόδοξη) πολιτική οικονομία το ‘στάσιμο στάδιο’, που περιγράφεται είτε ως η τελευταία φάση του εμπορικού καπιταλισμού είτε ως η αρχική φάση του σοσιαλισμού, εδράζεται στην παραγωγή μικρής κλίμακας και στις συνεργατικές μορφές ιδιοκτησίας. Ο Μιλλ σκισάρει το ‘στάσιμο στάδιο’ ως μια περίοδο αδιάλειπτης πνευματικής, πολιτισμικής και ηθικής ανάπτυξης. Είναι ένα στάδιο οικονομικής ανάπτυξης (και κοινωνικής οργάνωσης) όπου οι διανοητικές και ηθικές δυνατότητες του ανθρώπου αναπτύσσονται στο υψηλότερο επίπεδο. Για τον Μιλλ, σε αντίθεση με τους υπόλοιπους πολιτικούς οικονομολόγους, είναι μια επιθυμητή κατάσταση καθώς συνδέεται με εκτεταμένο έλεγχο της πληθυσμιακής ανάπτυξης και μιας δικαιότερης διανομής του πλούτου.

Ο Μιλλ, σε γραμμική σύνδεση με τον ιδιότυπο ιδεαλισμό του, αναδεικνύει τη σημασία της γνώσης η οποία και επιβελτιώνεται στο ‘ακίνητο στάδιο’. Με την μετάβαση από το καπιταλιστικό στο συνεργατικό στάδιο κοινωνικής οργάνωσης επιτυγχάνεται ένα πιο δίκαιο σύστημα το οποίο και βασίζεται στην ‘κοινωνικοποίηση’ της γνώσης μέσω της εκπαίδευσης. Το στάδιο αυτό σχετίζεται με το θετικιστική γνώση η οποία είναι ένα ανώτερο επίπεδο (επιστημονικής) σκέψης και συνιστά την ανασύνθεση των προηγούμενων τρόπων σκέψης. Το ‘ακίνητο στάδιο’ σχετίζεται με την υιοθέτηση του ‘μαλθουσιανού μαθήματος’ το οποίο και μεταδίδεται σε όλες τις κοινωνικές τάξεις. Ουσιαστικά, η ετερόδοξη θέαση του Μιλλ μετατρέπεται σε αισιόδοξη πολιτική τοποθέτηση καθώς το ‘ακίνητο στάδιο’ μπορεί να ειπωθεί ως μια ‘απώτερη’ οργανική περίοδο στην οποία το ‘θετικιστικό δόγμα’ γίνεται αποδεκτό τόσο από επιστήμονες όσο και από λαϊκούς. Σύμφωνα με τη μιλλιανή προσέγγιση το συγκεκριμένο στάδιο οικονομικής και κοινωνικής οργάνωσης σχετίζεται την διάρρηξη των αντιτιθέμενων ιδεών και προκαταλήψεων.

*Ipso facto*, στο ‘ακίνητο στάδιο’ τα διδάγματα της *Ελευθερίας* είναι συμβατά το στάδιο αυτό προωθεί τον (ελεύθερο) διάλογο και την ανοχή στις μειονότητες. Για τον ριζοσπαστικό φιλελευθερισμό του Μιλλ, ο ελεύθερος και ανεμπόδιστος διάλογος συνιστά τη ‘μήτρα’ τόσο της γνώσης όσο και της ελευθερίας. Με την ανάλυση της συγκεκριμένης θεματικής παρουσιάζονται οι θεάσεις του Μιλλ για τον σοσιαλισμό φωτίζοντας το ενδιαφέρον κείμενο *Τα Κεφάλαια για το Σοσιαλισμό* (1879). Για τον Μιλλ, βασικός αρμός του σοσιαλισμού είναι η περαιτέρω διάχυση του συνεργατισμού και της δημιουργίας συνεταιρισμών. Οι συνεταιρισμοί αυτοί διαμορφώνονται σε όρους ισότητας και συλλογικής ιδιοκτησίας του κεφαλαίου. Ο Μιλλ χρησιμοποιεί ιστορικά τεκμήρια για να ενισχύσει τους συλλογισμούς του παραθέτοντας ενδιαφέροντα στοιχεία από διάφορα ‘σοσιαλιστικά εγχειρήματα’. Αναπόδραστα, ‘ο δρόμος του Μιλλ προς τον σοσιαλισμό’ είναι μια ειρηνική και ήπια πορεία η οποία είναι (δομικά) διαφορετική από τον ‘επαναστατικό σοσιαλισμό’ του Μαρξ και του Ένγκελς.

Η τελευταία (έκτη) θεματική επιχειρεί να εξετάσει την μιλλιανή οικονομική ιστορία μέσω της αποτίμησης της μεθοδολογίας του και της ‘τέχνης της επαλήθευσης’ (art of verification) η οποία συνιστά έναν βασικό αρμό της μιλλιανής μεθόδου. Όπως έχει ήδη διαφανεί, η ιστορία συνιστά ένα βασικό στοιχείο των οντολογικών επιλογών του Μιλλ καθώς εισάγεται επιστημολογικά μέσω της θεωρίας δομής που υιοθετεί. Πιο συγκεκριμένα, έστω και μια *prima vista* ανάγνωση των *Αρχών της Πολιτικής Οικονομίας*, αρκεί για να κατανοήσουμε πως ο Μιλλ χρησιμοποιεί ιστορικό υλικό και εμπειρικά τεκμήρια περισσότερο από τον Ricardo και τους μεταρικαρδιανούς. Βέβαια, η μιλλιανή χρήση της ιστορίας δεν είναι ούτε εγκυκλοπαιδική, ούτε λογοτεχνική, καθώς τη χρησιμοποιεί ως σύστοιχο στοιχείο της επιστημολογίας του. Όμως, η χρήση του ιστορικού υλικού δεν είναι ούτε παθητική ούτε άκριτη. Ο Μιλλ μετέρχεται μιας κριτικής αποτίμησης των ιστορικών τεκμηρίων σημειώνοντας πως τα εμπειρικά δεδομένα αποτελούν το οντολογικό υπόβαθρο για την παραγωγή επιστημονικών συλλογισμών. Ο Μιλλ πιστεύει πως μια προσεκτική μελέτη των ιστορικών τεκμηρίων πρέπει να είναι πρώτης προτεραιότητας του ερευνητικού προγράμματος του κάθε κοινωνικού επιστήμονα. Πέρα από αυτό, ο Μιλλ σημειώνει πως η ‘θεωρία για την ιστορία’ συνδέεται με το θετικιστικό στάδιο ιστορικής σκέψης και σημειώνει πως δεν υφίστανται (καθολικές) προβλέψεις αλλά

μονάχα (στέρεες) γενικεύσεις που σφυρηλατούνται μέσω της προσεκτικής παρατήρησης.

Η μιλλιανή ‘θεωρία για την ιστορία’ εγγράφεται ως η *via media* μεταξύ του ακραίου επαγωγισμού, όπως του Macaulay, και της αφηρημένης φιλοσοφίας του Χιούμ. Αναμφίβολα, η ιστορία του Μιλλ, παρότι είναι περισσότερο κοινωνιολογική παρά ιστοριογραφική, προωθεί μια λεπτομερειακή και κριτική εξέταση των ιστορικών τεκμηρίων υπογραμμίζοντας την επιστημολογική αναγκαιότητα της θεμελίωσης γενικών θεωρημάτων στη βάση (αυθεντικών) ιστορικών τεκμηρίων. Ο Μιλλ, παρέχει τον επιστημικό δεσμό μεταξύ ‘αφηγηματικής’ και ‘θεωρητικής’ ιστορίας υπογραμμίζοντας τη διαλεκτική σχέση μεταξύ θεωρίας και ιστορίας προλαμβάνοντας την κριτική ιστορία (*histoire raisonnee*) του Σουμπέτερ, η οποία και βρίσκει την κύρια αποκρυστάλλωση της στη μαρξιστική θεωρία για την ιστορία. Το κεφάλαιο υποστηρίζει πως η μιλλιανή ιστορία συνιστά μια εναργή αντανάκλαση της θεωρίας δομής του και έχει μια διττή ύπαρξη: την ‘θεωρητική’ και την ‘ιστορική’, ή ορθότερα την ‘φιλοσοφική’ και την ‘κριτική’. Η μιλλιανή οικονομική ιστορία σημειώνει πως κάθε θεωρητική πραγματεία θα πρέπει να ενσωματώσει εντός ου σώματος του θεωρητικού συλλογισμού καταγεγραμμένες μαρτυρίες ώστε να συστηθούν συνεκτικά θεωρήματα.

Από την άλλη, η ιστορία συνδέεται με τη μιλλιανή μεθοδολογία καθώς προτείνει, περισσότερο από κάθε άλλον θεωρητικό μετά τον Σμιθ, προτείνει έναν ‘επαληθευτικό’ ρόλο της ιστορίας σημειώνοντας πως το ιστορικό τεκμήριο είναι το μέσο για την θεμελίωση γενικών θεωρημάτων. Σημειώνει χαρακτηριστικά στο άρθρο του *L' Avere e l' Imposta* πως “κοιτάζουμε στην ιστορία ως απαραίτητο στοιχείο δοκιμασίας και επαλήθευσης όλων των δογμάτων και θεωρημάτων”. Ο Μιλλ μετέτρεψε την άποψη αυτή ως δομικό στοιχείο της μεθοδολογίας του εξωθώντας τον Blaug να τον χαρακτηρίσει ως έναν ‘τυπικό επαληθευτή’. Η ‘τέχνη της επαλήθευσης’, η οποία συστηματοποιείται στο *Σύστημα της Λογικής*, είναι εξαιρετικά σημαντική στις επιστημολογικές προσπάθειες του Μιλλ, σημειώνοντας πως ο συνεχής έλεγχος των θεωρητικών συλλογισμών με συγκεκριμένα τεκμήρια τα οποία και σημειώνουν τα όρια των αφηρημένων εννοιών. Ο Μιλλ εγγράφει μια προ-Κουνιανή (pre-Kuhnian) θέση καθώς σημειώνει πως όταν η *a posteriori* επαλήθευση είναι αληθής, τότε η εμπιστοσύνη στη θεωρία ενισχύεται. Για τον Μιλλ η ιστορία, μέσω της επαλήθευσης, διαβεβαιώνει τον πολιτικό οικονομολόγο πως όταν νέα

δεδομένα έρχονται στο ερευνητικό φως, τότε μπορούν να οδηγήσουν είτε σε νέα ερευνητικά μονοπάτια, είτε να διευρύνουν και να διορθώσουν το ήδη υπάρχον *corpus* θεωρημάτων. Υπό την έννοια αυτή, η ιστορία, ως καταγεγραμμένη ιστορική μαρτυρία, εντοπίζεται στον ‘σκληρό πυρήνα’ της μιλλιανής μεθοδολογίας και πολιτικής οικονομίας.

*Exempli gratia*, το περίφημο κεφάλαιο ‘Ανταγωνισμός και Έθιμο’ αναδεικνύει το γεγονός πως (σε αρκετές περιστάσεις) η ιστορία προκαλεί την τροποποίηση των συλλογισμών της αφηρημένης θεώρησης. Ο Μιλλ, σε αντίθεση με τους μεταρικαρδιανούς και τους νεοκλασικούς οικονομολόγους, δεν διστάζει να καταγράψει τροποποιήσεις των θεωρημάτων του κάτω από το φως των ιστορικών τεκμηρίων. Το κεφάλαιο σημειώνει πως η χρήση της ιστορίας, και πιο συγκεκριμένα της οικονομικής ιστορίας, συνδέεται με τις οντολογικές επιλογές του Μιλλ αλλά και με το περίφημο δόγμα της ‘σχετικότητας των οικονομικών θεωρημάτων’. Για παράδειγμα, ο Μιλλ, σε αντίθεση με τους μεταρικαρδιανούς, εξέφρασε την ανάλυση της τάσης του ποσοστού κέρδους να μειώνεται, κάτω από συγκεκριμένες ιστορικές συνθήκες. Η ανάλυση δείχνει πως η μέθοδος του Μιλλ άνοιξε τις πόρτες για την ιστορία να αποτελέσει έναν βασικό πυλώνα προσέγγισης αλλά ανέδειξε πως η μιλλιανή σχέση μεταξύ θεωρίας και ιστορίας περιορίστηκε από το βαθμό ανάπτυξης της ιστορικής επιστήμης. Η Μιλλ είχε υπόψη του αυτόν τον περιορισμό και για τον λόγο αυτό ήταν επικριτικός προς τους άγγλους ιστορικούς. Όμως, παρότι οι μέθοδοι προσέγγισης των ιστορικών πηγών δεν είχαν τελειοποιηθεί στα μέσα του δεκάτου ενάτου αιώνα, ο Μιλλ ακολουθεί την σμιθιανή παράδοση και χρησιμοποιεί μια μεγάλη ποικιλία ιστορικών τεκμηρίων (διατάγματα και επίσημες αναφορές) ώστε να υποστηρίξει τους θεωρητικούς της συλλογισμούς. Ο Μιλλ είχε πρόσβαση στις πρωτογενείς πηγές καθώς η απασχόληση του στην εταιρεία Ανατολικών Ινδιών του έδωσε τη δυνατότητα να μετέρχεται σύγχρονων και ιστορικών μαρτυριών. Ο Μιλλ, όπως και ο Σμιθ, δεν χρησιμοποίησε στατιστικά στοιχεία και δεν δείχνει να έχει επηρεαστεί από την γενικότερη συζήτηση περί της στατιστικής μεθόδου που καταγράφεται στα μέσα του δεκάτου ενάτου αιώνα. Από την άλλη, χρησιμοποίησε πληθώρα άλλων πηγών όπως ταξιδιωτικές περιγραφές και προφορικές μαρτυρίες οι οποίες και προσεγγίζονται κριτικά. Λόγω των ανεπαρκών τεκμηρίων για τα πρώιμα στάδια οικονομικής οργάνωσης, ο Μιλλ χρησιμοποίησε περιηγητικές αναφορές από τη Λατινική Αμερική η οποία βρισκόταν σε αρχικό επίπεδο οικονομικής και



κοινωνικής οργάνωσης. Σε αρκετές περιπτώσεις, η αφήγηση του συνιστά ένα πρώιμο εγχείρημα οικονομικής ιστορίας. *Ipsa facto*, η ανάλυση του για τις ‘μικρές γαιοκτησίες’ είναι εξαιρετικά ενδιαφέρουσα ακόμα και για το σύγχρονο οικονομικό ιστορικό καθώς συνδυάζει την μελέτη πρωτογενών μαρτυριών, δευτερεύουσας βιβλιογραφίας και θεωρητικής προσέγγισης. Το κύριο ερευνητικό πόρισμα του κεφαλαίου είναι πως η εκτεταμένη χρήση της ιστορίας σχετίζεται, τόσο επιστημολογικά όσο και μεθοδολογικά, με το ‘συμφιλίωτικό εγχείρημα’ το οποίο επιχείρησε να προσφέρει μια μέση οδό μεταξύ του ρικαρδιανού απαγωγισμού και του αντί-ρικαρδιανού επαγωγισμού.