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ECONOMIC SOCIOLOGY: THE RECURSIVE ECONOMIC SYSTEM OF J. S. MILL

BY
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I. INTRODUCTION

In a recent paper, R. Ekelund and D. Walker (1996) argue that, "[i]ncentives, utilitarian principles, and the diffusion of property rights are the key to understanding Mill on the statics and dynamics of 'equity and justice'"(p. 576). Their paper, which deals with John Stuart Mill's views on taxation, reads very much like a modern defense of popular capitalism.[1] From the static point of view, it is imperative not to interfere with the internal relationship between economic variables and thus, distort incentives (proportional income tax).[2] From the dynamic point of view, "inheritance taxes [are] the essential mechanism of an evolutionary change towards an *efficiently functioning capitalism*" (p. 578, italics added).

Implied by this is the view that for Mill, the fundamentals of the capitalist system, with its social institutions, hold universally. The obvious difficulties with existing arrangements, and in particular, with the distribution of ownership, do not lead to a reexamination of the sustainability of such a system. Instead, a mere correction of these "disturbing factors" will lead to the blissful coincidence where ethical objectives perfectly coincide with economic expediency. Further more, ethical principles seem to be somewhat secondary to the objective of an efficient capitalist system as "[t]he tax system was to be used to support the *decentralisation and security of property rights* ... as a *conduit for growth*" (p. 579, italics added).

This is very much in line with Samuel Hollander (1985) who insists on continuity between David Ricardo, Mill, and neo-classical economics, as well as with Daniel Hausman's (1992)[3] reading of Mill's defense of the isolated study of economics.

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[1]By popular capitalism I refer to the notion that by extending ownership (partly through privatisation) we relieve capitalism from distributional considerations as one's access to the social wealth is not solely dependent on his wages (see, for instance, Amos Witztum 1997a).

[2]"Statically, he wanted to preserve incentives for investment and economic progress in British society" (p. 576). I shall ignore here the question whether proportional tax is indeed preserving incentives.

[3]See, in particular, pp. 91–92. Chapter 8 is where a Millean justification is given to why we may study economics independently and why this gives rise to the "inexact science" of economics.

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The domain of economics is well defined and the Economic Man[4] is sufficiently universal to make the competitive paradigm necessarily compatible with that which is socially desirable. Mill's active support for social reform, according to this view, should not be seen as a departure from the Ricardian orthodoxy in favor of a *historicist*[5] perception of the social science. Rather this should be seen as an effort to correct the social environment (i.e., the exogenous conditions) to allow the competitive form of economic organization to yield better outcomes.

There is no doubt that Mill was deeply concerned with the lot of the poor and that Mill, the *politician*, would propose changes that will improve their condition within the existing institutional set-up.[6] However, this does not mean that Mill, the *social theorist*, would consider the system of private property and competition as either universally applicable or ethically laudable.[7] His continuous engagement with the question of social dynamic and his particular views on progress suggest that current institutional arrangements are significant not only in their immediate ethical dimension but also in their influence on the process of social change.

Equally, while there can be no doubt that Mill defended the separate (though by no means isolated) study of static economics, this argument cannot be extended to its dynamics. "The creed and laws of a people" writes Mill, "act powerfully upon their economical condition; and this again, by its influence on their mental development and social relations, reacts upon their creed and laws" (Mill *Principles of Political Economy*, 1848, p. 2) (*Principles*, henceforth). Ekelund and Walker's analysis fits well the isolationist framework where it is indeed meaningful to talk about an "evolution towards an efficiently functioning capitalism." It may also make sense to try to

[4]Perceived to be the equivalent of the rational utility maximizer in what Mill calls the desire for wealth, the aversion to labor and the pursuit of present enjoyments. Whether or not this is an equivalent will be discussed later on.

[5]By historicism I refer to the Comtean principle that distinguishes between social dynamics (laws of succession or diachronic laws) and social statics (laws of coexistence or synchronic laws) and gives priority to the former. T. E. C. Leslie (1876, 1879), who articulated historicist ideas similar to those expounded by the Comtean in what may be called the English *methodenstreit* (see, for instance, G. C. G. Moore 1995, 1999) seemed close to Mill in the debate relating to *laissez-faire* during the 1870s. According to T. W. Hutchison (1978) and P. Schwartz (1972) the only way to explain Mill's criticism of *laissez-faire* is by his move away from the Ricardian orthodoxy which isolated economic analysis from the other social sciences, towards the historical school which emphasized social dynamics. Hollander (1985) was right to point out that this is not a plausible explanation as most of Mill's social ideas already exist in the *Principles of Political Economy* (1848). However, his interpretation suggests that the explanation for Mill's apprehension regarding the competitive paradigm, rests entirely on what I have mentioned above as the "disturbing causes."

[6]Like his views on taxation as discussed in the above-mentioned Ekelund and Walker (1996) paper.

[7]Indeed, for Mill, the redistribution of wealth had other significance than merely that of helping to maintain the competitive system. His proposed solution to the Irish problem according to which land should be given to the Cottiers was based on what he perceived to be the failure of competition (too high rents) and the need to re-introduce "customs." S. Peart and D. Levy (2003) go further by saying that "Mill's proposal for widespread land reform in Ireland . . . argued, in line with the historicists . . . that institutional differences in Ireland rendered the conclusion of political economy invalid" (p. 138). In fact, even Mill the politician would subscribe to the need for deeper institutional changes. J. Lipkes (1999), for instance, argues that "[Mill's] political commitments . . . hardened his resistance to marginalism [and rationalism] while it made him more receptive to historicist arguments" (p. 13). This quite clearly would be the result of confronting practical problems with a rigid theory. The historical approach provided greater flexibility. However, at the same time, the move towards historicism could also have been associated with a more subtle political agenda-recruitment of support. As Lipkes claims, Mill "was seeking to make classical political economy more attractive to an audience that had become increasingly important—the educated, self-improving worker" (p. 154).

achieve it by working together with the laws that govern the system (hence, proportional tax). However, if we reject this isolationist view and examine the influence which economic circumstances may have on other components of social theory—and subsequently, on itself—we may expect a much more complex change than a mere transition from inefficient to efficient forms of capitalism.

It is, of course, true that the dynamic aspect of Mill's social theory had not been fully developed and that much of it is open to some speculation.[8] However, there is enough of it scattered around in the various texts for us not to ignore Mill's repeated references to the dynamic side of his theory. The purpose of this paper, therefore, is to try to shed more light on the relationship between the dynamic and the static in Mill's economic analysis and to try to draw from it some theoretical insights into Mill's opposition to *laissez-faire.*

To explain the logic of my investigation, allow me to use a notational framework that J. K. Whitaker (1975) introduces to explain Mill's methodological view of the economic man and the isolated study of economics. Suppose that $M_1, M_2, \ldots, M_n$ represent the set of motives which affect individual behavior. If M_1 is the economic motive (i.e., the pursuit of material wealth), then although social phenomena will always be the result of the whole set of motives, there are some departments of human affairs where M_1 is sufficiently dominant to study it on its own. The consequence of this is that the predictions that are based on such a study are only approximate and must be corrected by making allowance for the effects of the "disturbing causes" $M_2, \ldots, M_n$.[9]

However, this insightful exposition of Mill's methodological view highlights two areas about which, it seems, not much has been said so far. Firstly, there is the problem of whether the predicted effects of M_1, when studied in isolation, are the same whatever the nature of $M_2, \ldots, M_n$. Surely, one would expect a great difference between studying M_1 assuming that $M_2, \ldots, M_n$ do not exist at all, and studying it with different sets of other motives. To use a Smithian analog, will the pursuit of wealth among benevolent people yield the same outcomes as a similar pursuit among selfish individuals?

The second problem is the recursive effects that consequences may have on individuals' characters. Suppose that a *social* phenomenon S at time t is a function of all motives as they are expressed at that time (i.e., $S_t = F(M_{1t}, M_{2t}, \ldots, M_{nt})$). I will argue that if we follow Mill's writing on ethology and progress we will find that the expression of any motive at any particular point in time is itself a function of past circumstances (i.e., $M_{it} = E(S_{t-1})$ for all i). Hence, social states will influence individuals' motivation, which will subsequently influence social institutions, which, through interaction with the current motivation, will shape the new social state.

[8]While the specifics may not be clear, Mill's distinction between static and dynamic analysis is quite unambiguous and is based on mathematical conception: "by a happy generalisation of a mathematical phrase, [the analysis of production, distribution and value] has been called the Statics of the subject . . . We have thus obtained a collective view of the economical phenomena of society, considered as existing simultaneously" (*Principles*, p. 695). However, "[w]e have still to consider the economical condition of mankind as liable to change, and indeed . . . as at all times undergoing progressive changes. We have to consider what these changes are, what are their laws, and what are their ultimate tendencies; thereby adding a theory of motion to our theory of equilibrium-the Dynamics of political economic to the Statics" (*Principles*, p. 695).

[9]See also Peart (1995) for a discussion of the empirical significance of the need to update our knowledge of $M_2, \ldots, M_n$.

This interdependence between social states across time is quite evident in Mill's writings. Although he argues that the laws governing production have the characteristics of physical laws, and are thus universal in the sense that they are the same everywhere and at all times, distribution and exchange are entirely within the domain of social institutions which are clearly dependent on time and place. "The distribution of wealth," writes Mill, "depends on the laws and *customs* of society. The rules by which it is 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 different, if mankind so chose*" (*Principles*, p. 200, italics added).

However, according to Mill, "[t]he opinions and feelings of mankind, doubtless, are not a matter of chance. They are consequences of the fundamental laws of human nature, combined with the existing state of knowledge and experience, and the existing condition of social institutions and intellectual and moral culture" (*Principles*, p. 200). In other words, if over time, opinions and feeling are determined by social institutions and social institutions are determined by opinions and feelings, at any given point in time, social institutions may be said to be exogenous to the static study of economic interactions. But over time, the actual economic environment to which these institutions give rise will feed back into the opinions and feelings of the people and thus, may produce an institutional change.[10] Thus, I suggest, Mill has produced a recursive system where economic outcomes influence the institutional set-up within which economics is operating. Subsequently, the static analysis of the economic system will change too. Even if M_1 is a universal motive, both its manifestation and the values of M_2, . . ., M_n will no longer be the same over time. In my view, it is this evolutionary view of society that lies at the heart of Mill's political economy (the function E from above) and not the exploration of the static relationship between what is conventionally considered as distinct economic variables (the function F from above). Mill's pursuit of redistributive policies, in my view, cannot be simply interpreted as aiming at amending the exogenous conditions in order to allow competition to flourish. It aims really at changing the social circumstances in such a way as to alter entirely the set of motives which dominate the pursuit of wealth; to change social institutions in the name of justice and subsequently, to change the entire language of economic analysis.[11]

Indeed, the main mechanisms that tie together the performance of the economic system and its evolutionary process are ethics and ethology (the theory of character formation). Ethics in Mill, as in Adam Smith, is an important factor in the analysis of the economic system, because in both cases, individual behavior is a reflection of moral conventions. In the case of Smith, ethics influences human behavior through a sympathy-based socialization process. The moral stock, generated by such a process, is an important element in determining productivity. When the division of labor reaches a point where it generates a dumbing effect on laborers, the productive powers of labor may be seriously reduced.[12] In Mill too, the morality of agents is

[10]Which is also consistent with Mill's notion of the "train of reasoning" as a means to overcome the problems of deduction in the social sciences. I will develop this point later in the paper.

[11]Lipkes (1999) observes that in a similar circumstances—Mill's attitudes towards the aristocracy—"[t]he morality of a people came to be more important for Mill than its prosperity" (p. 20). I maintain that in Mill's view, the morality of the people is a precondition for their prosperity.

[12]See, for instance, N. Rosenberg (1990), E. G. West (1996), and A. Witztum (2005a).

relevant to the performance of the economic system. Even though the laws of production are as universal as any other law of physics, this does not mean that *productivity* is of the same nature. "The moral qualities of the labourers," writes Mill, "are fully as important to the efficiency and worth of their labour, as the intellectual" (*Principles*, p. 110). For Mill the benefits of these qualities come from the mutual trust that they generate and the subsequent increase in productivity. Such trust is also at the heart of his social theory: "The advantages to mankind of being able to trust one another, penetrates into every crevice and cranny of human life: the economical is perhaps the smallest part of it, yet even this is incalculable" (*Principles*, p. 111).

The origin of this trust in Mill is, as in Smith, the social dimension of one's character as manifested in the ability to feel sympathy with an increasing number of individuals in society. The degree to which we can feel sympathy with people outside our immediate close circle is a determinant of both our moral commitment and the way in which we interact with other agents in the economic sphere. While this sentiment is clearly perceived by Mill to be a natural and powerful sentiment, it is clearly an evolving one: "the desire to be in unity with our fellow creatures, which is already a powerful principle in human nature . . . [tends] to become stronger . . . from the influences of advancing civilization" (Mill 1861, p. 231).[13]

Had the process, which increases our ability to sympathize with a growing number of individuals, been a natural development (i.e., only dependent on time), there would be no obvious reason for Mill to either criticize competitive structures or to demand changes in them. Moreover, there would be no need to develop a theory of character formation as this, in principle, was pre-ordained.

But Mill was critical of competitive structures and was seriously concerned with its development. He was also concerned with the direction in which human character seemed to develop and by no means saw the development of trustworthiness and, subsequently, cooperation, a natural necessity. There is a need, therefore, to study more carefully the interaction between character formation and social circumstances.

Indeed, that which connects individuals' morality (or character) with economic outcomes is what Mill calls *ethology*. Unfortunately, Mill does not properly develop this theory and we are left with bits and pieces that we must glue together if we wish to understand how the economic environment interacts with itself. Nevertheless, there is clear evidence in Mill's writings to show how, in his view, material reward—the consequence of economic interaction—may influence the development of the human character.[14] Coupled with Mill's fairly elaborate discussion of progress, we may indeed be able to derive some insights into how circumstances may help to encourage, and at times, arrest, the development of human character, particularly, its sympathetic capacity.

Based on these, it will be possible to argue that if things were left to themselves, the competitive system may reproduce itself by generating a distribution of rewards that is not in favor of other-regarding elements in human nature. Thus, it will not be

[13]Peart and Levy (2003) provide an insightful account of the role of sympathy as the distinguishing factor of classical economics.

[14]See, for instance, Mill's discussion of remedies to poverty (*Principles*, chapter 9, book 2). There is also an interesting discussion on the role of reciprocity in the formation of sympathetic attitudes in Peart and Levy (2004). In Witztum (2005) there is a discussion of a similar point in Smith. There, however, it is not so much a question of character formation as that of different manifestations of rational behavior.

conducive to changes in character. However, a change in social circumstances brought about through intervention (i.e., redistribution of income and wealth) could bring about a meaningful change in agents' deposition and subsequently, could influence their behavior. Consequently, the static nature of the theory will have changed, too, as the behavioral premises move towards the more co-operative form of interaction. "The form of association," writes Mill, "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 work-people without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations" (*Principles*, pp. 772–73, italics added).

Thus, the focus of our attention must be the conditions that will allow mankind to *continue to improve.* If we are to believe Ekelund and Walker, the main method of achieving this is through the redistribution of ownership. But this in itself may not be consistent with technological development and with the development of reciprocity (and sympathy) which is closely associated with interdependence (*Principles* pp. 762–63). Will the mere redistribution of ownership lead it to a world of shared, or communal, ownership?[15] One may say that this is indeed the case as no one agent will have sufficient property to "go it alone" and the need to rely on others will increase. However, in Mill's analysis, a prerequisite for such development is the moral development of individuals and their trustworthiness. This, I will argue, will be strongly affected by the distribution of *income* which is the real source of either encouragement or discouragement for the development of other-regarding elements in one's character.

Individuality, for Mill, means the development of one's own self which can only be achieved when people are free to do so. This will happen when people can command the results of their actions, or efforts and have access to education.[16] My argument, therefore, will be as follows: Mill's criticism of *laissez-faire* is based on two related principles. On the one hand, competition is unjust as it generates a distribution of income and wealth, which is not conducive to the development of individuality and character. Here, I will endeavor to show that in spite of Mill's reputation as a utilitarian, such reading of his theory is not only loyal to the text but also consistent with his methodology. On the other hand, when individuality develops, according to Mill, sympathy will become a more dominant element in human character and the competitive paradigm may no longer be the appropriate form of social organisation.

A society that is just and provides people with the ability to develop will face individuals who are increasingly aware of each other and of their social network. They will

[15]Which, for Mill, is what would happen if people became more cooperative:

> In [increased co-operation] or some such mode, the existing accumulation of capital might honestly, and by a kind of spontaneous process, become in the end the joint property of all who participate in their productive employment: a transformation which, thus effected ... would be the nearest approach to social justice, and the most beneficial ordering of industrial affairs for the universal good, which it is possible at present to foresee" (*Principles*, pp. 791–92).

[16]Ownership could give people full command over the fruits of their efforts but only if there is no interdependence. Once people depend on each other, the command one has over the fruits of one's effort depends on other social arrangements. Moreover, Mill proposes to *alter* the habits of the laboring people by working on their intelligence (education) and poverty (income) (*Principles* p. 380). Giving them ownership over a plot of land will not necessarily solve the problem. For the connection between his views on ownership in agriculture and the future of the laboring classes, see *Principles* (pp. 762–63).

thus be able to understand the benefits of cooperation. Competition is the first step in that direction as it removes the stifling effects of custom. However, can competition without intervention really provide the freedom to develop? The answer will be negative. Even if the system of private property were given a fair chance (a balanced initial distribution), it would not produce the distribution of income that is conducive to individual development. Government intervention in the direct distribution of income, together with a universal provision of education, are necessary conditions for competition (in a world of private property) to provide individuals with the necessary freedom to develop their cooperative faculties. Ekelund and Walker argue that only the distribution of property matters for the dynamic aspect of social development. I, on the other hand, argue that it is the distribution of income that matters. Mill's treatment of the tax policy of the government was dominated by the question of raising revenues and not at all by the issues of redistribution. Thus, if things were left to themselves, it is far from obvious that "mankind will continue to improve." If so, the engine of change will fail and the competitive paradigm will remain the most suitable form of economic organization.

In the next section I will argue that while Mill's methodology allows for the isolated study of production, values, and distribution—the static elements in Mill's economic analysis—it also provides a necessary dynamic linkage to other aspects of social theory. At the center of this dynamic is the theory of character formation (ethology) which provides the premises for the static analysis, and itself, is shaped by the ongoing interplay between outcomes (empirical laws) and universals (laws of the mind). In the section that follows I will show how this conception of character formation introduces ethics as an important element in social development. I will argue that in spite of Mill's apparent utilitarianism, he conceived moral principles, those which facilitate the development of human character, irrespective of their consequences. While Mill clearly believed that the natural progress of human character is the development of his, or her, ability to relate to the rest of society (through sympathy), he also felt that such a development is not guaranteed. His principles of justice will then be interpreted as those that facilitate the development of individuality which, according to Mill, is a condition for freedom (and thus, morality). In the last section, I will examine the implications of this analysis for the role and significance of the economic man and his relationship with economic outcomes.

II. THE METHODOLOGICAL SET UP

Mill's methodology is broad and complex, and I will therefore be unable to reconstruct it in full in this paper.[17] However, I would like to reconstruct its elements which are relevant to my claim regarding the relationship between the static and dynamic in Mill's theory. I would like to describe the methodology that generates the recursive structure of Mill's perception of the social sciences. At first, I will show how the nature of the social sciences dictates a methodology which inevitably connects all the different aspects of the social sciences. I will then show the centrality of the theory of character formation (ethology) in maintaining these connections. Finally,

[17]Whitaker (1975) provides a good summary of some of the main ideas.

I will discuss Mill's views about that which facilitates the changes in human character and subsequently drives his theory of social change.

Concrete Deduction and the Idea of Interdependence

The "concrete" deduction is the method by which we may learn something about the more complex world where an effect may be produced by a set of causes. "It infers the law of each effect from the laws of causation on which that effect depends; not, however, from the law merely of one cause, as in geometrical method, but by considering all the causes which conjunctly influence the effect, and compounding their laws with one another" (Mill 1843, p. 895).

So there seems to be two stages incorporated in the process of concrete deduction: First, one has to establish the causes of each effect; and second, one has to compound the causes of different effects that prevail at any given one time. As for the social sciences, Mill argues that the first step seems rather straightforward: "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" (p. 896). The problem, however, arises at the second phase: "when the question is that of compounding several tendencies together, and computing the aggregate result of many co-existent causes; ... we attempt a task to proceed far in which, surpasses the compass of the human faculties" (p. 896).

There are two additional problems Mill specifically attaches to the social science. First, there is the impossibility of experiments and, secondly, the scope of interrelations. The solution to the first problem is given by allowing some general introspection to serve as premises. Though they cannot be reached by proper induction, they are nevertheless not completely independent of a person's experience. The consequence of this reduced level of "empirical truth" in the premises is a reduction in the status of conclusions to what Mill calls "tendencies." In other words, the lack of universal content in the premises allows us only to speculate on the directions of the conclusion. A deviation from that tendency is not necessarily an indication of the fallacy of the proposition.

The idea of tendency is also part of the solution to the second problem. The complexity of the social science and the difficulty in compounding all causes does not allow us to propose much more than tendencies. However, there are two major propositions stated by Mill which may shed some more light on the investigation of phenomena as complex as are the social. First, that the whole of the social body may be viewed as a single organism, that is comprised of many limbs (separated fields of inquiries) which live in "consensus" with one another. Namely, society is fundamentally a harmonious collection of causes and effects.

The second important idea is that the social phenomenon is a simple sum of individual phenomena. As society, too, is a harmonious organism, then it should not be difficult to calculate the effects of one limb in that organism on the others.

Hence, the concrete deductive method implies that separate branches should investigate society. But at the same time, while each branch follows its own concrete deduction, on the whole, the social investigation should be seen as a "train of reasoning." That is, a system of interconnected investigations where the conclusions of each concrete deduction serve as part of the premises' structure of another, thus creating an interdependent, yet harmonic, view of society.

The Role of Ethology and the Structure of the Social Sciences

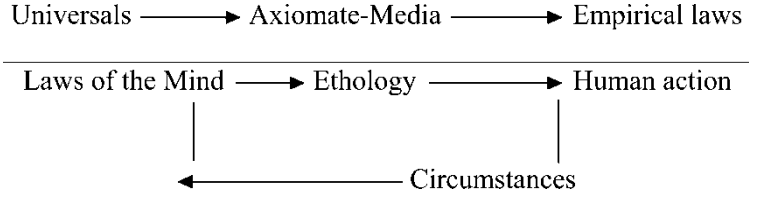
That branch of the social study that, according to Mill, binds together the many dimensions of the social organism is called Ethology. Assuming some unity of the human character (and it is difficult to suppose otherwise if ethology is to be a science), influences on one component of a person's character may have some effects on others (i.e., the effects of M_1 are likely to be different if M_2 has changed).

Before getting into more details, allow me to briefly dwell on some additional methodological points. At least as far as deductive methods are concerned, one must distinguish between *universals* and *empirical laws.* Empirical laws, according to Mill, are observed uniformities (either in succession or coexistence). However, they may not be generalized (due to the impossibility of experimentation) beyond the limits of our observation (see Mill 1843, p. 861). The reason for this is that what we observe may either be part of a more complex rule of causation or, be broken into simpler sequences of causation. At any rate "[t]he really scientific truths, then, are not these empirical laws, but the causal laws which explain them" (p. 862).

"All ratiocination," wrote Mill, "starts from a *general* proposition, principle, or assumption: a proposition in which a predicate is affirmed or denied of an entire class" (pp. 173–74). This thing attributed to an entire class is what Mill calls a *universal.* As human actions are at the heart of the social phenomena, one should begin the investigation by looking at people's psychology where, according to Mill, the *universals* of the social sciences lie.

Psychology, according to Mill, is the science of the elementary laws of the mind (p. 869). But these laws of the mind (which also constitute a form of epistemology) do not explain why people behave in a particular manner. This, in turn, depends on the encounter between a person's psychology and circumstances. "Mankind," wrote Mill, "have not one universal character, but there exist universal laws of the Formation of Character" (p. 864). Hence, ethology is about how the laws of the mind and a set of given circumstances interact: "Ethology will serve for the ulterior science which determines the kind of character produced in conformity to those general laws [of the mind], by any set of circumstances, physical and moral" (p. 869). It is, argues Mill, a form of a Baconian Axiomate-Media; a transition mechanism from the *universals* to the *empirical laws.* However, unlike Bacon, Mill believes that we can use deduction to move from the universals to the axiomate-media and from it, to empirical laws.

This suggests the following picture for the general structure of the social sciences:



Universals, in this particular case, are known through experience and by induction. These laws of the mind should not be confused with psychology as we understand

it or, indeed, as Smith or Hume saw it. "Psychology, according to Mill, studies the laws of the mind, that is, the laws according to which states of mind or consciousness follow, or are caused by one another" (Berger 1984, p. 10).

There are two General Laws of the mind:

(1) Once a state of consciousness has occurred, it can be reproduced in the mind without the presence of the original cause (Mill 1843, p. 852).
(2) "These ideas, or secondary mental states, are excited by our impressions, or by other ideas, according to certain laws which are called Laws of Association" (p. 852).

Given these laws of the mind, we can derive rules according to which we shall be able to assess how people behave when confronted with any set of circumstances:

> the great problem of Ethology is to deduce the requisite middle principles from the general laws of Psychology. The subject to be studied is, the origin and sources of all those qualities in human beings which are interesting to us . . . and the object is, to determine, from the general laws of the mind, combined with the general position of our species in the universe, what actual or possible combinations of circumstances are capable of promoting or of preventing the production of those qualities" (pp. 873–74).

Mill's views of the social sciences together with his views on ethology have two major consequences. First, in as much as outcomes of human actions affect circumstances, ethology may, in turn, cause a change in human behavior. Thus, economic circumstances are not only the result of human actions but they are also their causes. This, I believe, has great implications for the ways in which we perceive economics. The "economic man,"[18] for example, is not really a universal in Mill's system of logic. While it is indeed a premise for economic analysis (in its concrete deductive form), it is nothing but an "empirical law" (with all the qualifications associated with our ability to observe those in the social sciences). As such, it is by no means constant and is bound to be influenced by the broader social consequences of the economic system. The premises of static economics, therefore, must change continuously.

This recursive view of economics helps, in my view, to make better sense of Mill's notion of the absorbing stationary state. A stationary economic state may not necessarily be so stationary in terms of its other social consequences.[19] That is, while material wealth per person will cease to grow, other areas of human interest may still grow and flourish.

Some attributed the state of stagnation in Mill to a somewhat Malthusian conjecture that there is a limit to technological development. While he clearly said as much, there

[18]As an *expression* of the desire for wealth, the aversion to labor and the pleasure of consumption. Namely, the person who makes choices while considering only their effects on themselves.

[19]*Principles* (p. 751):

> 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 the sole difference, that instead of serving no purpose but the increase of wealth, industrial improvements would produce their legitimate effect, that of abridging labour.

are other ways of interpreting it. For one, Mill also said that it is not that developments in industry will stop but rather, that such developments will be used to release workers to enjoy greater freedom instead of increasing output. More generally, Mill's entire discussion of the state of stagnation is driven by the question of "what is the purpose of growth?" His discussion, taken in its entirety, seems to be dominated by the changes he anticipated in the human character. That is, as time progresses, human character will develop in such a way that people will have greater needs than mere material wealth.[20] These changes will influence both the way in which economic interactions are executed (greater cooperation and more communal forms of ownership), as well as social needs. In this respect, stagnation could be seen as a social shift of emphasis from material wealth to other forms of pleasures which are in Mill's view, superior.

The second, and not unrelated, consequence of Mill's views on the role of ethology is that the economic man (whoever he is) must be affected by *moral* circumstances. The fact that society is a harmonized organism means that each of its sub-elements may be influenced by more than one cause. The separate study of each of its components helps in understanding the complexity of causation. As these separate studies constitute a "train of reasoning," we know that each of its branches includes in its premises the conclusions of another. Thus, the economic man must also reflect people's moral views or circumstances, as they, too, constitute a separate field of social investigation.[21]

Inverted Deduction and the Agent of Change

We have thus far established that the use of deduction in the social sciences inevitably suggests a considerable degree of interdependence between the various branches of social investigation. We have also seen that the subdivision of the social sciences, which occurs at the level of identifying "empirical laws," implies that the connection across disciplines is centered around the interaction between human character and social circumstances. As any set of circumstances may influence the character of agents, it is bound to influence the manifestation of the universal laws of the mind in all other areas of the social phenomenon. We now move on to investigate which element of the human character is the engine behind ethology and consequently, behind progress.

The importance of human character to the process of social change cannot be overstated. "[I]t is sufficient," writes Mill, "that there is a progressive change both in the character of the human race and in their outward circumstances so far as moulded by themselves: 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" (Mill 1843, p. 914).

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[20]In terms of Whitaker framework, this is an explanation of the second difficulty mentioned in the introduction: i.e., how $M_1(S_{t-1})$ will change as society progresses. The answer here (which we will explore later in greater details) is that the role of M_1 as the motive behind the accumulation of material wealth will diminish and the importance of the other motives in their influence on the social outcome will increase.

[21]Again, in terms of Whitaker's framework, this is the reference to the first difficulty: i.e., how the effects of M_1 depend on the nature of $M_2, \ldots, M_n$.

The problem, of course, is to find the principle that governs these changes. While Mill is in debt to Comte for drawing attention to notion of social phenomena and the dynamic analysis of social change, he is nevertheless critical of Comte's method. According to Mill, the historical school's search for "laws of progress" were futile as they were based on universalizing that which Mill calls, "empirical laws." These laws, as was seen earlier, do not lend themselves to generalization. Instead, argues Mill, the way to establish "laws" was through the use of the *Inverse Deductive Method.* This method represents an attempt to try to derive *a priori* laws that will be consistent with the historical evidence (i.e., empirical laws) in the spirit of the general relationship between universals and empirical laws. More importantly, "[t]he 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 and of men on circumstances" (Mill 1843, p. 914). In other words, the progress of either the human mind or that of the state of society can only be derived from the interaction between them. This means that ethology, the axiomate-media mediating between the universal laws of the mind and the empirical laws of social circumstances at any point in time, is also at the heart of analyzing social change. However, at this stage Mill is willing to venture beyond that and to speculate about what it is in human nature that drives change.

In the search for the *a priori* principle that govern social change, Mill admits that "it would evidently be a great assistance it if should happen to be the fact, that some one element in the complex existence of social man is preeminent over all others as the prime agent of the social movement" (p. 925). Luckily, he declares, there is one: "the state of the speculative faculties of mankind; including the nature of the beliefs which by any means they have arrived at, concerning themselves and the world by which they are surrounded" (p. 926).

As far as material wealth is concerned "we can only act upon external objects in proportion to our knowledge of them, the state of knowledge at any time is the limit of the industrial improvements possible at that time; and the progress of industry must follow, and depend on, the progress of knowledge"(p. 926). But the speculative faculties may also influence social organization directly:

> [A]s the strongest propensities of uncultivated or half-cultivated human nature (being purely selfish) evidently tend in themselves to disunite mankind, not to unite them—to make them rivals, not confederates; social existence is only possible by a disciplining of those more powerful propensities, which consists in subordinating them to a common system of opinions ... But in order that mankind should conform their actions to any set of opinions, these opinions must exist, must be believed by them" (p. 926).

So according to Mill, it is the state of knowledge of the material world *as well as* individuals' social consciousness that govern the relationship between human character and social circumstances. On the face of it, this seems fairly straightforward: if the state of our knowledge leads to interdependence in production and we are concerned about others, we may feel that the social institutions responsible for the distribution of material wealth are failing the others. We may, in such a case, be willing to adopt changes to the social institutions that will assist them without any adverse effect on

our actions as economic beings. For instance, if we care about others then the imposition of a tax system should not generate a disincentive for us in our pursuit of our own material wealth. Naturally, if we are selfish and we do not *believe* in an ethical call to help the others, an imposition of a tax system will only yield shirking and evasion that will, in the end, demolish any redistributive effort. If, however, our unwillingness to help the other yields enormous inequality together with high rates of crime, we may reconsider our willingness to subordinate our actions to a redistributive policy.

But Mill's own reading of this relationship is slightly different and raises the question of determinism. "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 successive transformation of human opinions" (p. 927, italics added). That is to say, the development of mankind depends on the way in which their intellect develops. But this, according to Mill, is subject to clear rules of transformation through the interaction between universals and circumstances. Is it, therefore, something which is in the hand of humans or social institutions? Or is the development of human intellect pre-ordained? If so, there could be no ethical justification for Mill's criticism of *laissez-faire* as the system would move by itself towards the more co-operative form of behavior as the intellect of the public develops. There is equally no obvious reason why anyone should intervene in the working of the system (i.e., redistribute wealth, etc.) to assist such an inevitable process.

However, this is obviously not what Mill had in mind. For one, the idea of intellectuality was closely linked in his writing to individual sovereignty. The development of such sovereignty, as will be shown later, is in turn linked to the ability to control the result of one's actions. In this respect, the system of *laissez-faire* posed a somewhat different problem as, according to Mill, it *prevented* the development of individual sovereignty and thus interfered in the process of progress.

This approach is very much in line with Mill's explicit discussion of the problem of the necessity of human actions. Mill does claim that given the circumstances and the character's disposition we can foretell what his action will be "as we can predict any physical event" (p. 837). He insists, however, that this does not empty the concept of freedom from any contents, as we are still able to *influence* circumstances. The power of self-formation (education) as he called it is also, for Mill, the power of free will. We may be able to predict what will happen in different scenarios but we are still able to choose the scenario. However, the power of self-formation—the origin of our free will and sovereignty—in itself, depends on social circumstances. Without free will, individual actions cannot be the subject of any ethical discourse and in this respect, social circumstances also dictate the degree of *moral responsibility.* Thus, humanity can progress (materially) without empowering individuals with the ability to form themselves but it will develop differently if people were empowered with the ability to see themselves as part of a greater whole.[22] While there is a real question mark hanging over the ability to apply moral analysis in the case where individuals

[22]"By virtue of his superior intelligence, even apart from his superior range of sympathy, a human being is capable of apprehending a community of interest between himself and the human society of which he forms a part" (Mill 1861, p. 248).

have not developed their intellect and are thus experiencing a low level of free will, there is no problem in asking the *ethical* question: which paths should society take? However, the answer to such a question cannot really be provided in purely classical utilitarian terms as agents with a diminished degree are not proper objects for an ethical theory. In the next section, I will try to resolve this problem.

III. THE PROGRESS OF HUMAN CHARACTER AND ETHICS

We have thus far established the importance of how circumstances affect the development of one's intellectual faculties for the process of social change. In terms of our general objectives this means that one's views on the competitive paradigm depend on how such a system affects the development of individuality. However, whether or not such an influence is a subject of moral discussion or merely a scientific prediction depends on whether individual development itself is a subject of ethics.

There is plenty of evidence that human progress is a subject of ethical consideration in Mill's mind but it is far from obvious when one contemplates the utilitarian nature of his ethics. After all, how can a pre-condition for ethical accountability, which may or may not lead to happiness, be part of classical utilitarian ethics?

Questioning Mill's Utilitarianism

For a long while it was accepted that Mill's moral theory (based mainly on Classical Utilitarianism) is fundamentally a Benthamian version of utilitarianism. This, in turn, means the following propositions:[23]

(a) The desire for pleasure is the only motive for actions;
(b) The pleasure from an action is expected to be derived from its result (complete consequentialist approach);
(c) Pleasure is the only thing that has any moral value.

I would like to argue, now, why this is an unacceptable reading of Mill's ethics. First let me start with the assertion that the pursuit of pleasure is the only motive to human actions. The objection to it can be made at two levels; one is on the grounds of Mill's own direct observations on human nature, the other, on the grounds of its inconsistency with his own methodology.

As far as Mill's direct observations are concerned I would like to mention two other motives related to one another and which constitute a departure from the single motive depiction of human actions. These are *sympathy* and *social feelings.* When Mill accounts for social advancement he argues that behind it is "the desire to be in unity with our fellow creatures" (Mill 1861, p. 231). He also wrote, when discussing the Utility of Religion, that "Through all departments of human affairs, regard for the sentiments of our fellow-creatures is in one shape or another, in nearly all characters, the pervading motive. And we ought to note that this motive is naturally strongest in

[23]See also a discussion in Berger (1984 pp. 30–31).

the most sensitive natures, which are the most promising material for the formation of great virtues" (Mill 1874, p. 411).

However, sympathy may nevertheless be consistent with the above formulation of utilitarianism. Namely, that people's interest in the others is motivated by the pleasure they may get from either pleasing the other directly or from being part of a greater whole. But it is rather clear that Mill did not believe this to be the case. Commenting on his father's "Analysis of the Phenomenon of the Human Mind," he wrote: "By the acts or other signs exhibited by another person, the idea of a pleasure . . . or the idea of a pain . . . are recalled, sometimes with considerable intensity, but in association with the other person as feeling them, not with one's self as feeling them" (James Mill 1878, vol. 2., p. 218). Moreover, not only may a person's actions be motivated by sympathy which, according to Mill, cannot be considered as his own pleasure, but the social way of life dominates a person's character. The requirement of social existence, which may be thought of as a form of fellow feelings, conditions a person's character. "Any condition, therefore, which is essential to the state of society, becomes more and more an inseparable part of every person's conception of the state of things" (Mill 1861, p. 231). Ultimately, Mill states this point explicitly: "[human actions] are never . . . ruled by any one motive with such absolute sway that there is no room for the influence of any other" (Mill 1843, p. 839).

The existence of sympathy and social feelings as motives independent of one's own pleasure may not fit classical utilitarianism but seems perfectly consistent with Mill's methodology. The affairs of mankind in their natural social setting are certainly the subject of the social sciences. From Mill's analysis of those it became clear that though he found the deductive method as the most appropriate method for their analysis, he rejected the use of what he called "geometrical" or "abstract" deduction. There are mainly two reasons for this. One, is the general objection to deductions that are based on *a priori* (in the real sense of the word, i.e., axiomatic) statements. The other, because geometry is the analysis of one force, not of conflicting forces like in mechanics or the social science (see Mill 1843, pp. 887–88). He then goes on to show that the "Bentham school's" philosophy is an example of such a fallacy. Indeed, he critically refers there to the political theory that was constructed upon the single principle of human motive but this form of criticism is equally applicable when it comes to all forms of moral theory or, for that matter, economic theory. The fundamental objection is that one cannot construct any aspect of social theory on the assumption that there is a single force that dominates the scene. Given Mill's own observation, the major premise of the Bentham school can only be justified on *a priori* grounds. For Mill-the-observer, there are conflicting forces operating in the social arena. To claim then, that there is a single force behind social phenomena does not seem to be consistent with experience. If we, nevertheless, wish to set the pursuit of pleasure as the axiom of motives, it will not lead to any increase in our knowledge. If, alternatively, we wish to construct our premises on some experience based insight than we cannot accept Bentham's premise.

To understand Mill's position on motivations and their development we must seek the answers in his study of ethology. There are two points to be made in connection with this. First, according to the laws of the mind, ideas occur to us also via association. Second, according to ethology, human character (that generates human actions) constantly reacts and adjusts to circumstances.

The fact that ideas can occur to us by association also means that the idea of pleasure may appear in our mind in connection with something that is only associated with pleasure but that does not have any such direct effect. When an action is associated with pleasure, argues Mill, we come to desire it on its own merit with no reference to the original pleasure that was associated with it:

> As we proceed in the formation of habits, and become accustomed to will a particular act or a particular course of conduct because it is pleasurable, we at last continue to will it without any reference to its being pleasurable. Although, from some change in us or in our circumstances, we have ceased to find any pleasure in the action, or perhaps to anticipate any pleasure as the consequence of it, we still continue to desire the action, and consequently to do it ... A habit of willing is commonly called a purpose; and among the causes of our volitions, and of the actions that flow from them, must be reckoned not only likings and aversions, but also purposes. It is only when our purposes have become independent of the feelings of pain or pleasure from which they originally took their rise, that we are said to have a confirmed character" (Mill 1843, pp. 842–43).

In other words, because it is the formation of character (ethology) that takes us from the universal laws of the mind to the observed empirical laws, human actions cannot be understood but as a combination of direct feelings and "purposes," or habits which are derived from the laws of character formation. However, one must be careful not to associate those habits with the particular experience of the individual character. Some habits are acquired via other means like *education* and social circumstances. Hence, for a particular character, those habits may indeed be as remote as it can be from the original sense of pleasure that might have been associated with them.

Based on this we can also reject Mill's adherence to the second proposition of "classical utilitarianism." This proposition proposes that it is the anticipation of pleasure as a result of an action that constitutes its motive. Obviously, the association principle means that sometimes we shall continue to perform actions simply because they were once associated with the idea of pleasure regardless of whether or not they keep producing this pleasure. In other words, habits, or purpose as Mill calls it, cannot be explained by the mere pursuit of pleasure.

But there is another argument involved here: it is Mill's distinction between interest and impulse. To act because one expects pleasure as a result means to act out of interest. Sometimes, however, we tend to act out of "impulse"; meaning that the mere contemplation of our act prevents us from, or drives us to, doing it. In other words, sometimes the idea of pleasure that is associated with a particular action may precede, rather than follow it. "The pain or pleasure which determines our conduct is as frequently one which *precedes* the moment of action as one which follows it" (Mill 1833, p. 12). Of course, in terms of the "laws of the mind" this idea too is connected to the principle of association. Its implication is that we do not always act because we desire the consequences of our action; sometimes its mere contemplation is sufficient in order to invoke in us the feelings and subsequently, the act. Sometimes, we may choose to act in a particular way even though the association with pleasure is completely lost.

The third proposition, which is, in fact, the conclusion of the first two, is that only pleasure has any value. This, naturally, is one of the most important questions in the

context of a utilitarian moral theory. It implies that the only moral measure for anything would be its pleasant or painful effects. Thus, in a social context the concept of well-being (as happiness) becomes the sole measure for the moral evaluation of a social system. There is nothing which commands an intrinsic moral value.

To contest this, we must revisit the perceived consequentialist nature of Mill's moral theory. The most obvious reason to oppose such an interpretation of Mill's ethics is that Mill himself made it clear that some actions are generated by the sense of pleasure that is associated with doing them rather than with their proposed consequences. In such a case it will become extremely difficult to judge actions where the pleasure of doing them is not well synchronized with the pleasures of their results. Another such reason is the idea of "purpose." If a person performs an action because of habit and because sometime in the past it was associated with pleasure, what will be the moral value of it now, when it no longer invokes the same sense (or any) of pleasure in the actor?

Along the same line of argument one may wonder what is the meaning of virtue, or the pursuit of virtue, in Mill's moral theory. Is virtue morally good because it promises pleasure to the person who follows it? Moreover, virtue is an attribute of a character and a character, in Mill's theory, is only confirmed when he acquires some habits ("purpose"). Hence, as we saw before, the actions of that character are not at all related to any immediate sense of pleasure. So why is a virtue virtuous?

The answer to this question, given by some, is that virtue is morally good because it is part of the general conditions for the happiness of man. Therefore, the key to this argument should be Mill's perception of happiness. It is rather obvious that one cannot read Mill's theory as suggesting that mere sensual pleasures constitute the idea of happiness. The obvious reason for it is Mill's distinction between higher and lower pleasures. In Utilitarianism he attacks the view as if by utility, or happiness, we refer to sensual pleasure as such. "Human beings," he writes, "have faculties more elevated than the animal appetites, and when once made conscious of them, do not regard anything as happiness which does not include their gratification"(Mill 1861, pp. 210–11). He then goes on to argue that even the Epicureans attached higher values to intellectual pleasure than to sensual pleasures. But for some utilitarian writers, he adds, the distinction between the spiritual and corporal pleasures were only in terms of their consequences. Namely, they find the superiority of the former "chiefly in the greater permanency, safety, uncostliness, &c . . . that is, in their circumstantial advantages rather than in their intrinsic nature" (Mill 1861, p. 211).

Mill, however, insists that the intellectual pleasures are *intrinsically* better pleasures than the corporal ones. The way to measure the quality of higher pleasure against the quantity of the lower one, according to Mill, is to look at experience. People who are self-conscious and self-observing in a sufficient degree have always maintained that after experiencing both sorts of pleasure, they preferred the higher one.

Naturally, with such a broad definition of pleasure the idea of pleasure as we tend to understand it, as the sole thing with intrinsic value is completely eroded. The desires of virtue, of money, or power, though could have originated by association from some sort of pleasure, may indeed become an end in itself. As such, and as these desires generate actions by habit (i.e., no expectation of pleasure), it cannot be said that they are desired for the pleasure that they tend to produce. Nevertheless, argues Mill, such

a desire "is not a different thing from the desire of happiness, any more than the love of music or the desire of health. They are included in happiness. They are some of the elements of which the desire of happiness is made up. Happiness is not an abstract idea, but a concrete whole; and these are some of its parts" (Mill 1861, p. 236).

From all this it appears that Mill did not really adhere to the idea that pleasure as such, in particular in its sensual significance, can be considered as the sole thing with intrinsic value. This in itself should have been sufficient to separate Mill's ethics from classical utilitarianism. As such, it would open the door for a search for principles of justice, which are not directly derived from consequences.

Freedom and Individuality

There is another more straightforward reason why intrinsic values can be found in things other than pleasure. It is Mill's views on freedom. Though I do not now intend to go into the extensive debate surrounding the problem of freedom,[24] I would still like to use it as an example that may prove important to the understanding of Mill's concept of economic justice.

Following Mill's logic we have asserted that between the laws of the mind and the actual expression of human nature in empirical laws, lies the intermediate phase—an axiomate media—called ethology. The origin of human action and eventually, the responsibility for it cannot be found therefore, only in the origins of human understanding (the laws of the mind). They must also be derived from the circumstances that, in conjunction with these laws, affect human characters and subsequently, their actions.

This perception of human nature, as already mentioned earlier, is consistent with Mill's view of free-will. Human-will is only free in as much as they choose to alter the circumstances that affect their character. But a person may have impulses and desires that are entirely created in him by circumstances. Such a person cannot be considered as having those things of his own and thus, "has no character, no more than a steam-engine has a character" (Mill 1859, p. 264). For a character to emerge, it must be the result of an interaction (almost dialectical) between those laws of the mind and the changing circumstances. "A person whose desires and impulses are his own—are the expression of his own nature, as it has been developed and modified by his own culture—is said to have a character" (1859, p. 264).

Thus, "[i]ndividuality is the same thing with development, and that it is only the cultivation of individuality which produces, or can produce, well-developed human beings ... what more, or better, can be said of the condition of human affairs, than that it brings human beings themselves nearer to the best thing they can be?" (Mill 1859, p. 267). There are two main issues implied by Mill's definition of individuality. The first is that human nature needs freedom to become its best. The second is that social circumstances are only measured in terms of their proposed effects on the development of human nature.

However, the development of free will very much depends on the presence of the right social circumstances. Unless these circumstances are created, one may

[24]A comprehensive discussion of this can be found in Ryan (1970) and in particular, chapter 7.

argue that as individuals have no free will they are (a) not responsible, and (b) not a subject of moral investigation. Hence, even if freedom could lead to happiness, demanding the fulfillment of those conditions cannot be derived from the value of happiness itself as we do not know whether or not this is indeed what will happen. Namely, the fact that society provides a person with the opportunity to develop himself does not mean that he will indeed succeed in so doing. Hence, the moral recommendation to provide individuals with the ability to develop themselves must be derived from the intrinsic moral value which individuality or human development command. While Mill draws a clear distinction between individual and social utility he seems to believe that it is all associated with the happiness of society. Yet, the fact that Mill insists on the right of individuals to develop and progress (Mill 1861, p. 255) which may or may not yield happiness, suggests a far more significant departure from traditional utilitarianism than Mill would wish to concede.

What Mill considered as progress is in itself an interesting subject to which I shall refer later in the context of economic organization. One thing is worth noting here: that Mill's view of civilization was that of great cooperation. The ability to subordinate immediate personal advantages to the common interest is a necessary condition of civilization as people become more and more dependent on one another (Mill 1836, p. 129). But will society necessarily progress towards such a civilized stage? Mill himself believed that "[t]he deeply-rooted conception which every individual even now [an early social stage] has of himself as a social being, tends to make him feel it one of his natural wants that there should be harmony between his feelings and aims and those of his fellow creatures" (Mill 1861, p. 233).[25] But at the same time, Mill is fully aware of the fact that the effects of actual social progress on human nature may vary considerably. He considers extreme self-interest and uniformity as quite possible and sad developments.

Whether or not we may consider freedom as a value independent of its proposed consequences also depends on our views on the problem of the "necessity of action." A. Ryan (1970) provides a lengthy discussion of the problem of free will in Mill where it appears to be part of a deterministic world. If the "laws of ethology" exist, then the development of human character and its interactive relationship with circumstances are preordained.

For Mill, of course, free will meant the ability to change. Humans can influence their circumstances. This, in turn, will lead over the years to a development of a particular character and subsequently particular social circumstances. This means that people have the power to influence the course of history. Ryan accepts Mill's definition and agrees that there is a profound difference between *causation* and *coercion.*

[25]In this discussion of the social dimension in individuals' character Mill says that "to desire to be in unity with our fellow creatures . . . become stronger . . . from the influence of advancing civilisation" (Mill 1861, p. 231). This seems to suggest that social change precedes the development of the social dimension in human character which, if so, will stand in contradiction to Mill's explicit expression of causality from the individual to the social change (see Mill 1974, p. 927). However, if we carefully examine the passage from Utilitarianism it becomes apparent that what Mill writes about is how natural would the social dimension appear to individuals. Indeed, as the social dimension develops (intellectually) it produces social change which acts back on the individuals by making it a more natural sentiment.

While the causal relationship is given, the choices individuals may make to change will appear to them as free.

I do feel, however, that there is something in Mill that goes beyond Ryan's criticism. If we draw a slight distinction between *freedom* and *free will* we may be able to resolve the problem. On the one hand, one can say that freedom is the same as the ability to exercise one's free will but in Mill, I believe, freedom and free will are not exactly the same. The former is only a necessary but not sufficient condition for the exercise of free will. When there is no freedom, individuals' character will not develop. The response of their character to circumstances will be pre-determined but they will not be in a position to try to alter the situation just by volition. In some sense, this is the *pre-moral* state of individuals as they are nothing but automata. When people are given freedom they may (or not) develop to a degree in which they will *want* to change the circumstances and have greater control over the historical trajectory of civilization. It is, in my view, the *want* to change rather than the ability to change which constitutes in Mill the notion of free will. This want is not pre-determined. There may be n pathways open for humanity and the development within each one can be deterministic. But Mill believes that with freedom and character development (intellectual development in particular), they are able to see the different routes and select one of them for themselves. The way they modify their character, therefore, is not a pre-ordained selection. But the consequences of this will be pre-determined. The value of freedom here is that it facilitates morality regardless of the consequences.

Individuality and Justice

We saw thus that freedom has a value of its own, independent of the immediate outcome in terms of pleasure. Moreover, as it is a condition for developing characters (and free will), it is also a condition for human beings becoming moral creature. Obviously freedom is only one aspect of the whole set of conditions that determine the circumstances in conjunction with which the interaction of the laws of the mind will create a morally accountable character. Education as well as economic conditions also form a significant part of these conditions.

But to create those conditions under which all persons will develop themselves, independent of any direct effect (as we do not know *a priori* whether all will really benefit from it), means that we are looking for rules, or principles, of social organization. As these rules facilitate the ability of agents to become morally responsible (and subsequently, to want to change), we may consider them to be moral rules though they may not be derived directly from the moral system that people will form once they can exercise their free will.

It has already been argued that Mill's Utilitarianism cannot be considered as "classical" for two major reasons. One, that not all actions are motivated by anticipation of their pleasant consequences. And second, which is not unrelated, that there are some other things besides direct pleasure that have an intrinsic moral value. In such a context it should not be too difficult to defend a theory of justice that is not necessarily dependent on the direct consequences of actions. It is enough to consider the fact that Mill assumed that there are conditions preceding any moral argument—that people must have free will, or character—in order to argue that some rules are needed. Whether these rules are "moral rules" or "ante-moral" rules does not alter the fact

that unlike the case of classical utilitarianism, in Mill, some kinds of rules which either precedes, or direct, moral conduct are not inconsistent with his theory. Notwithstanding these qualifications, it is interesting to see how Mill proposes to reconcile these rules with his utilitarianism. His efforts were indeed concentrated on showing that rules, like those of justice, are consistent with the general enhancement of utility.

According to Mill's own definition, the concept of justice is comprised of two major aspects; a rule of conduct and a sentiment that sanctions that rule. The instincts that are behind the sense of justice are those of self-defense and sympathy. A person wishes to defend himself and those with whom he feels sympathy. As the sense of sympathy depends on the state of society and as it is assumed that as society progresses so does the circle of people with whom a person feels sympathy. The sense of self-defense is then extended to society as a whole. These sentiments cause people to "resent," "repel," or "retaliate" against "any conduct which threatens the security of society generally" (Mill 1861, p. 248).

Now, all these desires are by no means moral unless they are "in the directions conformable to the general good" (p. 249). Hence, the gratification of these desires in rules of conduct is utilitarian only in Mill's extended form of happiness. Namely, if only people were capable of internalizing the common interest then rules and justice would become part of the moral theory. By implication, this also means that justice is something that depends on the development of human character. Namely, there are some conditions that allow (via ethology) the creation of a free willed character who will be capable of understanding his role in society and the dependence of his own happiness on that of the others.

Put differently, Mill's treatment of rules and justice suggests that people have a right to develop their character in such a way as to be able to understand their role in society and identify with it because through such development, they will be able to enhance their superior happiness.

There is, however, a sense in which Mill's theory of justice is incomplete. I refer here to the question of duty. Must the rules that provide for the development of human character be obeyed? Should there be real sanctions if they are not obeyed?

I admit that I have not found a convincing argument to support the view that what distinguishes justice from his moral theory is the compulsory element of its administration. However, Mill does refer to reward in the same way in which he refers to punishment. When Mill provides an account of what immediate associations people have with the concept of justice, or injustice he mentions five:

(i) to deprive someone of what belongs to him by law;
(ii) to give by law rights that should not have been given;
(iii) to remunerate each person according to his deeds;
(iv) a breach of promise and friendship;
(v) anonymity (to this last one he also attaches the idea of equality).

From all these, he believes that (iii) is the strongest sense of justice. But not only in the common sense of punishment, but also in the sense of reward. The rules of justice are those which ensure a morally good society. Hence, rewards cannot be considered as optional. A failure to respond to a good deed has two consequences. One, it causes immediate disappointment, which could be a utilitarian reason to demand reward.

Secondly, it might discourage benevolent behavior in the future, thus, affecting the general circumstances that, eventually, affect character formation.[26]

Whether or not this puts reward and punishment in the same position is not obvious. However, for what concerns us here this is not so important. Whether the conditions for human improvement are ante-moral or within a theory of justice plays little role in Mill's general argument that it is these circumstances that inevitably will affect character formation and the subsequent development of social institutions.

IV. THE ECONOMIC SYSTEM AND CHARACTER FORMATION

The most noticeable change in the human condition, according to Mill, is the progress in wealth accumulation. He provides three major reasons for it: First, the increase in knowledge of the physical laws which assist in the process of production; second, the accumulation of wealth has been helped considerably by an increase in the security of person and property; and third, "[o]ne of the changes which most infallibly attend the progress of modern society, is an improvement in the business capacities of the general mass of mankind" (*Principles*, p. 698).

All three are not unrelated as they are expressions of the development in the intellectual capacity of individuals which, as we saw earlier (in Mill's own application of the inverse deductive method), is the agent of social change. Development, according to Mill, is the essence of individuality and as such, greater wealth accumulation seems to be associated with greater liberty—but what is the causal explanation?

While all three are expressions of intellectual development, two elements of the agent of change rely heavily on what one may call the social disposition of individuals. The increased security of the person and property is a reflection of the ability that individuals have to find sympathy with a greater number of people around them so as not to harm them or to care enough about them as to uphold a system of law that will protect them. Equally, the development of business capacities is not what modern economists may think it is. Rather, this is the development in the ability to cooperate.

In a lengthy discussion Mill portrays the move from a rude stage of society to a civilised stage through specialization. A person in the rude stage, Mill argues, was able to deal with a great number of situations. Specialization has, to an extent, limited the ability of mankind to deal with as many eventualities. However, this loss of efficiency can be compensated:

> To civilized human beings collectively considered, the compensation is ample. What is lost in the separate efficiency of each, is far more than made up by the greater capacity of a united action ... The peculiar characteristic, in short, of the civilized being, is the capacity of co-operation; and this ... becomes capable of assuming a constantly wider sphere of action (*Principles*, p. 698).[27]

[26]"He who accepts benefits, and denies a return when needed, inflicts a real hurt, by disappointing one of the most natural and reasonable expectations, and one which must at least tacitly have encouraged, otherwise the benefits would seldom have been conferred" (p. 256).

[27]Mill considers cooperation in progression. First there will be cooperation within the producing organizations and competition between them. Further down the line, this may translate into a more communal organization of society as a whole (*Principles*, pp. 791–92).

From this it seems intellectual development precedes both the accumulation of wealth and the development of the capacity to cooperate. The latter, in turn, contributes further to the accumulation of wealth.

But what is it that facilitates the intellectual development in the first place and how universal is the economic man in this context?

The Economic Man and Development

The identification of a motivation, which can explain a whole sphere of social theory without apparent reference to any other motivation, has been used by many in support of the independent study of economics. Moreover, on the face of it, this motivation appears very similar to the underlying principle of the rational utility maximizer and thus helps to persuade that there is continuity between classical and neo-classical economics.

However, Mill's economic man is far more a complex notion than that implied by the rational utility maximizer. It is true that Mill claims, "There is, for example, one large class of social phenomena [political economy], in which the immediately determining causes are principally those which act through the *desire of wealth*; and in which the psychological law mainly concerned is the familiar one, that a greater gain is preferred to a smaller" (Mill, 1974 p. 901, italics added). This, together with a nod towards Mill's apparent utilitarianism yields a model of behavior almost identical to the rational utility maximizer.

Nevertheless, this is not the whole story. For one, the use of the single motive might have been acceptable "if within the department in question [the motive] were *unimpeded by any other.* In this way a nearer approximation is obtained ... [which] has then to be corrected by making proper allowance for the effects of any impulse of a different description, which can be shown to interfere with the result in any particular case" (Mill 1844, p. 323, italics added). But there is an even more serious problem. If indeed we depict the economic man in this manner, economic analysis will suffer the drawback of geometry, where there is a single force behind the system of abstract deduction.

Indeed, for methodological reasons as well as empirical insight, Mill does not portray his economic man in this manner. "Political Economy," says Mill, "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, namely, *aversion to labour*, and *desire of the present enjoyment* of costly indulgences" (Mill 1843, pp. 901–902, italics added).

The modern reader may find it easy to assemble all three motives into the single rational utility maximizer (with the appropriate parameterization) but for Mill this was not so. The aversion to labor was an *antagonizing* motive, not the other side of the same coin (i.e., the residual of wanting leisure).[28]

Political economy, therefore, is concerned with the consequences of three features of human nature: the desire for wealth, the aversion to labor, and the desire for present

[28]Some may argue that the aversion to labor is an integral part of the rational utility maximizer but this is far from obvious. The aversion to labor is really a result of a technical constraint rather than a substantive point. For a more detailed discussion see Witztum (2000).

enjoyment (Mill 1844, p. 321). Thus, Mill is completely loyal to his method. The three principles, or forces, behind economic analysis ensure that it will not suffer the shortcoming of geometry: the abstract method of deduction. Namely, it is not based on a single force but on contradicting forces, which represent a better description of the social scene.

But will this ensure that the subject matter of political economy will be unimpeded by any other aspect of human character? It is, I believe, quite reasonable to suppose that the desire for wealth and for present enjoyment is not directly related to one's social disposition and is far more dependent on one's view of one's self. However, the aversion to labor cannot be assumed to be of the same nature. Perhaps at an early stage of society when there was no division of labor, the work one performed was unrelated to one's view of society. When there is progress, as we have discussed above, the intellectual faculties of the agents will improve further. There will be greater knowledge as well as greater sense of society (through which greater security will emerge, as well as a development of the sense of co-operation). Consequently, a greater division of labor will make one's work, attitude towards it, more related to one's attitudes towards the others and society in general.

We have already discussed the importance of the moral faculties in the determination of labor productivity. These faculties inevitably contain individuals' social disposition. The more they see themselves as part of society and feel treated according to the rule of justice, the more trustworthy they become and the greater will be their productivity (*Principles*, pp. 110–12).

The question that one may ask is whether greater productivity is associated with less aversion to labor. I believe that this is indeed the case as Mill is not writing about increased productivity due to better incentives. Instead, he writes about greater productivity because of better, or different, motivation. It is in motivation where the aversion to labor is defined, and if someone better motivated, works harder, not only his productivity will rise but his disposition towards labor will be different, too.

In Mill's analysis of productivity he writes about the "energy" of workers. Here, however, the effects of the improvement in human character not only lead to a fall in the aversion to labor but directly reduce the desire for wealth:

> Every real improvement in the character of the English, whether it consist in giving them higher aspirations, or only a juster estimate of the value of their present objects of desire, must necessarily moderate the ardour of their devotion to the pursuit of wealth. There is no need, however, that it should diminish the strenuous and business-like application to the matter in hand (*Principles*, p. 106).

In short, human development will make people appreciate the true value of material wealth (the lower type of happiness) and induce them to work harder on the worthiest things in life. In turn, they will also become more effective in producing material wealth. "The desirable medium" writes Mill, "is ... when they labour, to do it with all their might, and especially with all their mind; but to devote to labour, for mere pecuniary gain, fewer hours in the day, fewer days in the year, and fewer years of life" (*Principles*, p. 107).

Thus, the economic man, in its rational utility maximizer equivalent, is not resilient to social change. The development of individuals' intellectual capacity will raise their

social awareness. This, in turn, will downgrade the value of material wealth as a motive that explains social phenomena, as well as alter at least one corresponding motive: the attitude towards labor.

The Conditions for Progress

So what is it that promotes individuality (and cooperation) and what holds it back? The answer, of course, is institutional arrangements. Consider, for instance, Mill's lengthy discussion of the various forms of land ownership and labor (*Principles*, book 2, chapters 6–9). He considers three forms of land cultivation: Peasant Proprietors, Metayers, and Cottiers. Part of his discussion is directed at the question at the heart of current theoretical discussion: how does ownership and control affect productivity. Another part is directed at what concern us: the effects of these arrangements on the character of the workers.

Peasant Proprietors is the case where the workers own the land they cultivate. According to Mill, this is the best form of organizing the agricultural sector as this will produce the highest productivity and will have the most beneficial effect on individuals' character both in terms of intelligence and morality (see sections 2 and 3 of chapter 7). In principle, Mill compares the effects of two types of anxieties on human faculty—those associated with securing life's necessities, and the anxieties that follow from a multiplicity of responsibilities. The former are character eroding-anxieties which are shared by most day-laborer. The latter are character enhancing anxieties characteristic of the peasant proprietors.

The real reason, however, why the peasant proprietor appears to Mill as the most character enhancing form of organization is the fact that he has full command of the fruits of his labor. When Mill considers the Metayers system he implicitly claims that the beneficial influences of the system on the worker's character stands in direct proportion to the share he commands of the fruits of his labor. In the Metayers system, the farmer does not own the land and pays the landowner a fixed percentage of his output. However, his tenure is protected by custom (so he does not suffer the day-laborers' anxieties). Mill claims that in this system people will still have great incentives as they do have some command over the level of their reward. Here, too, as the work they do is exactly the same as the work they would do if they owned the land themselves, the influence of this form of organization on their character is also positive. However, "[i]n both these particulars [the intellectual faculties and efficiency] the metayer system has the characteristic advantages of the peasant proprietors, but has them in a less degree ... since only half the fruits of [the metayer's] industry, instead of the whole, are his own" (*Principles*, p. 304).

The third system is that of the Cottiers, which is mainly practiced in Ireland. The difference between the metayers and the cottiers is merely in the way in which rent is set. In the metayer system, the rent is agreed by custom (as a percentage) and tenure is protected by custom. In the cottier system rent is determined by competition. Thus, claims Mill, the rent is regulated by demand for land and its supply and as the population increases, the rates may rise uncontrollably to a degree where the laborer may drift to the anxieties of the day-laborer. In terms of the influence on individuals' character, the system could be slightly worse than the metayer in the good days when rent is low but worse than a day laborer when rents get very high. Indeed, in Mill's discussion of

the Irish problem this ranking of the different forms of land cultivation manifest itself in his preference for a solution that will turn the cottiers to effective peasant proprietors over the proposed solution of turning them all into day-laborers.

If we understand Mill's enthusiasm with the system of peasant proprietors to be based on the beneficial effect it will have on individuals' character, it is easy to settle the apparent contradiction that emerges in Mill's support for large-scale manufacturing. For one, it is important to notice that the discussion of the advantages of the large-scale operation appears in the book on production, while the discussion of land ownership appears in the book on distribution. When we consider the small manufacturing agent, it is true that he will be in full command of his output, but unlike farming, he cannot survive on his output and he is inherently dependent on others.[29] This means that a small manufacturing agent will suffer a considerable number of anxieties, which are not conducive to the development of character. Thus, there are no obvious benefits to have small operations in manufacturing.

It is therefore not necessarily the case, as suggested by Ekelund and Walker, that mere distribution of ownership will be the correct thing to do from a moral point of view. Facilitating individual development really requires a system where individuals have a good command of the fruits of their labor. Indeed, in a world where there is no division of labor this might be the right thing to do, but in a world where there is a division of labor this is more a question of income distribution than it is a question of the distribution of ownership.

What made the cottier system worse than the metayer was the fact that in the former there was competition to determine the rent, while in the latter, rent was determined by custom. However, according to Mill, one of the greatest enemies of individuality is custom. When people are conforming to a custom their differences disappear and their individuality remains undeveloped (Mill 1854, p. 261). At the same time, custom had a positive role to play as it was a method to defend the weak against the strong (*Principles*, p. 242). By implication, the absence of security (which already requires a considerable personal development) will strengthen the role of customs and subsequently, stifle further developments in individuality. Thus, under custom and uniform behavior, the absence of individual development suggests that cooperative behavior will not develop.

Mill, on the other hand, perceives competition as the opposite to custom. By the mere apparent tolerance towards diversity, in Mill's eyes competition will have a less stifling effect on human development: "I conceive that, even in the present state of society and industry . . . every extension of [competition] . . . is always an ultimate good" (*Principles*, p. 794). But he says this mainly because competition is the best tool to fight custom. But what about competition itself? Is this form of social organization conducive to the development of individuality? Mill writes:

> If the choice were to be made between Communism with all its chances, and the present [1852] state of society with all its suffering and injustices; if the institution

[29] "The question between large and the small systems of production as applied to agriculture . . . stands in many respects on different grounds from the general question between great and small industrial establishments [in its social aspect as well as an element in the distribution of wealth]" (*Principles*, p. 144). Lipkes (1999) attributes a change of heart to Mill (pp. 58–59), but I believe that notwithstanding the various external influences, there is a clear logic to Mill's pronunciations.

> of private property necessarily carried with it as a consequence, that the produce of labour should be apportioned as we now see it, almost in an inverse ratio to the labour—the largest portion to those who have never worked at all, the next largest to whose work is nominal, and so in a descending scale . . .; if this or Communism were the alternative, all the difficulties, great or small, of Communism would be as dust in the balance (*Principles*, p. 208).

Obviously, what concerns Mill in the working of competition in a world of private property is the fact that people are not remunerated in relation to their contribution. The reason why this is sufficient to make him discard of this form of organization is that it violates the freedom of individuals. Not to be able to enjoy the fruits of one's labor, or faculties, is an impediment to the development of individuality. It is almost the same as current justifications of inequality, which claim that not to allow entrepreneurs to enjoy the benefits of their innovations will stifle innovation.

The question that immediately arises, is whether this is due to the unfortunate distribution of property or that it is inherent to such a system:

> That all should indeed start on perfectly equal terms is inconsistent with any law of private property: but if as much pains as has been taken to aggravate the inequality of chances arising from the natural working of the principle, had been taken to temper that inequality by every means not subversive of the principle itself; if the tendency of legislation had been to favour the diffusion, instead of the concentration of wealth — . . .; the principle of individual property would have been found to have no necessary connexion with physical and social evils (*Principles*, p. 209).

In simple terms this means that the only way for private property and competition to be consistent with the principle of justice is through active interference in the natural distribution of wealth and income to which it gives rise. An interference, which will not only be concerned with the redistribution of wealth but first and foremost be concerned with the distribution of income. "To judge of the final destination of the institution of property, we must suppose everything rectified which causes the institution to work in a manner opposed to that equitable principle, of proportion between remuneration and exertion" (*Principles*, p. 209).

But proportional remuneration is only one principle competition must obey. "We must also suppose," writes Mill, "two conditions realized, without which neither Communism nor any other laws or institutions could make the condition of the mass of mankind other than degraded and miserable. One of these conditions is universal education; the other, a due limitation of the numbers of the community" (*Principles*, p. 209). Mill later reintroduces these two principles with a slight difference. They become the following two: (a) guaranteed subsistence,[30] and (b) the greatest amount of liberty and spontaneity.[31]

In the case of private property and competitive organization this means a considerable amount of government intervention beyond the question of redistribution. In a paraphrase on the sovereignty of consumers Mill writes that "[t]he uncultivated

[30]Guaranteed subsistence is an extension of the principle restricting the numbers in a community.

[31]And this principle is the extension of the idea of education. In Mill, liberty and spontaneity are closely associated with education.

cannot be competent judges of cultivation" (*Principles*, p. 953). Thus there is a clear market failure in as much as character formation is involved:

> Those who most need to be made wiser and better, usually desire it least, and, if they desired it, would be incapable of finding the way to it by their own lights. It will continually happen, on the voluntary system, that, the end not being desired, the means will not be provided at all, or that, the persons requiring improvement having an imperfect or altogether erroneous conception of what they want, the supply called forth by the demand of the market will be anything but what is really required (*Principles*, p. 953).

His conclusion is quite striking:

> any well-intentioned and tolerably civilised government may think, without presumption, that it does or ought to possess a degree of cultivation above the average of the community which it rules, and that it should therefore be capable of offering *better education and better instruction to the people, than the greater number of them would spontaneously demand* (*Principles*, p. 953, italics added).

Mill expects government intervention of the strongest form (that which he calls *authoritative*) and which, to some extent, violates the private domain of individuals as it offers them education "better" than that which the majority would want. By drawing a distinction between becoming a subject of morality (i.e., the process of gaining individual sovereignty) and acting according to its principles, one can better identify the significance of government's intervention. Interfering with the individuals to ensure their development by enhancing the degree of freedom in their choice of actions could be viewed as laying the foundation for the moral society.

Interestingly enough, I found Smith to hold similar views with regard to the duties of society towards those who are propertyless.[32] However, ensuring that everybody has access to social wealth in the case of Smith will guarantee a morally acceptable form of social organization while in Mill this will ensure the *changes* in the way economics is acted out. Providing proportional remuneration (the command over the results of one's actions) and education (intellectual capacities) will change human character in such a way that the economic man of the self-interested rational behavior will have to be replaced by an economic man who is cooperative—in sympathy with most elements in society and aware of the role of social institutions.

While Mill is quite confident about the cooperative direction in human improvement, he is unsure about the ideal form of social organization (private property or communal ownership) which is more conducive to such developments. Nevertheless, Mill is of the view that given the role of custom in early stages of development, competition is necessary in the transition process:

> I agree, then, with the Socialist writers in their conception of the form which industrial operations tend to assume in the advance of improvement;. . ..I do not pretend that there are no inconveniences in competition, or that the moral objections urged against it . . . are altogether groundless. But if competition has its evils, it prevents greater evils (*Principles*, pp. 792–93).

[32]Witztum (1997b, 2005b).

Here, too, there is a great deal of similarity between Smith and Mill. Smith did not write in support of communal ownership but he, too, saw competition as a lesser evil rather than an ideal form of social organization.

V. CONCLUSION

Ekelund and Walker argued in their paper that Mill proposed that by redistributing ownership and by refusing to interfere with the incentive scheme generated by the competitive environment, the road will open towards an efficient capitalism. Moreover, this being consistent with the utilitarian principles was also the road to justice. In this paper I have tried to demonstrate that these are incorrect depiction of Mill's views of the working of *laissez-faire.* While there is no doubt that Mill supported inheritance taxes and the redistribution of land ownership, these were insufficient measures to overturn the difficulties generated by the competitive model. Both the distribution of income (i.e., incentives) and the provision of universal education naturally fail, according to Mill, in the competitive environment. Moreover, I have endeavored to show that the notion of competition (i.e., the efficient form of capitalism) could not have been Mill's vision for society.

Using Mill's complex methodology I have tried to show that while one may conduct an independent inquiry into economic relationships (which Mill calls statics), this cannot be considered sufficiently universal. The dynamics of the social sciences is inherently interdisciplinary. The human character (and in particular, the economic man) is part of the social system in that it both influences and is influenced by the circumstances of society. Moreover, Mill perceived the agent of change in the human character to be their intellectual faculties, which, among other things, include the social dimension of one's consciousness and interest. Thus, the economic consequences of the way society is organized will influence the development of individuals (which is what Mill calls the dynamics). Consequently, the character behind the economic man will change too.

Applying Mill's methodology to his ethics allowed us to make the connection between the conditions facilitating human improvement and his notion of justice. A society which is just and provides people with the ability to develop will face individuals who are increasingly able to understand the benefits of cooperation. Competition is the first step in this direction as it removes the stifling effects of custom. However, as was evident from Mill's response to the Irish problem, competition may also be harmful.

The main question concerning Mill with regard to social organizations is how they affect individual development. As the condition for such a development includes the command over the outcomes of one's actions (the principle of proportional remuneration) and the development of one's knowledge of nature and society (the provision of universal education), the free reign of competition has been ruled out as either an efficient or a moral form of social organization. Without developing the morality and trustworthiness of agents, competitive interdependence, in the eyes of Mill, will achieve low levels of productivity and progress. However, given the rule of custom in the early stages of development, competition does have a transitory role in society. But without government interference, it will provide for neither growth nor harmony.

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