Production, Distribution, and J. S. Mill

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J. S. Mill's role as a transitional figure between classical and egalitarian liberalism can be partly explained by developments in his often unappreciated economic views. Specifically, I argue that Mill's separation of economic production and distribution had an important effect on his political theory. Mill made two distinctions between economic production and the distribution of wealth. I argue that these separations helped lead Mill to abandon the wages-fund doctrine and adopt a more favorable view of organized labor. I also show how Mill's developments impacted later philosophers, economists, and historians. Understanding the relationship between Mill's political theory and economic theory does not only matter for Mill scholarship, however. Contemporary philosophers often ignore the economic views of their predecessors. I argue that paying insufficient attention to historical political philosophers' economic ideas obscures significant motivations for their political views.

J. S. Mill is often regarded as representing a transition between classical and egalitarian liberalism.[1] I argue that Mill's role as a transitional figure can be partly explained by developments in his economic views. Many know Mill the political philosopher, but few within philosophy pay much attention to Mill's work as an economist. I propose to focus on an underappreciated feature of Mill's economic thought: his separation of production and distribution. While the primary aim of this article is to outline the nature and origins of Mill's distinction and its effects on his political theory, his innovation may also have contributed to a fundamental change in how many intellectual figures thought about the theory of justice and social policy. I will use the discussion of those Mill influenced to draw a connection between Mill's economic views and his political theory.

A discussion of Mill's economic views can be usefully employed to illustrate a broader point: contemporary political philosophers often ignore the deep connections between the political and economic

[1] I shall contrast two liberalisms: classical liberalism and modern egalitarian liberalism. I take classical liberalism to be the generally laissez-faire liberalism embodied by John Locke, Adam Smith, and the like. I take modern egalitarian liberalism to be a distinct political theory that instead emphasizes individuals' just claims to equal (however understood) shares of social wealth. Egalitarian liberal theories include those of John Rawls, *A Theory of Justice* (Cambridge, 1971); Ronald Dworkin, *Taking Rights Seriously* (Cambridge, 1977); and Michael Walzer, *Spheres of Justice: A Defence of Pluralism and Equality* (New York, 1983).

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theories of the great political philosophers, many of whom were also important economists. Mill's story helps to demonstrate that paying insufficient attention to these political philosophers' economic ideas obscures important motivations for their political views. This lack of attention also conceals the degree to which these same ideas influence contemporary political philosophy. The economic views examined here arguably influenced the economic narrative tacitly appealed to by a number of contemporary political theories. The essay, then, should add credence to the idea that contemporary political philosophers are deeply affected by economic narratives that are often generated, unbeknownst to them, by the economic theories of the great political philosophers like J. S. Mill.

My discussion is divided into five sections. First, I briefly outline the historical sources of Mill's developments. The following two sections identify two distinctions Mill made between production and distribution. Section II examines Mill's departure from the classical economists' view that increasing production is the best means of helping the laboring poor. Section III discusses Mill's separation of the laws of production and distribution. I show that Mill's changing attitude towards production and distribution importantly altered his conception of economic justice in section IV and conclude in section V. In general, I illustrate a conceptual connection between the development of Mill's attitude to distributive justice and the development of attitudes to the connection between the production and distribution of wealth.

I. HISTORICAL PRECEDENCE FOR MILL'S DEVELOPMENTS

As stated above, one of J. S. Mill's most influential contributions to economics is his separation of production and distribution.[2] We can analyze this separation as two distinct contributions, a practical separation and a methodological separation. First, Mill was developing a unique attitude toward production by de-emphasizing economic production as an anti-poverty tool. Second, Mill separated the *laws* of production and distribution. Both separations involve a *doubling* of institutional questions. Most classical economists believed that various economic factors dictated what distribution must be given certain productive arrangements.[3] Their central question was this:

[2] For two recent, though brief, discussions of Mill's separation, see Jonathan Riley, 'Mill's Political Economy: Ricardian Science and Liberal Utilitarian Art', *The Cambridge Companion to Mill*, ed. John Skorupski (Cambridge, 1998), pp. 293–337; Fred Wilson, 'Mill on Psychology and the Moral Sciences', *The Cambridge Companion to Mill*, ed. John Skorupski (Cambridge, 1998), pp. 234–8.

[3] I will qualify this statement below.

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How do we produce the most for all? But Mill adds a second question: How should we distribute that produce? Mill is perhaps the first major political philosopher to argue explicitly that production does not necessarily dictate our distributive arrangements. The first separation will emphasize the insufficiency of production to meet the needs of all, highlighting the need to refocus on distribution, while the second separation encourages us to analyze the process of distribution as primarily one of *social choice*. In other words, by separating the laws of production and distribution, Mill draws our attention to the *malleability* of distribution within the confines of a system of production.

The production–distribution distinctions did not originate with Mill, although he made them prominent. There was both moral and scientific pressure to separate production and distribution prior to his writing. A contemporary of Mill's father, the Ricardian socialist William Thompson, was concerned to separate production and distribution.[4] A contemporary of Mill's, G. Scrope, argued that the classical economists 'idolized production to the neglect of distribution'.[5]

Despite these criticisms, the classical economists were already in the habit of separating production and distribution, but they did so merely for scientific purposes, where distribution was that part of economics that dealt with wages, rent, and interest, while production dealt with capital, investment, and so on. Joseph Schumpeter, in his *History of Economic Analysis*, describes the state of the science at the time as treating distribution as a 'semi-independent department of economic analysis' and that when the theory of distribution was discussed, it was treated as 'a compound of separate theories of profits, rent, and wages, each of which was based on a distinct principle of its own'.[6] Pedro Schwartz locates the origins of the production–distribution distinction in David Ricardo.[7] The presence of the distinction in Ricardo is probably of some significance. If classical economists had already begun to separate production and distribution, making the distinction stronger may have come more easily than it would have otherwise – particularly to Mill.

[4] See William Thompson, *An Inquiry Into the Principles of the Distribution of Wealth Most Conducive to Human Happiness; Applied to the Newly Proposed System of Voluntary Equality of Wealth* (London, 1824); Jean-Baptiste Say, *A Treatise on Political Economy*, 5th edn., ed. Clement C. Biddle, tr. C. R. Prinsep (Philadelphia, 1855); W. S. Jevons, *The Theory of Political Economy*, 3rd edn. (London, 1888).

[5] N. B. De Marchi, 'The Success of Mill's Principles', *History of Political Economy* 6 (1974), pp. 119–57, 123. Also see G. P. Scrope, 'The Political Economists', *Quarterly Review* 44 (1931), pp. 1–52.

[6] Joseph Schumpeter, *History of Economic Analysis* (London, 1952), p. 645.

[7] Pedro Schwartz, *The New Political Economy of J. S. Mill* (Durham, NC, 1972), p. 10.

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Although the classical economists separated production and distribution descriptively, they still held that production was the primary tool of anti-poverty policy. Many classical political economists, like Adam Smith and Ricardo, thought the 'progressive' or growing state of the economy was important for wealth creation and regarded an alteration in distribution as often having negative consequences for production. Smith held that a growing economy was essential for the well-being of the laboring poor.[8] But for Smith, it is not rich countries where wages are high, but 'thriving' countries with fast growth rates.[9] He believed that a fast national growth rate is the primary means of increasing the prosperity of the laboring poor.[10] Ricardo helped develop the view that a growing capital stock leads to an increase in wages.[11] Recall that Ricardo was an enormous influence on Jeremy Bentham and James Mill. And J. S. Mill was widely regarded as the one of the last Ricardian economists.

Mill departed from his predecessors in part due to criticisms of the classical economists.[12] Many of these criticisms developed out of the sentiment that the classical economists' analysis of production was cold-hearted and rationalistic. Apparently Mill felt the pressure to make economic analysis more 'humane'.[13] We can plausibly argue that these criticisms led Mill to separate production and distribution. For one, the history of Mill's young life helps to explain why Mill would pay so much attention to critics of classical political economy, like Thomas Carlyle and Samuel Coleridge.[14] Thus, while Mill's separation of production and distribution is not entirely original to him, he still produced important innovations in the way many thinkers conceptualized the relationship between economic production and distribution.

[8] See Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*. ed. R. H. Campbell, A. S. Skinner, and W. B. Todd (Oxford, 1976), p. 42.

[9] Smith, *Wealth of Nations*, pp. 19–21.

[10] Smith's *Lectures on Jurisprudence* contain some interesting passages. See Adam Smith. *Lectures on Jurisprudence*, ed. R. L. Meek, D. D. Raphael, and P. G. Stein (Oxford, 1978).

[11] See also David Ricardo's *On the Principles of Political Economy of Taxation*, in David Ricardo, *Works and Correspondence of David Ricardo*, ed. P. Sraffa, 11 vols. (London, 1951), vol. 1.

[12] De Marchi analyzes several criticisms of the classical economists Mill felt compelled to answer. See De Marchi, 'Mill's Principles'.

[13] See Mill's autobiographical comments later in the essay. See. J. S. Mill, *The Collected Works of John Stuart Mill*, 33 vols., ed. John M. Robson (Toronto, 1963), vol. 1, p. 256. For further commentary, also see Alfred Marshall, *Principles of Economics*, 8th edn. (London, 1920), Appendix J4, p. 94.

[14] Mill believed that his mental breakdown was cured partly by his discovery of romantic poets, many of whom were critical of political economy. See De Marchi, 'Mill's Principles' for a detailed analysis of the connection.

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Both versions of the separation had a significant impact on Mill's political theory, or so I shall argue. The first development led to increased academic focus on the distribution of wealth as a means to poverty reduction. Until Mill's time, most economists treated production and distribution as two sides of the same coin; one could not be changed without altering the other. Mill's methodological separation of production and distribution was intended to illuminate the fact that while increasing or decreasing production is mainly a scientific enterprise, distribution is primarily a social phenomenon not strictly governed by economic laws. By distinguishing between the laws of production and distribution, Mill could therefore justify focusing on changing the distribution of wealth. If distribution is the product of social choices that are somewhat independent of production, policies aimed at changing the distribution of wealth need not have negative consequences for growth.[15] Mill thereby contributed to a divide in political theory between production on the one hand and distribution on the other. We now turn to Mill's first departure from the classical tradition – his rejection of increasing economic production as anti-poverty policy.

II. THE REJECTION OF PRODUCTION

Mill interacted with a variety of French intellectuals throughout his career, including Auguste Comte and many pre-Marxian socialists, particularly the followers of Saint-Simon. In an 1829 letter written to a Saint-Simonian named d'Eichthal, he sharply criticizes the British attitude towards production. Emphasizing that social forces 'never were, never can be, directed to one single end, nor is there any reason for desiring that they should', he argues that no single end, even if achieved, could make society happy.[16] Mill believed British culture in his day was myopically focused on economic production. He points out that if Comte were better acquainted with British culture, if he knew how 'this idol production has been set up and worshiped with incessant devotion', then he would see how it 'lies at the root of all our worst national vices'.[17] What is worse, it corrupts the individual, making it 'almost hopeless to inspire them with any devotion either of intellect or

[15] One should note, however, that Mill still bore in mind the consequences redistribution could have on production. See Mill, *Collected Works*, vol. 3, p. 755. Mill comments that 'leveling institutions' cannot permanently decrease poverty. I discuss this passage below.

[16] Mill, *Collected Works*, vol. 12, pp. 36–7.

[17] Mill, *Collected Works*, vol. 12, pp. 36–7.

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soul'.[18] The British focus on production had vulgarized even the more cultured classes.[19]

Mill rejects Comte's suggestion that the purpose of government is to direct society to one end. Earlier in the letter, Mill notes that Comte's remark could only be seriously advanced by a Frenchman, because the French people were noble enough to pursue one *good* end. Mill counters that the end the British have picked has corrupted them; in fact, the British fixation on production prevents the pursuit of other worthy social goals. The British people thought that happiness could be achieved by increasing economic production; yet, no single end can satisfy a human person. Mill also believes that concentrating on economic production leads to an inordinate and destructive attention to individual interests. In another letter to d'Eichthal, Mill notes that Britain's political institutions are such that 'everything is accessible to wealth and scarcely anything to poverty'.[20] Thus another concern of Mill's is that an overriding concern with production ends up leaving the poor behind.

Mill's concerns about production extend into his *Principles of Political Economy*. The *Principles* were seen as providing a comprehensive defense of laissez-faire, yet in the *Principles*, Mill recognizes that excessive attention to production can be socially deleterious. Mill's *Principles* attempts both to defend political economy against its detractors and to give it a more human side. N. B. De Marchi argues that Mill is out to both 'reiterate stern necessities' while 'demonstrating his concern for the working classes'.[21] Mill is therefore not launching an assault on production, but rather sought to relegate the concentration on production to the legitimate province of political economists and out of the mind of the average British person.

The most relevant section of Mill's discussion of production is 'Of the Stationary State'. The stationary state is a state of society where productivity and population growth have reached their maximum. Mill begins the chapter with an acknowledgement that the stationary state is 'dreaded and deprecated'. Adam Smith, for instance, 'always assumes that the condition of the mass of the people, though it may not be positively distressed, must be pinched and stinted in a stationary condition of wealth'.[22] Mill dissents from this view, for 'even in a progressive state of capital' a society requires population restraint

[18] Mill, *Collected Works*, vol. 12, pp. 36–7.
[19] Mill, *Collected Works*, vol. 12, pp. 36–7.
[20] Mill, *Collected Works*, vol. 12, p. 31.
[21] De Marchi, 'Mill's Principles', pp. 119–57, esp. p. 136. Note also that Mill defends political economy in several different publications. See Mill, *Collected Works*, vol. 22, p. 249.
[22] Mill, *Collected Works*, vol. 3, p. 753.

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to prevent the ratio of workers to capital from increasing and 'the condition of the classes who are at the bottom of society from being deteriorated'.[23]

Mill thus maintained that the state of society could deteriorate even during periods of increased production if population growth was left unchecked.[24] In the next section, Mill argues that the stationary state is not undesirable. For Mill production had proceeded far enough; society should focus instead on distribution. That said, Mill was not generally sour on the idea of the progressive state.[25] He simply believed that the progressive state was oriented towards no end. He asks, 'Towards what ultimate point is society tending by its industrial progress? When the progress ceases, in what condition are we to expect that it will leave mankind?'[26] Mill intends to provoke us to imagine how this kind of progress will affect society. He therefore doesn't see the stationary state with the 'unaffected aversion' of the classical economists and thinks it would be 'on the whole, a very considerable improvement on our present condition'.[27] On Mill's view the best state for humanity is one where 'while no one is poor, no one desires to be richer, nor has any reason to fear being thrust back, by the efforts of others to push themselves forward'.[28] Mill echoes the point he made in his 1829 letters: an emphasis on production will be responsible for distracting the populace from 'devotion of intellect or soul'. A stationary state of society would mean that the populace had reprioritized its energies, after having reached a level at which all could be sustained.

Mill believed that the stationary state was fast approaching, so long as certain conditions held.[29] This belief seems to have had a major impact on his refocus on distribution; if the stationary state is just around the corner, then production can't be an economic goal of overriding social importance. Note that because Mill saw the stationary state as inevitable and fast-approaching, he did not see the question of production and distribution as one of a *choice* between growth or the stationary state. The stationary state was coming one way or another; Mill's concerns about distribution arose in part due to this belief.

[23] Mill, *Collected Works*, vol. 3, p. 753.
[24] The influence of Thomas Malthus cannot be overlooked here. Malthusian views about population importantly influenced the classical economists, including Mill. Mill defends Malthus's influence in Mill, *Collected Works*, vol. 3, p. 753.
[25] Mill, *Collected Works*, vol. 3, pp. 706–9.
[26] Mill, *Collected Works*, vol. 3, pp. 753–4.
[27] Mill, *Collected Works*, vol. 3, pp. 753–4.
[28] Mill, *Collected Works*, vol. 3, pp. 753–4.
[29] Mill, *Collected Works*, vol. 3, p. 752.

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Mill's primary reason for de-emphasizing production is that an excessive social focus on production ends up leaving the poor behind. In the *Principles*, Mill remarks that we should not congratulate ourselves if those who are 'richer than anyone needs to be' get richer, that people move from the middle classes to richer classes, or that occupied richer classes become unoccupied ones.[30] Increased production is only important in 'backward countries'; developed countries most need a 'better distribution'.[31] Following Malthus, Mill argues that the foremost tool of redistribution is a 'stricter restraint on population'. Mill's attitude towards redistribution, or 'leveling institutions', is mixed. Whether these institutions be just or unjust, they 'cannot alone accomplish' a better distribution. Instead, while they may hurt the 'heights of society' they cannot by themselves 'permanently raise the depths'.[32]

This *Principles* passage contains four distinct claims, all worth examining: (i) making the rich richer has little value in itself, (ii) increased production is only important in developing countries, (iii) developed countries mostly need a better distribution of wealth, and (iv) egalitarian social policy cannot constitute the entirety of anti-poverty policy. The first and third claims imply that much of the increased wealth of the British populace did not help the poorer classes. If the rich are getting richer, and society needs a better distribution, then the increased wealth is leaving the poor behind. Mill's belief that the increase in the wealth of the rich was not helping the poor illustrates a rejection of the classical attitude towards productivity increases.

The second claim is initially hard to take seriously, particularly given the fact that Mill first made the claim in print in 1848. Increasing economic production has remained a central means of alleviating poverty and increasing well-being for the past 150 years, including in countries that Mill considered developed in his time. But Mill believed that the developed countries were close to exhausting their productive capacity barring increases due to innovation and free trade. This view connects directly with his view that the stationary state was close to becoming a reality in the most developed European countries. In the discussion, Mill emphasizes a common concern about the declining rate of profit. As productivity increases, society tends toward a zero-profit rate. Profits are made possible by the fact that entrepreneurs have not discovered how to take full advantage of their profit opportunities and will expand production to the point where profits fall off to nothing. If one believed that the stationary state was just around the corner due

[30] Mill, *Collected Works*, vol. 3, p. 755.
[31] Mill, *Collected Works*, vol. 3, p. 755.
[32] Mill, *Collected Works*, vol. 3, p. 755.

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to a quickly declining rate of profit, then it would be rather natural to de-emphasize increasing production as an anti-poverty tool. Regarding the fourth claim, Mill holds that egalitarian social policy will merely level out differences between persons, when what society should prefer is permanently increasing the well-being of all. Mill's preferred social policy is sufficientarian, like the classical liberals of his day all should have sufficient wealth to sustain a good life.

In the same passage Mill makes some policy recommendations illustrative of his 'mid-way' liberalism. Developed countries can reach a better distribution of property through (1) the 'joint effect of the prudence and frugality of individuals' and (2) a 'system of legislation favoring equality of fortunes, so far as is consistent with the just claim of the individual to the fruits, whether great or small, of his or her own industry'.[33] Mill allows for inequalities due to the fruits of one's labor but rejects inequalities not due to the fruit's of one's labor, defending inheritance taxes to a sum 'sufficient to constitute a moderate independence'.[34] Thus, so long as those receiving inheritance have enough for a 'moderate independence', inheritance taxes are just. Within the constraints we've discussed, Mill thinks that developed societies would have (i) well-paid and well-off workers, (ii) no large fortunes, except those 'earned and accumulated during a single lifetime', and (iii) a substantial group of citizens able to avoid the crushing work characteristic of Victorian England with enough leisure time to cultivate themselves. Such a society would be 'greatly preferable to the present' and 'perfectly compatible with the stationary state'.[35]

Mill attempts to balance two moral claims: first, the desirousness of equality of fortunes and, second, the just claim of the individual to the fruits of his or her own industry. One could not ask for a better demonstration of Mill's mid-way liberalism. He balances a typically classical liberal concern with ensuring that persons are entitled to the fruits of their labor with a modern concern for a more egalitarian distribution of wealth. How does Mill hope to implement this compromise? First, Mill holds that the demands of equality of opportunity trump the right of persons who acquire wealth to freely transfer it. Thus, he seeks to place limitations on inheritance and gifts. Mill is clearer about this when he considers an ideally just system of private property.[36] Yet after this equalization, persons' accumulation of wealth would be left alone, as 'the division once made, would not again

[33] Mill, *Collected Works*, vol. 3, p. 755.
[34] Mill, *Collected Works*, vol. 3, p. 755.
[35] Mill, *Collected Works*, vol. 3, p. 755.
[36] Mill, *Collected Works*, vol. 2, p. 202.

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be interfered with; individuals would be left to their own exertions and ordinary chances'.[37]

Notably, Mill ties his vision of the future to the stationary state. He argues that the stationary state is 'more naturally allied' with his vision than other systems.[38] It is not clear why Mill thinks so, given that his ideal distribution of wealth is not obviously more compatible with a stationary state of society than a progressive state. But Mill does not elaborate. Nonetheless, Mill believes that a hard-working public coupled with mild redistributive policies is most desirable, and that such a society never increasing in size or productivity would give individuals time to live decent, fulfilling lives.

Mill de-emphasized production as an anti-poverty tool for two reasons: First, a cultural emphasis on production is culturally corrosive, causing individuals to neglect more important goods in life. Second, an emphasis on production may leave the poor behind. Mill partially rejected the view of Smith and others that progress with regard to economic productivity tends to benefit the poor in developed countries like Britain. The causal relation between increases in the welfare of the poor and economic progress is loose in much of Europe's then-current economic circumstances.

Mill's analysis appears to have influenced some major intellectuals in the generation following him. Henry Sidgwick further de-emphasized production. Sidgwick's own *Principles of Political Economy* continues and expands all of Mill's developments discussed in this essay, including the de-emphasis on increasing economic production as an anti-poverty tool. Sidgwick himself noted that classical political economy was too focused on production and did not appear to care much for a better distribution of wealth.[39] In particular he argues that many of the classical political economists held that 'natural liberty tends to realize natural justice' but that '*since the influence of J. S. Mill has been predominant* [emphasis mine], I do not think it has been the prevailing opinion even among the rank and file of the "orthodox" school of Political Economy'.[40] The above is some evidence that Mill had the suggested effect; a Millian theme is acknowledged as influential by Sidgwick.

Walter Bagehot, a well-known economic journalist and historian, alleged that Mill was first among the great English economists to claim that the stationary state may be as good for national well-being

[37] Mill, *Collected Works*, vol. 2, p. 202.
[38] Mill, *Collected Works*, vol.3, p. 755.
[39] See Henry Sidgwick, *The Principles of Political Economy* (London, 1887), p. 402. For Sidgwick in more detail, see pp. 25–6.
[40] Sidgwick, *Principles*, p. 406.

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as a progressive state.[41] Furthermore, some major economists began to express Millian attitudes, such as Alfred Marshall, whose *Principles of Economics* took the place of Mill's *Principles* as Britain's primary economic text. In his *Principles*, Marshall claims that economic inequalities possess 'no real necessity' and therefore cannot be justified.[42] Sidgwick's and Marshall's claims both demonstrate the lasting influence of Mill's distinction between production and distribution, along with showing how those who followed Mill interpreted the distinction. Marshall's and Sidgwick's reactions are in line with the interpretation I've given here. With this, I will now discuss Mill's methodological separation of production and distribution.

III. THE METHODOLOGICAL SEPARATION OF PRODUCTION AND DISTRIBUTION

Mill made several contributions to economic methodology, but many regarded Mill's distinction between the nature of the laws of production and those of distribution in political economy as his most important.[43] The laws of production, for Mill, are the laws governing creation of wealth; the laws of distribution, in contrast, are the laws governing how that wealth is disseminated. The primary location of the distinction is Mill's *Principles*, but he clearly intended to make the distinction in his early writings. The first acknowledgement I have found is in Mill's 1831 review of G. Scrope. Schwartz notes that 'Mill agreed with Scrope in 1831 that the distribution of wealth is fully as important as its amount.'[44] In an otherwise scathing review of Scrope's work, Mill praised Scrope for focusing on the problems of distribution.[45]

Mill's interest continued for some time. It came up in his extended exchange with Comte, in a letter in 1844. Comte was skeptical of political economy as a legitimate scientific enterprise, but Mill thought it could be saved with a few modifications. Mill maintains that were he to write something on the matter he would 'never forget the purely provisional character of all [political economy's] concrete conclusions'. Instead he would 'devote' himself to separating the laws of production

[41] Walter Bagehot, 'Principles of Political Economy', *Prospective Review* 4.16 (1848), pp. 460–502, esp. p. 460.

[42] Marshall, *Principles of Economics*, p. 57.

[43] For comments on the distinction in the twentieth century, see James Bonar, 'The Economics of John Stuart Mill', *The Journal of Political Economy* 19 (1911), pp. 717–25; F. A. Hayek, 'The Muddle in the Middle', *Philosophical and Economic Foundations of Capitalism*, ed. Svetozar Pejovich (Lanham, 1983), pp. 89–100; Samuel Hollander, *The Economics of John Stuart Mill*, 2 vols. (Toronto, 1985), vol. 1; Karl Marx, 'Critique of the Gotha Program', *The Marx-Engels Reader*, ed. Robert Tucker (New York, 1978), pp. 525–41; Schumpeter, *History of Economic Analysis*; Schwartz, *New Political Economy*.

[44] Schwartz, *New Political Economy*, p. 137.

[45] Mill, *Collected Works*, vol. 22, p. 249.

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and distribution. For the laws of production are 'necessarily common to all industrial societies' while the principles of distribution 'assume a particular state of society'.[46]

There is also some record of Mill's thoughts on the development of the distinction from his autobiography, where he discusses the formation of the *Principles*. Mill attributes his emphasis on the distinction between production and distribution to his associate, soon-to-be wife Harriet Taylor, arguing that she contributed a tone that 'consisted chiefly in making the proper distinction between the laws of the Production of Wealth, which are the real laws of nature, dependent on the properties of objects, and the modes of its Distribution, which, subject to certain conditions, depend on human will'.[47] It is also plausible that Mill's early interactions with the St. Simonians imposed the importance of the distinction upon him, as we saw in Mill's exchange with D'Eichthal.[48]

In what follows, I will attempt an analysis of the main passage where Mill makes the distinction. The distinction is first introduced in the introduction to the *Principles*:

> The production of wealth; the extraction of the instruments of human subsistence and enjoyment from the materials of the globe, is evidently not an arbitrary thing. It has its necessary conditions . . . .
>
> Unlike the laws of Production, those of Distribution are partly of human institution: since the manner in which wealth is distributed in any given society, depends on the statutes or usages therein obtaining. But though governments or nations have the power of deciding what institutions shall exist, they cannot arbitrarily determine how those institutions shall work. The conditions on which the power they possess over the distribution of wealth is dependent, and the manner in which the distribution is affected by the various modes of conduct which society may think fit to adopt, are as much a subject for scientific inquiry as any of the physical laws of nature.[49]

For Mill, the laws of production have a non-provisional character, whereas the laws of distribution are partly socially constructed; in other words, social choice plays a larger role in the one than the other. Mill makes similar remarks in his *System of Logic*.[50] He appears to have thought that distribution could be somewhat altered without much effect on production, although it is clear throughout his economic writing that he understood that the two were connected.[51]

[46] Mill, *Collected Works*, vol. 12, p. 322.
[47] Mill, *Collected Works*, vol. 1, p. 256.
[48] Mill, *Collected Works*, vol. 1, p. 256. This reference indicates that Mill was thinking about production and distribution in much the same way from an early age, somewhat contradicting his claims about Harriet Taylor's influence.
[49] Mill, *Collected Works*, vol. 2, p. 22.
[50] Mill, *Collected Works*, vol. 8, p. 904.
[51] Hollander notes that Mill gives a weaker statement in his Preliminary Remarks, where he claims that 'governments or nations *can in some measure determine* what

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I should note the peculiarity of Mill's notion of a 'law' of distribution. The laws of production are laws that determine what can be produced given certain circumstances. But what is a law of distribution for Mill? Millian laws of distribution do not *determine* anything; all Mill emphasizes is that the laws of distribution are provisional. Thus, for Mill a law of distribution seems to be a kind of rough historical generalization. Such a law seems to take the form: 'If within this country, in this time period, we distribute X according to rule Y, we will have outcome Z.' The law of production lacks the qualifications of place and time.

The distinction between production and distribution opens the door to a new kind of liberalism. Pedro Schwartz notes that the distinction 'allowed Mill to emphasize that the system of competition, private property and inheritance was not a postulate of economic science'.[52] Of course, this does not mean that Mill endorsed curtailing the economic institutions of capitalist economies; rather, Mill is a defender of competition and private property (although an opponent of inheritance). Instead he emphasizes the *contingency* of these institutions, suggesting that they might be overturned.

Note that the distinction may lead to a de-emphasis on questions concerning the justice of production. If social choice is more relevant to distribution than production, then *moral* choice is, too. Distribution, then, might become the focus of a theory of justice. Mill's theory of distributive justice combined egalitarian elements with an affirmation of the principle that persons be rewarded in part according to the fruits of their labor.[53] Yet the distinction itself distinguishes Mill not only from both classical liberals and libertarians, but also from Marxists of many stripes, both of whom tend to emphasis that a just distribution of wealth is determined largely by who produced that wealth.[54] Because distribution is malleable in a way that production is not, political theorists can ask if the social choice made to distribute social wealth is just. Not all of distribution is determined by who produced what and so if society can make a choice about how to distribute wealth holding production fixed, these choices can be guided by principles of justice. For this reason, the distinction in some ways connects Mill more closely to egalitarian liberalism, which is often thought to concern itself

institutions shall be established'. Yet the phrase appears only in the manuscript version and first two editions. Hollander, *Economics of John Stuart Mill*, p. 2. Also see p. 222.

[52] Schwartz, *New Political Economy*, p. 59.

[53] Mill, *Collected Works*, vol. 2, p. 208.

[54] Mill is not distinguished from Marxists by his support of worker cooperatives. See Mill, *Collected Works*, vol. 5, p. 703.

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with principles of distribution alone.[55] On a related matter, the de-emphasis of production is strengthened by separating production and distribution. These two strands in Mill's thinking probably reinforced one another. On the one hand, production is not the most effective anti-poverty tool, and on the other hand, distribution is much more under our control than matters of production. Accepting these two points would strongly motivate an orientation toward distribution-centered policies rather than production-centered ones.

It is clear that Mill's distinction influenced the major economic and historical intellectuals of his day. The perspective of these figures will also help us to understand the connection between Mill's economic theory and his political theory. Seven historical figures who endorsed Mill's distinction merit mention, including Cambridge philosopher Henry Sidgwick, economic historian Arnold Toynbee, historian Cliff Leslie, economic journalist and historian Walter Bagehot, late classical economist John Cairnes, and two of the foremost early neoclassical economists, Alfred Marshall and Leon Walras.

Sidgwick separates production and distribution in his ethics and political economy; he 'agree[s] with Mill in separating the Theory of Production from that of Distribution and Exchange'.[56] Sidgwick assigns desert a large role in determining distribution and that is deeply tied to production, conceiving of justice distributively on the whole.[57] Further, Sidgwick's *Principles* separate off considerations of production and distribution, although the two subjects are closely linked. Sidgwick is concerned not to develop an 'egalitarianism of poverty'. In fact, he was concerned that redistributive policies benefit production, where possible. In the past, interventions of this sort 'rightly aimed at improving production as well as distribution'.[58] He continues by contrasting policies aimed at improving distribution by improving production with policies that merely address distribution, and he prefers the former to the latter. So Sidgwick followed Mill in separating production and distribution, yet he kept them bound together to some degree; also, he attempted to design policies for a more just distribution that minimized harm to production. Sidgwick thought that, in practice, this led to an increased role for government beyond the softened laissez-faire Mill advocated, though he denied that

[55] Both Robert Nozick and I. M. Young have argued this. See Robert Nozick, *Anarchy, State, and Utopia* (New York, 1974); I. M. Young, *Justice and the Politics of Difference* (Princeton, 1990).

[56] Sidgwick, *Principles*, p. 51.

[57] Sidgwick, *Principles*, p. 51. See also Henry Sidgwick, *The Methods of Ethics* (Indianapolis, 1981), p. 271.

[58] Sidgwick, *Principles*, p. 537.

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one could go as far towards egalitarianism or socialism as, say, Rawls thought that a society must go.

Toynbee and Leslie both held that economic history must become more socially oriented. They praised Mill for acknowledging that the distribution of wealth is not a matter of mere economic science, but also of complex historical and cultural factors. Toynbee argues that Mill's *Principles* initiated a 'fourth stage' of intellectual history, declaring that 'a great advance was made by Mill's attempt to show what was and what was not inevitable under a system of free competition'.[59] For Toynbee, Mill saw that the laws of distribution did not make the distribution of wealth inevitable; this insight broadened the range of politically feasible economic systems.

Leslie argued that Mill's distinction allowed economic historians to broaden their scope of analysis, pointing out that Mill exposes as fallacious treating political economy as the 'science of exchanges'. Such treatment overlooks important factors that influence economic production, particularly 'the truth that human institutions, laws of property and succession, are necessarily chief agencies in determining its distribution'.[60] Distribution, he continues, is 'the result, not of exchange alone, but also of moral, religious, and family ideas and sentiments, and the whole history of the nation'. The distribution that results from exchange, Leslie argues, varies 'at different stages of social progress' and is far from the *a priori* approach of political economy.[61] He welcomed Mill's methodology of political economy, then, because it shifts economic methodology in an empirical direction and allows social scientists to assess the property systems which make industrial economies possible.

In his review of Mill's 1848 edition of the *Principles,* economic journalist and historian Walter Bagehot points out that Mill shows that the divide in industry between labor and capital is 'neither destined nor adapted for a long-continued existence' and 'that a large production of wealth is much less important than a good distribution of it'. He further praises Mill for emphasizing that 'fixed customs are perpetually modifying the effects which unrestrained competition would of itself inevitably produce' and that a sizeable class of 'peasant proprietors'

[59] Specifically, Toynbee's 'fourth stage' is the stage of scientific and ethical thinking about the impact of the industrial revolution. Significantly, Toynbee's 'third stage' was unleashed by Ricardo, who attempted to discover the laws of distribution. Arnold Toynbee, *Lectures on the Industrial Revolution in England* (Whitefish, 2004), p. 45.

[60] T. E. Cliffe Leslie, 'The Political Economy of Adam Smith', *Fortnightly Review* 1 (1870), 25 January 2007 <http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/leslie/leslie01.html>.

[61] T. E. Cliffe Leslie, 'On the Philosophical Method of Political Economy', *Hermathena* 2 (1876), 25 January 2007 <http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/leslie/leslie02.html>.

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contributes greatly to 'national advantage'.[62] Note here that Bagehot mentions and appears to endorse two features of Mill's views on production discussed in this article: that a distribution of wealth is more important than a large production of wealth and that the stationary state is amenable to national well-being.

John Cairnes was one of Mill's students and is often regarded as the last of the classical economists. While his influence is unclear, Cairnes embraced Mill's methodological distinction between production and distribution. He argues that it is always necessary in political economy 'to reserve for separate and distinct investigation the laws of the production and distribution of wealth'.[63]

Alfred Marshall points out that in his later years Mill, influenced by Comte, the 'Socialists' and public sentiment tried to bring out the 'human, as opposed to the mechanical, element in economics'. Instead of pure technical analysis, Marshall saw that Mill 'desired to call attention to the influences which are exerted on human conduct by custom and usage'.[64] Marshall also echoes the sentiments of Leslie and Toynbee by arguing that Mill contributed to a broader understanding of human behavior that was increasingly influencing economics; Mill's distinction was the 'first important indication' of that change.[65] For Marshall, however, Mill's production–distribution distinction only *indicates* the change, as it was Mill's desire to make economics more human that led him to emphasize that the laws of distribution are 'dependent on "particular human institutions"' and may be modified.[66]

Marshall also notes that Mill's followers have 'continued his movement away' from the followers of Ricardo, as illustrated by the fact that the human element in economics was becoming more prominent, speaking of the 'higher notion of social duty' that was spreading at the time.[67] He writes that 'Mill and the economists who have followed him have helped onwards this general movement.'[68] Marshall regards Mill as a major turning point in raising social consciousness and changing the social scientific conception of the person. To Marshall's mind the

[62] Bagehot, 'Principles of Political Economy', pp. 460–502, particularly p. 460.
[63] J. E. Cairnes, *The Character and Logical Method of Political Economy* (Kitchener, Ontario, 2001), p. 17.
[64] Marshall, *Principles of Economics*, app. J4.
[65] Marshall, *Principles of Economics*, app. B, p. 30.
[66] Marshall, *Principles of Economics*, app. B, p. 28.
[67] In the same passage, Marshall names those who express Mill's view: 'Not to mention writers yet living, the new temper is shown in Cliffe Leslie's historical inquiries and in the many-sided work of Bagehot, Cairnes, Toynbee and others; but above all in that of Jevons, which has secured a permanent and notable place in economic history by its rare combination of many various qualities of the highest order.' Marshall, *Principles of Economics*, app. B, p. 31.
[68] Marshall, *Principles of Economics*, app. B, p. 32.

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change made a difference at the theoretical and the practical political levels of human affairs.[69]

Leon Walras illustrates a tight connection between the separation of production and distribution and economic reform. Note first Walras' agreement with Mill:

> The will of man is free to influence the production, as well as the distribution, of social wealth. The only difference is that in distribution, man's will is guided by consideration of justice, whereas in production his will is guided by considerations of material well-being.[70]

Walras has moved beyond Mill. For Walras, justice is *entirely* a matter of distribution. Production does not directly relate to justice. Renato Cirillo claims that Walras 'distinguished clearly between the laws of production and the laws of distribution' and that on Walras' view, economic laws applied only to the production of wealth, while 'distribution was conditioned by the principles of social ethics and justice'.[71] Note also the similarity of Walras' and Mill's mid-way liberalism. Rillito says of Walras: 'Following in the footsteps of John Stuart Mill, he sought to find a compromise between the orthodox *laissez-faire* doctrine and a radical social reform which he advocated with great passion.'[72] Thus Walras followed Mill in separating production and distribution, which led him to focus on 'the distribution of social wealth of among men'.[73] Walras' view is an interesting development from Mill's. While Mill regarded both production and distribution as matters of justice, Walras dropped ethical considerations concerning production and focused only on distribution. Walras didn't merely concern himself with the influence of the distinction; instead, he took it as a departure point for his own thinking about social policy.[74]

[69] It needs to be said, however, that Marshall did not wholeheartedly embrace Mill's view. Marshall writes, 'In doing this [separating the laws of production, distribution and exchange] he allowed his zeal for giving a more human tone to economics to get the better of his judgment, and to hurry him on to work with an incomplete analysis.' Marshall, *Principles of Economics*, app. J, p. 5.

[70] Leon Walras, *Études d'economie sociale: Theorie de la repartition de la richesse sociale* (Rome, 1969), p. 75.

[71] Renato Cirillo, 'Leon Walras and Social Justice', *American Journal of Economics and Sociology* 43 (1984), pp. 53–60 (p. 53).

[72] Cirillo, 'Leon Walras', p. 53.

[73] Walras, *Études*, p. 149.

[74] Walras also had important influences. For instance, Rawls cited the influence of Walras on his own work. See John Rawls, 'Interview with Samuel R. Aybar, Joshua D. Harlan, and Won J. Lee', *The Harvard Review of Philosophy* (March 1991), pp. 31–47, esp. 38–47. In the same passage, Rawls discusses his interest in welfare economics, which itself emphasizes the distinction between efficiency and equity, a distinction close to that between production and distribution. Walras was one of the founders of welfare economics; thus we might speculate that the distinction bears a relationship to the

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IV. FROM ECONOMIC DOCTRINE TO ECONOMIC JUSTICE

The combined effect of Mill's two production–distribution distinctions significantly impacted Mill's political theory and his conception of economic justice. As we have seen from the figures discussed in the previous two sections, Mill's first distinction changed the question about how to help the poor from one of production alone to a question concerning both production and distribution. Mill's second distinction, by emphasizing the historical contingencies of distributions of property, allows one to see the effects of distributive systems as alterable. And if these effects are alterable, they become the subject of important ethical questions, particularly whether such distributive systems *should* be altered and *how* they should be altered.

We have already discussed the policy changes Mill advocated based on his production–distribution distinctions. First, Mill was a strong advocate of birth control, in part because of its distributive effects. On Mill's Malthusian view, without birth control, the working poor are consigned to an impoverished existence. If a society can reduce the ratio of laborers to capital, they can substantially improve the wages of the working poor in the short-run. Second, Mill defended a substantial inheritance tax. On the one hand, if increased production fails to help all persons, then some wealth produced may be moved from those who have too much to those who have too little. On the other hand, if systems of distribution are largely based on custom and sentiment, then they can be altered; thus an inheritance tax becomes not only possible but feasible. Mill's concern for equality of opportunity was also mentioned. Mill was no modern egalitarian, for he believed that desert could justify substantial inequalities of income and wealth. Nonetheless, he strongly believed that all should be allowed an equal chance to achieve a good life. Mill's emphasis on the contingency of distribution and the inadequacy of production as an anti-poverty device comports nicely with a concern that all persons, rich or poor, have a chance to succeed. But I believe it worthwhile to illustrate the connection between economic theory and political theory with a clear, well-developed example. Our case in point is Mill's attitude towards organized labor.

Mill made a major contribution to public policy that was, at least partly, motivated by economic doctrine: he made respectable the claim that labor unions could effectively raise real wages without causing more harm than good. In doing so, he caused political economy to take seriously the claim that unions added to the economic good of

distinction between production and distribution. Rawls also mentions Pigou, another famous founder of welfare economics. See A. C. Pigou, *The Economics of Welfare* (New Brunswick, 2002). Rawls even notes the effect of Sidgwick's *Principles* on his thinking in *Theory of Justice.* See Rawls, *A Theory of Justice*, p. 20, fn. 9.

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a nation. Supporting the right to unionize (or 'combination') became a key part of Mill's conception of economic justice, in part as a result of his production–distribution distinction.

Prior to Mill, classical economists agreed that union agitation was incapable of permanently improving the lot of labor. The political economist David McCulloch represents the classical economists of the mid-nineteenth century when he argues that the interests of capital and labor are 'at bottom identical'.[75] For the classical economists, for labor to fight with capital was against labor's own interest. McCulloch argues that 'the rate of wages wholly depends on the proportion between capital and population'. Classical economists believed, by and large, that wage rates were determined by dividing the 'quantity of necessaries and conveniences, and, on the other, the work-people, among whom they are to be divided'. As a result there is no way to raise wages except by 'accelerating the increase of capital as compared with population, or by retarding the increase of population as compared with capital'.[76] Classical economists derived this view from their model of wage division between laborer and capitalist, what was called the doctrine of the wages-fund.[77] Briefly, the model holds that wages are paid from a fund that the capitalist provides out of revenue and that this fund is fixed over a given, short-run period. Thus, distribution from the fund is zero-sum, a certain portion going to labor and another portion to capital. If laborers demand higher wages, then the capitalist will simply employ fewer workers. Workers therefore cannot increase their wages through unionization.

The classical view held some currency in the public sphere, but during Mill's time this consensus was collapsing.[78] Yet the wages-fund doctrine continued to be 'the greatest difficulty in the way of trade unions'.[79] For most of his career, even deep into several editions of his *Principles*, Mill defended the wages-fund doctrine. He echoed the view of classical economists, arguing that 'nothing can permanently alter wages, except an increase or a diminution of capital itself'.[80] Mill

[75] J. R. McCulloch, *Treatise on the Circumstances Which Determine the Rate of Wages* (New York, 1967), p. 48.

[76] McCulloch, *Treatise*, p. 5.

[77] The classical economists were not thereby against labor unions, nor did they think they had even mostly negative effects. McCulloch and Smith both believed that union negotiations could keep wages at their market rate. McCulloch even argued that 'without the existence either of an open or avowed, or of a tacit and real combination, workmen would not be able to obtain a rise of wages by their own exertions, but would be left to depend on the competition of their masters'. See McCulloch, *Treatise,* p. 79.

[78] For a detailed and informative account of the popular collapse of the wages-fund doctrine, see E. F. Biagini. 'British Trade Unions and Popular Political Economy, 1860–1880', *The Historical Journal* 30 (1987), pp. 811–40.

[79] Thorold Rogers, *Six Centuries of Work and Wages: The History of English Labor*, 8th edn. (London, 1906), p. 525.

[80] Mill, *Collected Works*, vol. 2, p. 339.

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changed his mind in his later years, however. There is debate amongst historians of economic thought as to why this happened.[81] What is clear is that Mill recanted some feature of the wages-fund doctrine in a forceful and public way that significantly impacted the intellectual and popular attitude towards trade unionism.

There is good evidence that Mill's attitude towards the wages-fund doctrine evolved over time. For instance, he saw the wages-fund doctrine as a barrier to the social reform he desired. In a letter to Henry Fawcett, concerning Fawcett's discussion of trade unions in his *Manual of Political Economy*, Mill wrote that he thought he could 'shew that an increase of wages at the expense of profits would not be an impracticability on the true principles of political economy'.[82] Here Mill acknowledges that it is possible to increase wages and decrease profits, which means that Mill believed labor unions could achieve permanent increases in their own wages through labor action. Mill presumably means to go farther than the view already accepted by classical economists that labor unions can help to keep wages near the market rate. He argues that labor unions can reorganize distribution without adversely affecting production in a way that harms them.[83]

Mill officially recanted in a review of W. T. Thornton's book *On Labour, its Wrongful Claims and Rightful Ones, its Actual Present and Possible Future*.[84] In the review, Mill denies that there is any fixed amount of money from a previous time period that the capitalist uses to pay wages to his workers.[85] It must be said that Mill did not fully integrate his new

[81] Many maintain that Mill's recantation was merely meant as a policy reform measure. See Schwartz, *New Political Economy*, pp. 68–9 and pp. 90–101. Also see E. G. West and R. W. Hafer, 'J. S. Mill, Unions, and the Wages Fund Recantation: A Reinterpretation', *The Quarterly Journal of Economics* 92 (1978), pp. 603–19. Others argue that it was a 'calculated political act'. See E. Forget, 'J. S. Mill and the Tory School: the Rhetorical Value of the Recantation', *History of Political Economy.* 24 (1992), pp. 31–59. Still others think that it developed as a specific part of his research. See J. Vint, *Capital and Wages: A Lakatosian History of the Wages Fund Doctrine* (Aldershot, 1994), pp. 1–7 and pp. 212–48. A further perspective holds that the wages-fund recantation is nothing more than a broad and unspecific revision. See R. B. Ekelund, 'A Short-Run Classical Model of Capital and Wages: Mill's Recantation of the Wages Fund', *Oxford Economic Papers* 28 (1976), pp. 66–85. Finally, a more recent author argues that Mill did not recant the wages-fund doctrine, but only the doctrine's more 'vulgar' formulation. See Mark Donoghue, 'Mill's Affirmation of the Classical Wage Fund Doctrine', *Scottish Journal of Political Economy* 44 (1997), pp. 82–99.

[82] Mill, *Collected Works*, vol. 16, p. 1130.

[83] In a letter to Cairnes in April 1869, Mill wrote that the wages-fund was 'a subject on which I have expressed myself in my Political Economy as *inaccurately as other people*, and which I have only within the last two or three years seen in its proper light'. See Mill, *Collected Works*, vol. 17, p. 1587, emphasis added.

[84] Mill comments: 'there is an impassable limit to the amount which can be so expended; it cannot exceed the aggregate means of the employing classes. It cannot come up to those means; for the employers have also to maintain themselves and their families. But short of this limit, it [the wages-fund] is not, in any sense of the word, a fixed amount.' See Mill, *Collected Works*, vol. 5, p. 666.

[85] For the argument, see Mill, *Collected Works*, vol. 5, pp. 632–68.

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attitude towards the wages-fund into future editions of his *Principles*. However, his last edition did mitigate one of his harshest statements of the wages-fund doctrine.[86] While Mill did not alter the *Principles* to reflect his later view, though Mill made a variety of pro-union claims in other areas. He argued that laborers, through unionization, could increase wages beyond what could have been achieved without the union's influence.[87]

The recantation, however serious it might be, demonstrates something of a conceptual change for Mill in the relation between production and distribution. Ekelund writes that Mill's recantation indicates that 'the economy's distribution of resources between present and future goods was not determined by real factors affecting investment, but rather by the "money decision" of the capitalist'.[88]

Ekelund's suggestion gains plausibility in light of Mill's production–distribution distinctions. As we have seen, Mill increasingly believed that a society's distribution of wealth flowed partly from socially alterable decisions concerning distribution, rather than the laws of production. Instead of wage rates being determined by 'real factors affecting investment', wage rates were partly fixed by the *decision* of the individual capitalist; Mill's recanting the wages-fund doctrine thus encourages the view that wages are determined by the whim of the capitalist rather than 'real factors' of production. Again, this is of a piece with Mill's increasingly fractured view of political economy – with production governed by natural laws and distribution governed largely by social construction.[89]

Without separating production and distribution, political philosophers might see the capitalist's determination of wages as forced to a greater degree. Recanting the wages-fund is probably part of the reason for changes in Mill's economic methodology and changes in his political theory. Of course, the direction of influence is unclear. Perhaps both Mill's production–distribution distinctions and his recantation of the wages-fund were caused by some third factor or had different causes altogether. But there is a case for a plausible chain of influence from the

[86] Mark Donoghue takes this as evidence that Mill never wholly recanted the wages-fund doctrine. See Mill, *Collected Works*, vol. 3, pp. 929–30, for the modified passage. Donoghue compares the passage in the seventh edition with the previous six editions. Mill appears to move from the classical position to a moderately pro-labor position. He certainly does not provide a determined defense of labor.

[87] Mill, *Collected Works*, vol. 5, p. 647.

[88] Ekelund, 'Mill's Recantation', p. 82.

[89] Sidgwick's reaction to Mill's recantation is interesting: 'In 1871, however, these halcyon days of Political Economy had passed away. Their termination was of course not abrupt; but so far as any date can be fixed for it, I should place it at the appearance of Mill's note of Thornton's book *On Labour* in the *Fortnightly Review* of March, 1869.' See Sidgwick, *Principles*, p. 4. Sidgwick thought that Mill's recantation, while influential, was largely fallacious.

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distinctions Mill made in economic methodology to his concrete policy views and his views about economic justice. What is most important for our purposes is to show a plausible connection between Mill's economic methodology, his production–distribution distinctions, and his political theory. The evidence given here is at least sufficient to warrant further study.

V. CONCLUSION

I have aimed in the foregoing to connect Mill's political positions and his production–distribution distinctions. The two distinctions allow political theories to move far towards contemporary theories of distributive justice that heavily emphasize the redistribution of wealth, sometimes making it the focus of the theory of justice.[90]

I believe that Mill's distinction matters for more than Mill scholarship, though. Mill shows that what we think about economic reality can impact what we think about justice in subtle ways. After all, our conception of the relation between fundamental economic concepts, like production and distribution, shape the questions we ask. For instance, if production is largely determined and distribution more subject to choice, then the ethical questions we ask may concern distribution rather than production.

Investigating historical and contemporary political theorists' economic ideas may prove important to the development of the modern political philosopher; it may change the philosophical territory in ways we do not yet understand. For instance, economics has significantly developed since Mill's time. We have reason to believe that the motives behind Mill's production–distribution distinctions were based on bad data. For instance, economic production mattered far more than Mill predicted. Perhaps we have reason to believe that increasing economic production is an important anti-poverty tool. One thing that political economy, particularly public choice economics, has taught social scientists is that distribution is less socially malleable than Mill believed and that economic forces operate as forcefully within the realm of distribution as they do within the realm of production. Government employees tend to act on their self-interest even when they operate distributive systems. Furthermore, the great changes in productive relations over the last 150 years should lead us to believe that production may be more malleable than we thought. Social systems of production can adjust to a demand for greater leisure time and to the greater demands placed upon them by concerns for labor and

[90] For examples of these theories, see n. 1. For criticism of these theories, see n. 55.

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the environment. In addition, the economic effects of certain modes of production apparently vary greatly across cultures.[91]

Perhaps Mill was in error to separate production and distribution, at least to the extent that he did. If so, his error raises important questions: What would modern theories of justice look like without Mill's separations? What would a theory of justice that united production and distribution look like? Would it be importantly different from the modern egalitarian liberalism of the Rawlsian era?

These final comments are speculative. But I do not present this material merely to chronicle Mill's developments within economics and political theory. I do so in part to argue that the economic narrative we pick up from other disciplines may carry with it doctrines that seep into our theories of justice. The economic context of justice may matter more than we have thought. Making clear how that context affected one of history's most significant liberals, I hope, will communicate the importance of examining our inherited economic narrative.[92]

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[91] For recent work on the interaction between culture and wealth production see Hernando De Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York, 2000). Also see Gregory Clark, *A Farewell to Alms: A Brief Economic History of the World* (Princeton, 2007).

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