

A turning point in the concept of justice: from Adam Smith to John Stuart Mill

Un punto de inflexión en el concepto de Justicia: de Adam Smith a John Stuart Mill

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Abstract: Classical economists, John Stuart Mill included, based their theories on Adam Smith's system. At some point, they labelled it as a "utilitarian" theory. However, Smith was non-utilitarian, perhaps even anti-utilitarian. One of the most amazing differences between classical economics versus Smithian theory consists of their concept of justice. Classical economists were based on a utilitarian concept; Smith criticizes the concept of utilitarian justice. Utility being a subjective picture, classical economists find it more difficult to draw limits to state intervention than Smith does. This paper compares Smith's and John Stuart Mill's concept of justice when they make the case for land tenure. Mill admits that society cannot properly be said to owe anything to the poor. However, not arguing from 'abstract rights,' but from 'utility' understood in its largest sense, Mill defended the nationalization of land. Mill was unable to draw any limits to state intervention. Conversely, Smith defended that justice is not a utilitarian concept. In this case, limits to state intervention are more easily drawn.

Keywords: John Stuart Mill, Adam Smith, state intervention, land tenure, justice.

Resumen: Los economistas clásicos, incluidos John Stuart Mill, basaron sus teorías en el sistema de Adam Smith. En algún momento, lo calificaron como una teoría utilitarista. Sin embargo, Smith no era utilitarista, tal vez incluso anti-utilitarista. Una de las más asombrosas diferencias entre la economía clásica y la teoría de Smith radica en su concepto de justicia. La economía clásica se basa en un concepto utilitario. Smith critica el concepto de justicia utilitarista. Al ser la utilidad un asunto subjetivo, a los economistas clásicos les resulta más difícil establecer los límites a la intervención estatal que a Smith. Este trabajo compara el concepto de justicia de Smith y de John Stuart Mill cuando se ocupan de la tenencia de la tierra. Mill sostiene que no se puede decir propiamente que la sociedad deba nada a los pobres. Sin embargo, no argumentando a partir de los derechos abstractos, sino desde la "utilidad" entendida en su sentido más amplio, Mill defendió la nacionalización de la tierra. Mill no pudo establecer ningún límite a la intervención estatal. Por el contrario, Smith defendió que la justicia no es un concepto utilitario. En este caso, los límites a la intervención son más fáciles de trazar.

Palabras clave: John Stuart Mill, Adam Smith, intervencionismo estatal, propiedad de la tierra, justicia.

1. Utilitarian basis

Adam Smith's system tried to refute the philosophers of his time, who based ethics, as well as justice and economics, on the idea of utility (Trincado 2004). In his *Lectures*, Smith points out that, just as in ethics, the origin of justice is not to be found in utility, a discretionary image of the future, but in a natural feeling springing up in human beings. Indignation emerges from human nature as a response to a crime committed against a loved one, a victim with no reason despised by a criminal. In this sense, the natural feeling of property consists of indignation at the arrogance of the person who takes away from us goods that we possess peacefully. Power set itself up as an institution to establish order and justice because men have historically begged for justice, and power was interested in preventing this resentful response to crime. When man delegates justice, the judge can act according to the principle of authority, by which power is exerted to make itself necessary, trying to make the injured party and the criminal happy at the same time and imposing injustice. Power can also act according to the principle of utility by which the State, seeking order and the prevention of natural resentment, establishes justice. In this last case, the judge imagines himself in the place of the victim, the only way of not creating a feeling of impotence and rage at the system. So, in the final analysis, the principle of utility is based on a natural feeling of indignation, that is to say, on an objective feeling of the spectator of injustice.

John Stuart Mill is said to be a follower of Adam Smith, and of Malthus too, given the importance he initially gave to the population principle. Nevertheless, his utilitarianism made his theories come into conflict with Adam Smith's principles and defended the above-mentioned principle of authority. Besides, his understanding of the principle of population is based, more than on Malthus, on William Godwin's theory, precisely the target of Malthus criticism in his *Essays*. In his criticism to utilitarianism (Mill, 1863), he clarifies Bentham's utilitarianism caricaturing it

as a defence of the maximization of physical pleasure. Nevertheless, Mill's doctrine also defended very definite utilitarian principles. Mill tried to include moral considerations in the concept of utilitarian happiness, a task that David Hume had already tackled successfully. This, added to Mill's elitism of pleasure (his distinction between higher and lower pleasures) allows him to defend, more than Bentham, the possibility of State intervention in order "to make people discover" pleasures that they had not had the opportunity to feel before (Mill 1838). Mill's rationalism, in the last analysis, made it difficult to find the necessary happy medium between his anti-rationalist and his rationalist approach (see Trincado 2003, 201-204).

As such, it was precisely utilitarianism that changed the basic principles of Mill's theory. A very illustrating example of the clash between non-utilitarian and utilitarian principles is Smith's liberal idea of land tenure and Mill's land tenure doctrine.

According to Adam Smith, when an individual peacefully occupies a land and he feels attachment to it, he is logically indignant when someone takes it from him. So, if he had to beg for justice, he would lawfully demand for his property right being enforced.

The fact that this enforcement has useful consequences is a second order reflection. And it does have useful consequences, because, even if his property rights might not cause the landowner any worries, we could calculate the productivity of the appropriation of the land by comparing the status of the lands in private hands with land not privately held. The landowner seeks, at least, the same income that is paid to his neighbours for a soil similar to his, with certain alternative uses, and so he will hire the peasants that crop it efficiently or sell the land. So, the value of that land does not depend on the above mentioned attachment to it but actually it depends on the sacrifice that the buyer avoids and imposes on others – commanded labour –, which is based on the idea of externality and attaches its importance to a free spectator in economics.

In Smith's thought, the negation of consequentialism is perfectly compatible with economic action. As "an augmentation of fortune is the means by which the greater part of men propose and wish to better their

condition" (Smith 1988, book II, ch. 3), economic growth seems to be the only way of creating hopefulness through the image of wealth. As we know, in *The Wealth of Nations*, Smith abandoned the idea of his *Lectures on Jurisprudence* that state should "foment" abundance, choosing instead to concentrate on growth, which the state should "allow". The positive consequence of the generation of wealth is not that money increases the number of obtainable "happinesses", but the fact of growth, the simple enjoying of feelings such as curiosity and creation in the market, which offer the chance to "break" habits. "The progressive state is in reality the cheerful and the hearty state to all the different orders of the society. The stationary is dull; the declining, melancholy" (Smith 1988, book I, ch. 8).

Mill's theory, on the contrary, is an inference of the population principle and of his "Utopian" Behaviourism. Mill points out that, with the existing habits, an equal division of property would only make the population grow up to the initial state (Mill 1848, 118). However, if habits are modified, then the horizon will be open for Utopia and perfection. For Mill, habits may be externally modified; and a just distribution of wealth will in fact tend to modify them. Conversely, Malthus knew the difficulty of instilling new ideas in the workers, who were so inactive at that time, and he trusted in the decrease of abuses more than in the regeneration of humanity, and he raised the alarm against the revolutionaries of his time. Mill's optimistic belief in the susceptibility of education of humanity allowed him to consider as a realizable hope what Malthus did not only see as a remote ideal, but as a step towards abuses and "the perfectibility abyss" (Trincado 2003, p. 204).

2- The spirit of the days

For Utilitarianism, law must be based on utility; and it is absurd to leave apart human economic and inevitable conditions of life. Political economy was a science in expansion in James Mill's day; but Utilitarianism was bitterly hated, and Utilitarians were aware of that fact. However, they considered this hatred to be an homage that idiots paid to their irresistible

logic. For Utilitarianism, law must be based on reality; and it is absurd to leave apart inevitable human conditions of life. The problem was that the masses were too ignorant and their leaders, too sentimental to recognize their good intentions. Chartism - and Christianity - was based on "that sentimentalism", and so Richard Oastler (1789-1861), conservative, clergyman, and protectionist, was guided by it when he pushed back the public assistance law, when he defended factory laws and when he hated economists and "the horrible Malthusian theory", which he took to be that the "Creator sent children into the world without being able to find food for them" (Kydd 1857, 229). In fact, the agitators of factory movement took Political Economists, Malthusians, and Utilitarians as their natural and most dangerous enemies. They thought that economic doctrine could be summarised in the maxim "they don't do anything" or, in other words, they abandon workers or the poor to their own luck. Richard Jones (1790-1855) in the preface to his *Essay on rent* (Jones 1831) affirms that Ricardians not only had proposed "frightful and harmful paradoxes", but also had caused distrust towards Political Economy. Chalmers, though in some aspects an ultra-Malthusian, approved of the factory movement, which, he said, was a decision made between free trade and Christianity (Kydd 1857, 251). Christianity encourages us to help our neighbours, and Political Economy to abandon them to their own luck. Carlyle, with his ferocious denunciations of "the dismal science" in his pamphlets on Chartism and in his *Modern Pamphlets* turned into a bitter enemy of Political Economy and, as Bentham would have put it, he resorted to a new type of romanticism *that look absurdly at the past*.

Mill was considered a representative in philosophy of those already established principles. However, from the first moment, Mill had sensed the "spirit of the days" and, trying to look for an acceptance of the society of his time, he was not always coherent with free trade: for example, he fervently defended the new public assistance law, which was a measure "of centralization". In the course of time, Mill's State principle became increasingly evident. Nevertheless, when John Stuart Mill wrote his *Principles*, the belligerent position towards utilitarianism and political

economy was, in a certain way, modified. Though Philosophic Radicalism was a decreasing party, the criticism to protectionism had won over a wide circle of pressure groups. Cobden admitted that the *free trade* propaganda was a "middle class agitation" (Morley 1881, 249). The Corn Laws had already been repealed.

Regarding the agrarian question, John Stuart also sensed the "spirit of the days". In principle, he devoted great efforts to tinge and develop his father's original idea of confiscating through taxes the future increases of pure rent, idea based on Ricardian rent theory. For 20 years, from 1836 (when his father died) until 1856, Mill was in charge of *British East India Company* relations with the Indian countries.

But Gossen, Walras and Wicksteed began to defend land nationalization with a monetary compensation, and Marx without it. And Henry George defended confiscation of the totality of the rent. So, John Stuart Mill will change positions. In 1865, he was elected to the Parliament and played an active role for the approval of the 1867 Reform Act and the reform of land tenure in Ireland. In 1869, Land Tenure Reform Association was founded, which considered as a main objective that of implementing a complete reform of land tenure system and with John Stuart Mill as a President. In 1870, the manifesto of the Association appeared - probably written by Mill himself-, and there, besides the taxation of future increases of pure rents of land, they pleaded for the abolition of all obstacles to the transmission of rural property -primogenitures and State owned or public law corporations' land included-, the establishment of agricultural cooperative societies and the favouring of rural property, the conservation of the communal forests, and the State authority to support properties with special beauties. So, at the end of his life, Mill seriously considered nationalization of the land to be a reasonable option in the long term. Until his death in 1873, John Stuart Mill "devoted an important part of his public activity to the question of the land", and "his position in this topic attracted a great deal of attention in his time" (Schwartz 1968, 363).

3- Malthusianism

From his youth, Mill was a martyr of the Malthusianism cause. He was actually more intransigent than Malthus with regard to the cause of misery: for him, too much procreation was a vice, a physical excess similar to alcoholism. If those who glory in morality, Mill says, censure and despise the lack of control in the habit of drinking, they should also despise the incontinence of those who have a large family.

Malthus's indisputable doctrine, as Mill explains, is, first, that the human race can double in a generation, and, secondly, that the obvious consequences of that can only be avoided by limiting population growth through Malthus's positive or preventive brakes: that is to say, through prudence on the one hand, and through hunger and disease on the other (Mill 1848, 212). This prudential brake is, not only necessary, but also the condition without which no other scheme of improvement can be satisfactory. The doctrine that claims that the progress of society has to "end in misery" was not "a perverse invention" of Malthus, as some had said. Mill argued in the same vein as Malthus when he said that the root of social evil was not inequality of property. An unjust distribution of wealth does not aggravate the advent of misery, although perhaps it can accelerate it. "With the existing habits" an equal division of property would only make the population grow so as to go back to the start (Mill 1848, 118). But Mill defended that "habits" could be modified; and that "a just distribution of wealth" will tend to modify them. Education is not compatible with extreme poverty because extreme poverty is only possible if men are imprudent. If the average standard of living grows, an indefinite improvement of society is possible. But if an entire generation does not enjoy enough comfort, this growth will be no use at all. The progress of race must go beyond normal limits or it would go back speedily.

For the first time, John Stuart Mill's rationalist basis is made evident. Bagehot (1848) affirms that in the chapter of Mill's *Principles* concerning the future condition of the working classes, Mill treats lower classes as beings of pure intellect. It is interesting to examine his criticism of the 1848 review

of *The North American Review* to his proposal of forbiddance of imprudent marriages: with regard to population, a lack of demand does not cause a lack of supply, provided that men are urged by their natural inclinations, and not by the state of the market of children, or by profit eagerness. "They do not always marry because they want children, but because they want a wife" (405). "The multiplicity of motives that they incline a man to marry makes the theory of population the most complex part of political economy ... what we can only do is to point out general rules; and there is no excuse for studying every practical case " (404-5).

W. T. Thornton (1813-1880) had been Mill's colleague in the Indies Company since 1836. In 1846, he published *Over Population and its Remedy*, in which he declares himself Malthusian, and, like Mill, defends that imprudent marriages must be prevented, but he indicates that misery is not only the effect of overcrowding but also the principal promoter of it. Mill does not agree with this and accepts that people have no self-control with regard to birth rate, so, he says, in order to alter the habits of working people (not forecasting the future and having too many children) a double intervention is needed, directed at the same time to their intelligence and to their poverty. The first thing needed is public education of the children of the working classes, and at the same time, a series of measurements that may eliminate extreme poverty during an entire generation (Mill 1848, 328). Such measurements are, for Mill, basically twofold: to send the young population to the colonies and to create smallholders for communal lands (Mill 1848, 339). The second measure had a provisional character; the first, permanent.

4- Colonial Schemes

In his *Principles*, Mill shows that the only important difficulty about settling schemes was their expensiveness. Nevertheless, if governments borrow money, then a reliable borrower enters the market, and rates of interest will increase and the country will attract capital. If we have enough money through taxes, the effect will be, simply, that a certain portion of

capital that was going to the market of loans, and from there to foreign countries, would be retained by Government to transfer it to questions of national utility instead of individual utility. In the case of England, Mill points out that when interest rates were low, the capital was emigrating or was exhausted in absurd speculations, which were not giving yields. According to Mill, there would be no loss if the government confiscated this capital for national purposes, and the best was to take it directly from long-term annuities issues. In the ancient nations, nevertheless, the unlimited increase of capital reduces the rate of profit: as the necessary quantity of grain to feed population increases, the cost of labour in the marginal lands and the profits diminish. According to Mill, provided that the profit rate diminishes in a well-established country, there will come a point in which people will prefer a biggest rate abroad or capital will be destroyed by absurd speculations that will inevitably result in commercial crises (see Bagehot 1848).

Therefore, a fund to achieve the most important government objectives will be established, without affecting either the workers or national wealth. Mill defends Wakefield's settling scheme, that is to say, pricing all unoccupied land and devoting the profits to make emigration possible (Mill 1891, 540-560). First, it avoids the difficulties and dissatisfactions generated by a large annual quantity of taxes; something useless in the context of a dispersed colonial population. As proved by experience, it is scarcely possible to force those people to pay direct taxes, or, at least, it will imply a higher cost than the proceedings expected from it and, in an underdeveloped country, people will soon be up to the limit of their possibility to pay indirect taxes. Besides, according to Mill, Wakefield's program is a beneficial control of the trend of colonial population to disperse and lose all the advantages of trade, markets, the division of labour and workers combination.

As those who emigrate at the expense of the fund should earn a considerable sum before they could become land owners, Wakefield's program maintained a constant supply of workers; and by diminishing agricultural speculators restlessness of adding land to their states, it also

maintained colonists in a mutual scope for the aims of cooperation, foreign trade and trade with non agricultural industry, and it assured the foundation and rapid growth of cities and urban products. This concentration, therefore, would generate prosperity, and would increase the fund for future emigration. Before adopting Wakefield system, Mill says, new colonies faced great drawbacks, especially in their first years. In the next settling, Wakefield's principle, wherever it had been introduced, as in South Australia or New Zealand, had generated an unprecedented prosperity, in spite of many difficulties and ill administration. Nevertheless, in the British Islands, the importance of Wakefield's program had diminished due to spontaneous emigration from Ireland; and not only of small farmers, but also of the poorest class of agricultural, voluntary and self-sufficient workers, who maintained heritage rules towards their relatives and relations.

5- The right to land property

In his Chapters on *Socialism* (originally in *Fortnightly Review*, February 1879), John Stuart Mill declared that in the present conditions of society any idea of justice was indeed a chimera and that the necessary conditions to be successful in life were first birth and then luck. In the first edition of the *Principles*, Mill defends private property on the basis that it makes wealth a function of one's own efforts, but he protests that this principle "has never yet had a fair trial in any country". Law has created and aggravated inequalities. This passage disappeared when he rewrote his opinions about socialism. In this first edition, nevertheless, he establishes a principle whose authorship he ascribes to his wife in his *Autobiography* (Mill 1873, 246). The laws of production are "real laws of nature"; the distribution methods depend on human will or, as he says in his *Principles*, "distribution of wealth depends on the laws and customs of society" (Mill 1848, 123).

Ruiz Resa says in Escamilla (2004, 256) that, according to John Stuart Mill, we cannot have a property right on what it is not a product of abstinence or of labour (making his the Lockean liberal cause, made

habitual also in the Middle Ages). So, a person may appropriate the gross outputs of land (Mill 1848, 216-217), whose property can only be gained through work or the improvement of the land; but, in his defence of the limitation of the inheritance (Mill 1848, 138), Mill tries to end with concentrations of the property in hands of the landowner aristocracy. Confronted with privileges and the enormous power inherent in it, Mill defends the expropriation of land when the landowner does not introduce improvements in it.

"The claim of the landowners to the land is altogether subordinate to the general policy of the state... It is due to landowners, and to owners of any property whatever, recognised as such by the state, that they should not be dispossessed of it without receiving its pecuniary value, or an annual income equal to what they derived from it. This is due on the general principles on which property rests. (...) But, subject to this proviso, the state is at liberty to deal with landed property as the general interests of the community may require" (Mill 1848, 220).

So, the claim of landowners to the land is not based, as for Smith, on a feeling of indignation when we see an injustice made on occupation. The Ricardian influence on Mill on the question of the land was notable. This influence is more evident when we see that he considers "land in general as a natural monopoly, even if property is subdivided, as it has inelastic supply (Schwartz 1968, 368). "Without mentioning that the land is a gift of Nature and of limited quantity " (*Ibíd.* 367). According to Ricardian theory, a tax on pure rent of land would not affect natural prices (as rent does not participate in cost of production) and, as it is not transferable neither to consumers nor to lessees, it only relapses on landowners (Ricardo 1973, 143). Thus, the functioning of the economic system would not be affected by the establishment of this tax and, in addition, the income of the State would be obtained burdening a "not earned" revenue. However, as Ramos (2004) says, in the practice an important problem showed up: the total revenue paid by the lessor to the landowner did not only include the pure rent, but also what is paid for the use of the buildings, facilities, etc., which are actually profits of the owner's capital. So, if both components were not

clearly distinguished the tax might harm the culture, unless price of product rose, and then the tax was transferred to the consumers (Ricardo 1973, 144).

James Mill proposed a more radical measure, the confiscation of all future increases of the pure revenue - that would be obtained eliminating the part of total rent that corresponds to improvements. The actual rents determined the price paid for land based on the present expectations, but any future increase of rent was simply a bonus to the owner (James Mill 1965, 253). This tax would not affect national industry (*Ibid.* 248-249). According to James Mill, capital was always the fruit of human labour. Rent could be considered a deduction of profits, a tax on profit that was not going to end up in the State, but in landowners (*Ibid.* 1965, 253-254).

But for the conservation of the land and the increase of its production it does not matter "where rent is going to end up". Ricardo dismissed James Mill's proposal, especially because of the fiscal information problems it would entail (he thought it would be impossible to know what part of the increase of rent was a consequence of the legislation or of the growth of the population, and what of the introduction of improvements) and because it would foster speculation in periods of war or of legal insecurity (O'Brien 1989, 348). In spite of this criticism, James Mill tried to set his tax as a basis of the fiscal system of India as soon as, in 1820, he joined the East Indies Company and could make use of that unsurpassable "field of experimentation" of political economy and the utilitarian theory.

In his *History of the British India* [1817], James Mill defended that India had always been a backward zone dominated by primitive despotism, and that only under the British guardianship it might improve (Rodríguez Braun 1989, 111). In Mill's opinion, one of the reasons that explained the country's backwardness was the cultural problem (superstitions, traditions, etc.) and the lack of education, but also the subjugation in the past to oppressive and arbitrary governments. The tax on pure rent of the land will not only imply a new source of income, but it would also point the limits of the fiscal obligations that the government might impose without raising the costs of production. Richard Jones criticized James Mill's attempts of

burdening the rent of land in the India, given the peculiar characteristics of the above-mentioned economy.

As Ramos (2004) points out, John Stuart Mill defended a similar fiscal proposal as that of his father, although adding some nuances regarding to its practical application. Therefore, he was a supporter of burdening the future increases of the pure rent of the land - according to the needs of the Treasury - with only one tax rate per surface, but without affecting the yields derived from the improvements introduced in plots. Seemingly, the fact that the new tax was burdening the future increases of pure rent could be a good way of making his adoption viable, that is to say, acceptable to the eyes of the owners. Though John Stuart admitted that the land had alternative uses, he did not develop this issue and, in the Ricardian way, he supposed that the land of a country – as a whole - had only one employment, the production of grain.

As Ekelund and Hébert (1992, 227) show, Mill's reflections on land property are not isolated in his work, but they are part of his general concern for social reform and equality of opportunities. Mill (1869) says that society does not owe anything to the poor: the injustice implies the violation of a right, and not only can there be no violation of the right without a corresponding obligation, but a right is the violation or the denial that constitutes someone's incorrectness. "The poor, as such, have no unliquidated claim against the rich. The latter are doing them no wrong, are guilty of no injustice towards them ... It was not the rich who placed the poor on the earth, and it is not the rich who owe them the means of living here ... the grievance is, at any rate, not one with which they can reproach any of their fellow-creatures, except their own parents." (Mill 1869, 91-94). As did the contemporary Socialists, Mill says that land property was a necessary institution in the early years until humanity was sufficiently civilized to be capable of handling its matters to obtain the general advantage; but once this moment has come - and according to them it had already come - the private real estate had no more legitimacy.

First holders cannot put shackles on all generations. In Europe, real estates' property, John Stuart Mill says, has its origin in force (Mill 1869,

59). The English laws regarding to the land were designed at first to support the leading class (Mill 1869, 240). He also points this out in his *Essay on Thornton*: in modern Europe, land was taken through military violence from the former holders, then transmitted them to their actual owners. Later, most of the land has been transferred voluntarily, and then it was possessed by persons who had earned the money thanks to their work.

There will be excellent motives of general utility for the prescription of illegitimate title to property, says Mill; but, according to him, it is difficult to establish this position *a priori*. The question was that landowners had assured the best places in *Malthus's banquet* through force, and that they could benefit from it without contributing to the growth of the national wealth. Rent, says Cairnes (1874, 333), is an ever-growing fund "even when their owners sleep". Mill, certainly, admitted that parts of the rent were due to the use of capital; and he does not propose to confiscate the wealth of the owners who had acquired their rights rightly in the existing system. But he was sure that land differed radically from the mobile property.

For John Stuart Mill (1985, 705) it is unjust to establish a special tax on a revenue of any class that was not counterweighed by taxes on other classes. Nevertheless, the increase of the pure rent of land was a revenue that admitted a discriminatory treatment as it was not the fruit of human work, and therefore, was not as justifiable as private property (Mill 1985, 216). As Cairnes would say some time after, Mill says "They grow richer, as it were in their sleep, without working, risking or economizing. What claim have they, on the general principle of social justice, to this accession of riches?" (Mill 1985, 700). Only rent increase due to the investment of capital made by owners in their lands has the right to equal fiscal treatment of other yields. Then, improvements would not be fiscally discouraged. On the other hand, the tax on the increases of pure rent had the advantage that, in principle, it did not discourage the reassignment of lands towards more lucrative uses, as they did not affect price differences between lands. Besides, Mill insisted once more on that already indicated by Ricardo and

by his father: the tax was not transferable and did not affect the cost of agricultural products, which depended on the cost of production - in terms of wages and profits - in the least fertile lands that does not pay any rent (Mill 1985, 705). As Ramos (2004) raises, at the end of his life, Mill returned to the problem of how to distinguish the increases of pure rent from those due to improvements, adding some interesting considerations (Mill 1986c, 1242). Though Mill scarcely modified in his last years the opinions that he had supported previously, he hinted at two concrete aspects. First, he proposed a mechanism to guarantee that the value of the land was not affected negatively by the establishment of the new tax: the State should offer the owners the possibility of selling their land for the price that it had been in the moment of introduction of the tax, maintaining perpetually that offer; besides, landowners should be compensated for the increase in capital value due to improvements financed by themselves (Mill 1986b, 1234; 1986c, 1239).

Secondly, John Stuart Mill defined his position with regard to the question of nationalization (with compensation) of the land, a burning question in a time in which a climate favourable to laissez-faire economics reigned. Opposed to this idea, the Association he directed campaigned in favour of the State buying lands for its later lease, partly to obtain the support of workers, who - according to Mill - were in general favourable to a total nationalization. Mill did not hesitate in affirming that, while private property of land is allowed, society seems to be obliged to guarantee that the owner make a use of it that does not interfere with public utility; or, also that a system of private property that was reasonable while the land was at everyone's hand, is subject to reconsideration so soon as it is insufficient in quantity and it has been monopolized by a small number of owners¹. The question is that Mill saw the right of private property of land as a right essentially limited or determined by public utility, which he identified with the fact that the land was adequately cultivated.

1 J.S. Mill Letters to C.E. Norton (26.6.1870) and J.B. Kinnear (22.7.1870), quoted in Schwartz (1968), p. 367.

6- The utopian end

Godwin, like Mill, identified the social problem with a fault of the current institutions of distribution that play against the perfection of society. Godwin thought property and marriage the institutions that generate more inequality. But, facing the possible abolition of marriage, he objects that, if there are free and flexible unions, the principle of population would increase the number of children to feed. For Godwin, that was a long-term problem and, in his Utopian future, men, who would have established the empire of mind on body, would stop multiplying. The day will come in which human and mind development would allow human habits and motives to be always friendly, so that the State and the system of justice would become unnecessary (Trincado 2003).

But is this not extraordinarily similar to the theory that Mill was raising? For Mill, the Utopian end was the stationary state, although it might not imply a suppression of the State.

In Books IV and V of the *Principles*, Mill considers this stationary state, which Adam Smith was so afraid of, as a previous condition of a lasting social reform. John Stuart Mill was the first one to speak about the "stationary state" as an economic situation in which, a rate of profit fell to zero, in which everything stays in an indefinite stagnation. He ends up with Ricardian tradition that considered the stationary state to be a theoretical construction, useful to demonstrate the possible results of certain principles of the theory of economic growth. For Mill, the stationary state was a Utopia in which, opulence having been reached, the State can solve important problems, such as the equality of wealth and of opportunities (Ekelund and Hébert 1992, 199).

Mill criticized the manifest inequality in the distribution of property that, according to him, could be explained by historical and institutional circumstances. He considered rightful many state interventions directed to alter such faults, and did not consider this conclusion to be in conflict with economic laws. He admitted that laws of production had a natural character but he denied that natural character to the laws of distribution – as

historicists such as Richard Jones did- (Screpanti and Zamagni 1997, 108).

At many points, Mill defends competition as beneficial and predicts misallocation of resources in markets where monopoly power prevails. However, in contrast to nearly all orthodox economists up to the present, Mill was not certain whether a nation with a growing economy was a desirable place in which to live. Individual happiness is not necessarily measured in material goods and if the pace of economic activity would decrease, more attention would be focused on the individual happiness and distribution. Mill found reprehensible the "trampling, crushing, elbowing". A slowing of population growth will increase per capita income and will reduce population density. Growing population had made it difficult for people to find solitude or to enjoy the beauty of nature. Mill hoped that the stationary state would result in an improvement in the art of living, which, he believed, had a stronger "likelihood of its being improved, when minds ceased to be engrossed by the art of getting on". "I am not charmed", Mill remarks, "with the idea of life held out by those who think that normal state of human beings is that of struggling to get on". The just distribution of wealth will modify habits, so men could devote themselves to the development of their higher capacities.

Only land has the privilege of increasing regularly its value for natural reasons. The agricultural worker can avoid dependence turning into owner. But capital diminishes in value with the progress of society. The craftsman makes a negligible part of a vast organization, and his wages are a fund that can be affected by economic changes he ignores. He cannot expect that he will obtain a larger portion of wealth by being prudent. A population dependent on wages will always increase unless legal restrictions or any custom that "slowly shapes their conduct" will put a brake on it. This is altogether contrary to Smith's idea of economic growth as the only way of creating hopefulness through the image of wealth.

7- Conclusion

John Stuart Mill, after accepting the scientific validity of a coherent

system established by Adam Smith in his youth, was incapable, due to his utilitarianism, of seeing the demarcation line to maintain this coherence confronting theoretical and practical tensions. His doctrine incorporated conflicting dogmas, a clash that is especially surprising with regard to his evaluation of competition: in principle, competition generates self-command and growth; finally, it makes us unprotected against the extreme need and that could lead us to a negative demoralizer process for workers, be it from the social point of view as from the economic one. At first, he was based on individualistic theories; finally, he adopted not only the socialism, but a version of socialism open to the objections on which he himself insisted along his work. Mill, more than a follower of Malthus, was a follower of William Godwin and Condorcet, authors who, precisely, Malthus was criticizing in his *Essays*. His intellectual and utilitarian basis, along with his elitism, led him to defend a social engineering that was trying to transform human habits and in this sense it is very near to Socialists theories or German historicism, contemporary to Mill.

Mill's theory, with regard to the agrarian question, is an inference of the principle of population and that of conductism. New institutions of property, says Mill, can transform habits and then the horizon opens for the absolute Utopia and perfectibility. He affirmed that private property principle had never been tried in any country and that the inequalities created made the right of property of land a chimera. The rich landowners are not harbingers of poverty, but they cannot claim a "right" on their wealth, which they obtain while sleeping. It is the development of society that has made their wealth possible, the product of present and past work, and of other generations who have preserved thanks to their abstinence what they could have consumed. Therefore, society, in last instance, can claim property on the real estate and, so, this must be established on the basis of "common good".

The whole of Mill's theory, therefore, was intended to transform institutions so as to achieve the Utopian end that would place us in the stationary state. Then, equality of property and of opportunities would enable men to develop their capacities and to enjoy higher pleasures. They

would not be engrossed by the constant worry of progressing. But, then, we need to modify "habits", precisely because with the same habits industry, dependent on wages, we can never stop population growth unless we introduce legal restrictions.

Seeing Mill's ideas as a whole, we may finish with a rhetorical question: is there any difference at all between them and the most extreme critiques of the capitalism?

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