

## Chapter 4

### Denying Human Homogeneity:

### Eugenics & the Making of Post-Classical Economics

I believe that now and always the conscious selection of the best for reproduction will be impossible; that to propose it is to display a fundamental misunderstanding of what individuality implies. The way of nature has always been to slay the hindmost, and there is still no other way, unless we can prevent those who would become the hindmost being born. It is in the sterilization of failure, and not in the selection of successes for breeding, that the possibility of an improvement of the human stock lies.

H. G. Wells on Galton's Eugenics

## 4.1 Introduction: Anthropology and “Race” at Mid-Century

The question we address in this chapter is how peace came to the conflict between economics and hierarchy. How did economics move from the Classical period characterized by the hardest possible doctrine of initial human homogeneity – all the observed differences among people arise from incentives, luck and history<sup>1</sup> – to become comfortable with accounts of human behavior which alleged foundational differences among and within races of people? (Darity 1995) We argue that early British eugenics thinkers racialized economics in the post-Classical period. We do not wish to suggest that the transition was the same in Britain and America. One difference may be noted at the outset: the statistical theorists who founded the “science” of eugenics were British. But there is this commonality: ideas of race and hierarchy became central in both Britain and America during this period.<sup>2</sup>

Given their stature as mathematical statisticians, we find it odd that the importance of the eugenic writing of Francis Galton and Karl Pearson has been neglected in the secondary literature on post-Classical economics.<sup>3</sup> Our contention is that early

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<sup>1</sup>Smith (1776, p. 28), quoted in Chapter 1 above as epigram.

<sup>2</sup>See Leonard (2003a and 2003b) and Bateman (2003) for details on how ideas of race entered into and influenced American thinking in social science at the turn of the century.

<sup>3</sup>The silence in the commentary on Fisher is noted in the first sentence of Aldrich (1975, p. 33): “Irving Fisher’s long and enthusiastic support for the American eugenics movement receives nary a word of mention in most standard histories of economic thought.” Electronic searches allow a systematic, albeit limited, exploration of the scholarship on the subject. Using JSTOR we find no use of the word “eugenics” in any of the literally hundreds of articles and reviews written by Joseph Schumpeter, George Stigler or A. W. Coats. The search results conducted on May 23, 2002 are available in HTML form upon request.

eugenics thinking emerged in direct opposition to the Classical account of economic decision-making entailing homogeneity, and that, temporarily, eugenicists succeeded in moving economics to accounts of competency involving racial difference. To make our case, we trace the opposition to race-blind accounts from Thomas Carlyle to the co-founder (with Francis Galton) of eugenics, W.R. Greg, and then to James Hunt and the Anthropological Society of the 1860s. Hunt is important in our account for his new – and devastating – theory of race entailing lack of differentiation within the race, which, we argue, influenced the other co-founder of eugenics, Galton. Next, we examine how the early eugenicists’ characterization of race influenced economic analysis in the post-Classical period: both in terms of Hunt’s zero variation theory; and also in terms of the Anthropologists’ parametric claims about the features of “lower” races. We also show that post-Classical economists endorsed each of the three major policy recommendations of the eugenicists. Finally, we note how L. von Mises and the Chicago school revived the Classical economists’ doctrine of human homogeneity.<sup>4</sup> Perhaps not surprisingly, the

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While recognizing the limitations associated with such a search, we suggest the outcome indicates the emphasis (or lack thereof) in the literature on this topic. (The case of Schumpeter’s *History of Economic Analysis* which, as Aldrich notes, pays attention to racist doctrines, and as a book is not accessible in JSTOR, is discussed below.) Among the past generation of historians of economics, as far as we can determine only Spengler systematically paid attention to eugenics (Spengler 1955, 1966). Mirowski (1989) discusses energetics at length with a slight glance at eugenics. The papers in Mirowski (1994) mention eugenics once, in connection with Marshall. The eugenic involvement of the neoclassical economists is apparent in specialist accounts of eugenics, such as that by Soloway (1995).

<sup>4</sup>Max Weber, whose influence on von Mises is common knowledge, severely criticized the racialization of the social sciences (Proctor 1991, p. 182). The anti-racist connections among Weber, von Mises and Eric Voegelin need specialist attention. As noted below, Weber does not make Schumpeter’s list of “three greatest sociologists,” but Galton joins Vico and Marx (Schumpeter 1954, p. 791).

Chicago revival began with skepticism about the common link, supposed in early neoclassical economics, between time preference and race.

As noted above, “race” is a rather ill-defined notion well into the twentieth century. In this period, race is sometimes used to indicate national or vaguely-defined ethnic differences.<sup>5</sup> Nonetheless, by 1870 two theories of racial hierarchy can be identified as co-existing in the scientific community and the popular press. The more devastating view of the owner of the *Anthropological Review*, James Hunt, held that there were races whose physical development was arrested prematurely, dead races incapable of elevation:

We now know it to be a patent fact that there are races existing which have no history, and that the Negro is one of these races. From the most remote antiquity the Negro race seems to have been what they are now. We may be pretty sure that the Negro race have been without a progressive history; and that they have been for thousands of years the uncivilized race they are at this moment. (Hunt 1863, p. 13).

The second theory, which we call “parametric racism,” held that the inferior race differed from the superior (Anglo-Saxons) along some parameter(s). W. R. Greg, who is featured below for having co-founded the eugenics movement with Galton, persistently attacked Classical political economy for its assumption that the Irishman is an “average human being,” rather than an “idiomatic” and an “idiosyncratic” man, prone to “idleness,” “ignorance,” “jollity” and “drink” (Greg 1869, p. 78; quoted in full above, as an epigram

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<sup>5</sup>Discussion in the Anthropology Society at this time focused on the Irish, and on whether a well-defined separate Irish “race” might be identified. Allen notes that eugenicists were also unclear on the meaning of “race” (1993, p. 150).

to Chapter 3).

That both types of racial accounts co-existed and were applied to the Irish is evident from these remarks by Thomas Huxley in an 1870 address to the Anthropological Society:

If the writer means to be civil, the Celt is taken to be a charming person, full of wit and vivacity and kindness, but, unfortunately, thoughtless, impetuous, and unstable, and having standards of right and wrong so different from those of the Anglo-Saxon that it would be absurd, not to say cruel, to treat him in the same way; or if the instructor of the public is angry, he talks of the Celt as if he were a kind of savage, out of whom no good ever has come or ever will come, and whose proper fate is to be kept as a hewer of wood and a drawer of water for his Anglo-Saxon master. This is the picture of the lion by the man. (Huxley 1870, p. 197).<sup>6</sup>

## 4.2 Early Eugenics and the Opposition to Classical Economics

Darwin's theory of natural selection profoundly influenced early eugenicists, and the admiration was mutual. But there was a key difference between Darwinism and the "theory" put forward by early eugenicists. To the extent that Darwinism was undirected evolution, applied to humans, the argument predicted the fit would survive, *without intervention, naturally*.<sup>7</sup> Yet A. R. Wallace made the case early on that the doctrine of

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<sup>6</sup>The context of the remarks is a debate over differences between the Celts and the Anglo-Saxons, which, Huxley asserted amounted only to linguistic differences. That position was opposed by the President of the Anthropological Society of London, John Beddoe. (Beddoe 1870, pp. 212-13). Beddoe is important in the period for having developed an "index of nigrescence" that might be applied to Celtic "types", as well as the racial category, "Africanoid Celts" (Beddoe 1870, pp. 212-13; Curtis 1997, p. 20).

<sup>7</sup>The role of Herbert Spencer is considered in Chapter 8. Spencer's theory of evolution is pre-Darwinian, without systematic reliance on the natural selection mechanism that eugenics proposed to emulate. Sympathy is the driving force in Spencer's account and, as Wallace pointed out, sympathy blocks natural selection. Spencer suggested that control of births would turn off "the struggle for existence" so that sympathy might flourish. For Edgeworth's criticism of Spencer, see Chapter 10.

natural selection did not apply to humans. Recognizing that humans could not count on such a tendency, eugenicists recommended that human (State) action should be used to obtain it.

In 1864, Wallace argued that the doctrine of natural selection did not apply to humans because of ethical concerns generated by human sympathy. Our morals do not allow us to let the infirm perish. Wallace described non-human animals and then turns to people:

But in man, as we now behold him, this is different. He is social and sympathetic. In the rudest tribes the sick are assisted at least with food; less robust health and vigour than the average does not entail death.... Some division of labour takes place... The action of natural selection is therefore checked..." Wallace, 1864, p. clxii.

W. R. Greg responded that sympathy blocked the "salutary" effects of the survival of the fittest, and therefore such sentiments should be suppressed:

My thesis is this: that the indisputable effect of the state of social progress and culture we have reached, of our high civilization in its present stage and actual form, is to *counteract and suspend* the operation of that righteous and salutary law of 'natural selection' in virtue of which the best specimens of the race – the strongest, the finest, the worthiest – are those which survive... and propagate an ever improving and perfecting type of humanity. (1875, p. 119)

To testify to the importance of Greg, and his 1868 *Fraser's* "On the Failure of 'Natural Selection' in the Case of Man," what better authority can there be than Darwin himself:

*Natural Selection as affecting civilized nations.* I have hitherto only considered the advancement of man from a semi-human condition to that of the modern savage. But some remarks on the action of Natural Selection in civilized nations may be

worth adding. This subject has been ably discussed by Mr W. R. Greg, and previously by Mr Wallace and Mr Galton. Most of my remarks are taken from these three authors.<sup>8</sup>

Darwin was taken by the following passage in Greg:

The careless, squalid, unambitious Irishman, fed on potatoes, living in a pig-stye, doting on a superstition, multiply like rabbits or ephemera: – the frugal, foreseeing, self-respecting, ambitious Scot, stern in his morality, spiritual in his faith, sagacious and disciplined in his intelligence, passes his best years in struggle and in celibacy, marries late, and leaves few behind. (Greg 1868, p. 361 quoted with omissions in Darwin 1871, p. 143).

In his *Enigmas of Life* – now informed by Galton’s “Hereditary Genius” – Greg focused his attack on the homogeneity doctrine implicit in T. R. Malthus’s recommendation of delay of marriage. Malthus cared only about the quantity of births. Early eugenicists worried instead about the *quality*. Greg argued that the “improving element” would soon be outbred by the “more reckless”:

Malthus’s “prudential check” rarely operates upon the lowest classes; the poorer they are, usually, the faster do they multiply; certainly the more reckless they are in reference to multiplication. It is the middle classes, those who form the energetic, reliable, improving element of the population, those who wish to rise and do not choose to sink, those in a word who constitute the true strength and wealth and dignity of nations, – it is these who abstain from marriage or postpone it. Greg (1875, p. 129).<sup>9</sup>

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<sup>8</sup>Charles Darwin (1871, pp. 138-39). In the later *Enigmas of Life*, Greg seems rightly pleased to report this endorsement, Greg (1875, p. 137): “Mr. Darwin, who has done me the honor to quote a monograph which I wrote four or five years ago on this subject ....” Galton (1908, p. 290): “The verdict which I most eagerly waited for was that of Charles Darwin, whom I ranked far above all other authorities on such a matter. His letter, given below, made me most happy.”

<sup>9</sup>Galton argued similarly: “The check to over-population mainly advocated by Malthus is a prudential delay in the time of marriage; but the practice of such a doctrine would assuredly be limited, and if limited it would be most prejudicial to the race, as I have pointed out in *Hereditary Genius*, but may be permitted to do so again. The doctrine would only be followed by the prudent and self-denying. Those



In a chapter entitled “Malthus Notwithstanding,” Greg emphasizes a new law in opposition to Malthus’s:

... possibly the danger *ultimately* to be apprehended may be the very reverse of that which Malthus dreaded; that, in fact, when we have reached that point of universal plenty and universal cultivation to which human progress ought to bring us, the race will multiply too slowly rather than too fast. One such influence may be specified with considerable confidence,—namely, THE TENDENCY OF CEREBRAL DEVELOPMENT TO LESSEN FECUNDITY. Greg (1875, p. 103). [The typography is in the original.]

To see how the eugenics movement was influenced by the racist views in Carlyle’s “Negro question,” we begin with the two co-founders of eugenics: Galton and Greg. Here is the passage of Galton’s 1865 “Hereditary Talent and Character” in which he announces his adherence to the doctrine of national characters:

Still more strongly marked than these are the typical features and characters of different races of men. The Mongolians, Jews, Negroes, Gipsies, and American Indians; severally propagate their kinds; and *each kind differs in character and intellect*, as well as in colour and shape, from the races that form a class of instances worthy of close investigation, in which peculiarities of character are invariably transmitted from the parents to the offspring. (1865, p. 320). [emphasis added]

Galton’s explanation for racial hierarchy conjoins Thomas Carlyle’s argument that labor makes us fully human with the principle of natural selection:

The most notable quality that the requirements of civilization have hitherto bred in us, living as we do in a rigorous climate and on a naturally barren soil, is the instinct of continuous steady labour. This is alone possessed by civilized races, and it is possessed in a far greater degree by the feeblest individuals among them than

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whose race we especially want to have, would leave few descendants, while those whose race we especially want to be quit of, would crowd the vacant space with their progeny ... The practical application of the doctrine of deferred marriage would therefore lead indirectly to most mischievous results, that were overlooked owing to the neglect considerations bearing on race.” Galton (1907c, p. 207)

by the most able-bodied savages. ... men who are born with wild and irregular dispositions, even though they contain much that is truly noble, are alien to the spirit of a civilized country, and they and their breed are eliminated from it by the law of selection. (1865, p. 325)

Next, we juxtapose Carlyle's *Shooting Niagara* – his defense of Governor Eyre and attack on democracy in America and Britain – with Greg on the survival of native races:

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Carlyle

One always rather likes the Nigger; evidently a poor blockhead with good dispositions, with affections, attachments,—with a turn for Nigger Melodies, and the like:—he is the only Savage of all the coloured races that doesn't die out on sight of the White Man; but can actually live beside him, and work and increase and be merry. The Almighty Maker has appointed him to be a Servant. (1867, p. 5)

Greg

The Indians of the Antilles, the Red man of North America, the South Sea Islanders, the Australians, even the New Zealanders (the finest and most pliable and teachable of savages), are all alike dying out with rapidity—in consequence of the harshness, or in spite of the forbearance and protection, of the stronger and more capable European. The negro alone survives—and, but for the observation of what is now going on in our sugar islands and in the United States we should say, seems likely to survive. He only has been able to hold his own in a fashion, and to live and flourish, side by side with masterful and mightier races, ... (1868, p. 357)

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There is a difference of course in style between Carlyle and Greg.

The connection between Carlyle and the eugenics movement can be appreciated by considering Carlyle's claims about "swarmery" in *Shooting Niagara* alongside Galton's 1872 "Gregariousness in Cattle and in Men."

## Carlyle

there soon comes that singular phenomenon ... 'Swarmery,' or the 'Gathering of Men in Swarms,' and what prodigies they are in the habit of doing and believing, when thrown into that miraculous condition. Some big Queen Bee is in the centre of the swarm; but any commonplace stupidest *bee* ... whatever of palpable incredibility and delirious absurdity, universally believed, can be uttered or imagined on these points, "the equality of men," any man equal to any other; Quashee Nigger to Socrates or Shakspeare; Judas Iscariot to Jesus Christ;—and Bedlam and Gehenna equal to the New Jerusalem, shall we say? If these things are taken up, not only as axioms of Euclid, but as articles of religion burning to be put in practice for the salvation of the world,—I think you will admit that *Swarmery* plays a wonderful part in the heads of poor Mankind; ... (1867, pp. 4-5).

## Galton

I propose, in these pages, to discuss a curious and apparently anomalous group of base moral instincts and intellectual deficiencies, to trace their analogies in the world of brutes, and to examine the conditions, through which they have been evolved. I speak of the slavish aptitudes, from which the leaders of men, and the heroes and the prophets, are exempt, but which are irrepressible elements in the disposition of average men. I refer to the natural tendency of the vast majority of our race to shrink from the responsibility of standing and acting alone, to their exaltation of the *vox populi*, even when they know it to be the utterance of a mob of nobodies, into the *vox Dei*, to their willing servitude to tradition, authority and custom.<sup>10</sup> Quoted in Pearson (1924, p. 72).

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<sup>10</sup>The phrase *vox populi, vox dei* will be revisited below (Appendix 1), and in our study of the Galton's use of the median (Chapter 5).

Here is the judgment of Galton's disciple, Karl Pearson, on this article:

Wonderful, is it not, how Darwinism had already gripped Galton? How he thought in terms of heredity and natural selection and was ready to apply them to the past history of man in order to explain its present and suggest its future! The notion that it is necessary for human progress to breed out the men of slavish morals and intelligence—the essential foundation of eugenics—is already a truth to him. Pearson (1924, p. 74).

The link to Carlyle's teaching is obvious. With eugenics we can breed the Hero:

Galton had an immense veneration for genius as he defines it; not only like Carlyle would he have made his heroes rulers of the mediocre, but unlike Carlyle he would have had his heroes steadily and surely replace the latter.<sup>11</sup>

### 4.3 James Hunt Converts Francis Galton

Galton's 1876 criticism of economics as practiced in Section F of the British Association has been widely discussed.<sup>12</sup> Earlier testimony from Nassau Senior demonstrates that the criticism was not new.<sup>13</sup> But what was the feasible alternative to economics as practiced in the 1870s? Galton evidently approved of the alternative

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<sup>11</sup>Pearson (1924, p. 94). Cf. Chapter 5, note 7.

<sup>12</sup>See Peart 2001; Stone (1980); Henderson (1994), and Porter (1986, pp. 135-36).

<sup>13</sup>Nassau Senior (1860, p. 357): "In 1856 the General Committee of the British Association decided that the Section over which I have the honour to preside, should be entitled "The Section of Economic Science and Statistics."

"I have looked through the papers which since that time have been communicated to us, and I have been struck by the unscientific character of many of them.

"I use that word not dyslogistically, but merely distinctively, merely as expressing that the writers have wandered from the domain of science into that of art."

Henderson (1994, p. 499): "Any number of the early arguments defending the continued existence of Section F are curious and fail to confront directly Galton's primary argument that the section dealt with unscientific matters."

offered in anthropology by Dr. James Hunt.<sup>14</sup> When he defended Anthropology in the British Association from the type of charges leveled against Economics, Galton focused on the quality of the anthropologist, not their procedures.<sup>15</sup>

How could Hunt have had anything in common with Galton? No one has ever called Galton a “quack.” Two claims that Hunt made in public at the London Anthropological Society, and then had printed, helped him earn this label:

Many observers have noticed the fact that the Negro frequently uses the great toe as a thumb. (1863, p. 7)

... the typical woolly-haired races have never invented a reasoned theological system, discovered an alphabet, framed a grammatical language, nor made the least step in science or art.<sup>16</sup>

That anyone could assert that toes are used as thumbs or that a people exist without the capacity for a human language prepares one for the truly bizarre.<sup>17</sup>

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<sup>14</sup>Another theme common to Hunt and Galton is their disdain for the presence of women at academic meetings. This aspect of Galton’s attack on Section F is discussed by Henderson (1994). Hunt separated himself from the Ethnological Society over its admission of women.

<sup>15</sup>In “Economic Science” (1877, pp. 471-72), Galton remarked: “This Section [F] therefore occupies a peculiar position of isolation, being neither sufficiently scientific in itself, nor receiving help from other Sections. In the first respect it may be alleged that the Anthropology Department and the Geographical Section are open to the same charges; but in the latter respect the case is very different. The leading anthropologists are physiologists, geologists, or geographers, and the proceedings of the department are largely indebted to their special knowledge.” Stepan (1982, p. 127) explains Galton’s reference to anthropologist as geographer.

<sup>16</sup>Hunt (1863, p. 19). The language slur resurfaced early in the 20<sup>th</sup> century, when Commons (1916, p. 94) asserted that the Yiddish spoken by Russian Jews “is scarcely a language—it is a jargon without syntax, conjugation, or declension.” We return to the claim concerning spiritual incapacity in Chapter 5.

<sup>17</sup>As noted above (Chapter 3), however, similar claims were also made by Charles Kingsley.

The modern theory of statistical racism as first explained by Arrow (1972) and Phelps (1972) supposes that groups will be divided on the basis of sample means. One race differs from another on the basis of an estimate of some central tendency. In nineteenth century Britain, this dimension might have been willingness to work, or the ability to save.<sup>18</sup> But as noted above, Chapter 3, we have argued that, at least as an approximation, the racists we consider also distinguish one race from another on the basis of an estimate of the dispersion around the center. “Inferior” was a judgment about the race which is said to be a “dead race”, as Hunt put it, “incapable of elevation”, a race with zero variance. In this case, the sample mean of the race, its stereotype in Arrow-Phelps terminology, is the “inferior” race.” The images from *Punch* we reprinted in Chapter 3, in which all Fenians look alike, illustrate Hunt’s race-without-variation theory. Not surprisingly, Hunt’s argument concerning the negro was countered, in his time, by “cases of intelligent Negroes”. Hunt’s response was that such instances were evidence of “impostures” rather than examples of variation.<sup>19</sup>

In Hunt’s theory of racial development, both the mean and variance of intelligence and other moral characteristics are said to be functions of the length of time one’s mind

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<sup>18</sup>The table below provides evidence on both these examples.

<sup>19</sup>The details are provided in Desmond (1994, p. 353), Young (1995) and Levy (2001). Hunt provides an example of how this “imposture” argument works: “The exhibitions of cases of intelligent Negroes in the saloons of the fashionable world by so-called ‘philanthropists,’ have frequently been nothing but mere impostures. In nearly every case in which the history of these cases has been investigated, it has been found that these so-called Negroes are the offspring of European and African parents.” Hunt (1863, p. 16).

develops. Development of the “lesser” races stops sooner. If this notion spread no further than Hunt’s claim that blacks used the big toe as a thumb, it would be without consequence. But this was not the case; Hunt’s theory was widely influential.<sup>20</sup>

The first issue of Hunt’s *Anthropological Review* contains abstracts of anthropological papers presented at Section E of the British Association along with reports of the floor discussion. The third paper is Hunt’s “On the physical and mental characters of the Negro.” This occasion generated considerable discussion when the escaped slave and abolitionist writer, William Craft, rose to challenge Hunt.<sup>21</sup> But before Craft spoke, Galton pointed out the stupidity of the zero variance assertion, based on his own experience in Africa:

MR. GALTON said that the case was briefly this:—Among the Negroes of Africa there were more frequent instances of an abject and superstitious character, combined with brutal behavior, than could be paralleled elsewhere in the world. It was a wonder that people like those of Dahomey could mould themselves into any form of society at all, and it was actually found that when the chief of such a tribe died it disintegrated and rapidly disappeared. In short, the tribes of Africa were remarkable for their rapid formation and short continuance. Many of their chiefs were of alien descent, and it was remarkable how their greatest kingdoms had been

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<sup>20</sup>Reade (1864, p. 399): “... the growth of the brain in the negro, as in the ape, is sooner arrested than in those of our race ...” We quote Reade below (Chapter 9) when we consider the discussion of whether Africans were suited to Christianity. We hope to examine the role of Richard Burton, Hunt’s associate in the Anthropological Society, at a later date. Burton’s important translations of the *Arabian Nights* began with his discussions with Hunt.

<sup>21</sup>Lorimer (1978, pp. 47-8) discusses Craft and the confrontation with Hunt. Levy (2001b) transcribes Charles Kingsley’s letter to Hunt about the event. It is illuminating that Mill’s disciple, J. E. Cairnes (1865, p. 336) cites “William Crafts [sic], the African explorer, the eloquent defender of the humanity of his race, and now the leading merchant and reformer in the kingdom of Damoney” along with Frederick Douglas and others as counter-examples to the zero variance claim. The confrontation between the judgment of science vs. ordinary people is examined in Chapter 11.



ruled by Tawareks—men with Arab blood—or, as Captain Speke now informed us, by straight-haired Wahumas. How did it happen, then, that so degraded a people could furnish men capable of constructing nations out of the loosest materials? The question once stated was almost its own reply. The Negro, though on average extremely base, was by no means a member of a race lying at a dead level. On the contrary, it had the capacity of frequently producing able men capable to taking an equal position with Europeans. The fact of a race being distinguished by the diversity of its members was well known to ethnologists. There were black and red sub-divisions of many North African races, and the contrast between the well-fed and ill-fed classes of the same tribe of Negroes was often such as amount apparently to a specific difference.<sup>22</sup>

How did Galton’s ideas “evolve” from a recognition of the diversity of African peoples to his 1865 articles in *Macmillan’s*?<sup>23</sup> Before his encounter with Hunt, Galton’s views represent his African experience viewed through the lens of a theory not-too-distant from that held by the Classical economists. After his encounter with Hunt, he reads, in the passages from the articles that we quote below, as if he were seeing the world through Hunt’s racial theory.

How is this possible? By contemporary judgment, Hunt was a “quack.” Galton’s integrity is beyond reproach.<sup>24</sup> But Galton had a weakness: he seems to have wanted to

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<sup>22</sup>Galton in “Anthropology at the British Association” (1863, p. 387-88). We find no discussion of this in any report in any of the secondary literature even though Pearson’s *Life* (Pearson 1924), devotes an extensive section to Galton’s anthropological writings.

<sup>23</sup>Stepan (1982, p. 127): “Galton clearly recognized the variety in physical character, language and social organization of the various African tribes he encountered; once home, however, the tribal distinctions became merged in a single Negro race.”

<sup>24</sup>At age 85 he found technical reasons to believe that majoritarian decision-making had desirable properties. And he called attention to this “unexpected” result with great clarity, choosing to title the first of a pair of articles “*Vox Populi*” explicitly challenging his Carlylean assertions quoted above. See Galton 1907a and 1907b. These articles are sufficiently important that they were reprinted by us in a 2002 issue of *Public Choice* where we call attention to Pearson’s judgment that Galton chose to publish these results

believe that the physicality of a man was positively correlated with his intellect. Many years after Hunt's death he candidly stated that he really wanted to believe in the uniformity of Negro fingerprints.<sup>25</sup> Here is Pearson's report where he first quotes Galton:

I think most of my readers would be surprised at the statures and physical frames of the heroes of history, who fill my pages, if they could be assembled together in a hall. I would undertake to pick out of any group of them, even out of that of the Divines, an 'eleven' who should compete in any physical feats whatever, against similar selections from groups of twice or thrice their number, taken at haphazard from equally well-fed classes. Pearson (1924, p. 94)

Then Pearson comments:<sup>26</sup>

Perhaps Galton laid too great stress on the high wranglers and classics of his own day who had been 'varsity blue'; or again on the big-headed men on the front benches at the Royal Society meetings in the early 'seventies.' Pearson (1924, p. 94)

He adds the following note:

He was very unhappy about the low correlations I found between intelligence and size of head, and would cite against me those 'front benches'; it was one of the few instances I noticed when impressions seemed to have more weight with him than measurements. It is possible, however, that between his day and mine science changed its recruiting fields, and 'eminence' became less common. Pearson (1924, p. 94).

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in *Nature* to maximize their contemporary (policy?) impact. Porter (1986, p. 130) notes Galton's anti-egalitarianism in the years before these papers were published. Our *Public Choice* reprint is Appendix 1.

<sup>25</sup>Galton (1892, pp. 195-6); cited in Table 4.1 below.

<sup>26</sup>Pearson himself was not immune to this sort of argument, e.g., Pearson (1924, p. 91): "Galton illustrates this by a case in which trained Highlanders challenged all England to compete with them in their games of strength. They were beaten in the foot-race by a youth, a pure Cockney, and clerk to a London banker. Perhaps I may be permitted to cite another illustration from an occurrence at varsity sports over 40 years ago. The high jump had been won by a highly trained athlete, and the rod had been replaced at the last half inch he had failed to surmount; a non-combatant, a somewhat sedentary mathematician in every day costume, stepped again from among the spectators, leapt the rod to the astonishment of the onlookers, and disappeared again into the crowd."

All that has been written on Hunt pictures him with enormous vitality and energy.<sup>27</sup> Galton would not be the first intellectual to have been seduced by charisma. Nor would he be the only African explorer to learn to see the world through Hunt's eyes.<sup>28</sup> By 1865 Galton on savages in general reads just like Hunt on the Negro.

It is important to notice that Galton never – as far as we know – employed the “mixed race” immunization strategy described above. Thus he lacks Hunt's device for dealing with the difference between the hypothetical “Negro” and observed people of color. Hunt never denied that observed people of color had considerable variation.

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<sup>27</sup>The obituary from *New York Weekly Day-Book* of November 6, 1869, reprinted in the *Anthropology Review* under “Anthropological News” (1870, p. 97) gives some flavor of contemporary opinions: “We are pained to hear of the death of Dr. James Hunt ... beyond doubt the best, or, at all events, the most useful man in England, if not, indeed, in Europe. ... Dr. Hunt, in his own clear knowledge and brave enthusiasm, was doing more for humanity, for the welfare of mankind, and for the glory of God, than all the philosophers, humanitarians, philanthropists, statesmen, and, we may say, bishops and clergy of England together. He was teaching them what they are in fact—what God has made them, what their relations to other species of human kind, Mongols, Malays, Negroes, etc., and thus preparing them for the fulfilment of their duties to each other, and to the dependent races that were, or might be, in juxtaposition with them; ...” Cf. Keith (1917, p. 19): “We must now turn back to the year 1863 to witness one of the most remarkable and instructive of all the episodes which chequer the history of our Institute. We have seen how young Hunt became Secretary of the Ethnological Society in 1859, under the Presidency of Crawfurd. He has the fire and enthusiasm of an evangelist and the methods of a popular political propagandist.” Stocking (1971, p. 377) explains the growth of the Anthropological Society by appeal to “a leader of Hunt's evident dynamism.” Banton (1977, p. 77) describes Hunt as “England's brash exponent of the theory of permanent racial types.” Desmond (1994, p. 320) writes: “The coarsest attacks on *Man's Place* were closest to home. As the American Civil War raged the doom-mongering about racial conflict inspired a charismatic reactionary with a PhD., James Hunt, to found the Anthropological Society.”

<sup>28</sup>Reade (1864, p. 399): “Thus it has been proved by measurements, by microscopes, by analyses, that the typical negro is something between a child, a dotard, and a beast. I can not struggle against these sacred facts of science.\* [\*At the last meeting of the British Association, in the Section E, the president of the Anthropological Society ventured to quote them. His audience felt insulted when informed that they were more intellectual than the negro, and endeavored to prove the contrary by hisses!...]... But I contend that it is only degradation; that it is the result of disease; ....”

Instead, he insisted that all the variation was the result of their white ancestors. Without this quackery to distinguish between the hypothetical “Negro” and actual people of color, Galton later assumes that variance is a constant across observed races.<sup>29</sup> Nonetheless, in 1865 his words give warrant to Hunt’s claim that the “savage” is without variation.

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<sup>29</sup>In the book version of *Hereditary Genius*, Galton assumes for exposition that races have the same variance. Galton (1978, p. 337): “In comparing the worth of different races, I shall make frequent use of the law of deviation from an average, to which I have already been much beholden; and, to save the reader’s time and patience, I propose to act upon an assumption that would require a good deal of discussion to the limit, and to which the reader may at first demur, but which cannot lead to any error of importance in a rough provisional inquiry. I shall assume that the *intervals* between the grades of ability are the *same* in all the races ...” More pointedly he asserted that there was considerable overlap in the abilities of blacks and whites. Galton (1978, p. 338): “First, the negro race has occasionally, but very rarely, produced such men as Toussaint l’Ouverture ... Secondly, the negro race is by no means wholly deficient in men capable of becoming good factors, thriving merchants, and otherwise considerably raised above the average of whites ....” We thank Bryan Caplan for the reference.

## Hunt

M. Gratiolet has also observed that in the anterior races the sutures of the cranium do not close so early as in the occipital or inferior races. From these researches it appears that in the Negro the growth of the brain is sooner arrested than in the European. The premature union of the bones of the skull may give a clue to much of the mental inferiority which is seen in the Negro race. There can be no doubt that in puberty a great change takes place in relation to physical development; but in the Negro there appears to be an arrested development of the brain, exactly harmonizing with the physical formation. Young Negro children are nearly as intelligent as European children; but the older they grow the less intelligent they become. They exhibit, when young, an animal liveliness for play and tricks, far surpassing the European child. (1863, p. 8).

With the Negro, as with some other races of man, it has been found that the children are precocious, but that no advance in education can be made after they arrive at the age of maturity. (1863, p. 12).

## Galton

Another difference, which may either be due to natural selection or to original difference of race, is the fact that savages seem incapable of progress after the first few years of their life. The average children of all races are much on a par. Occasionally, those of the lower races are more precocious than the Anglo-Saxon; as a brute beast of a few weeks old is certainly more apt and forward than a child of the same age. But, as the years go by, the higher races continue to progress, while the lower ones gradually stop. They remain children in mind, with the passions of grown men. Eminent genius commonly asserts itself in tender years, but it continues long to develop. The highest minds in the highest races seem to have been those who had the longest boyhood. (1865, p. 326).

### 4.4 “Characteristics” of “Lower” Races

If the writings of a thinker like Galton seem to reflect the views of Hunt, perhaps the influence of Hunt and the anthropologists extends to the economics community as it

was reshaped towards the end of the century. To this end, we summarize how the anthropologists and eugenicists characterized “inferiority”, and we consider how those characteristics carry over to the post-Classical economics literature.<sup>30</sup> Our intention is not to argue that the treatment of race is uniform across or within our groups of analysts. Within Britain, differences persisted within the anthropological treatments (Duff 1881), and among British post-Classical economists the discussion was by no means uniform. And differences characterized the British and the American experience.<sup>31</sup> The analysis and reform-minded zeal of the Progressive era in America, were not significant features of the British experience.<sup>32</sup> Yet the common language and themes evident in the table below suggest that the influence of early racial theorizing was persistent and wide, and took on the two forms outlined at the outset: the “inferior” race differed in terms of some parameter(s) such as work effort, time preference, or family size; and the other – more devastating – model which held that the Other was a dead race incapable of progress.

Table 4-1 documents claims by post-Classical economists concerning the lack of differentiation among the “inferior” or “lower races.” It also provides evidence from post-Classical economists of parametric racism, the presumption that inferior races are

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<sup>30</sup>We confine our study to the period in which the influence of eugenics is most strong, roughly from 1870-1920. A number of well-known economists who were prominent in the Eugenics Society remain outside our scope, notably, J. M. Keynes and James Meade. Keynes’s Galton Lecture (Keynes 1937) reveals a deep concern with population growth, but it confines itself to the effect of an overall slowing in population growth without mention of racial or income-related variations in reproductive rates.

<sup>31</sup>Compare Leonard 2003a and Rutherford 2003 with Peart 2000 and Collard 1996.

<sup>32</sup>See Leonard 2003b and Bateman 2003.

characterized by lower work effort,<sup>33</sup> improvidence, alcoholism, inability to control sexual passion, and overall carelessness.<sup>34</sup> Throughout, some imprecision exists as to whether the economist has in mind the lower classes or a racial or ethnic type. British economists typically focused on the lower classes, and argued that the working classes are creatures of passion, unable to plan for the future, and unusually susceptible to alcoholism (Peart 2000). Yet when the Irish were involved, class signifies race (as Jevons [1870] reveals; Peart 2001a). For Marshall, the “industrial” classes are racially inferior: as conquest and the intermixture of races occurred, the inferior (yet still white) races sort themselves into the lower ranks of industrial society, Marshall (1890, p. 195). The legacy of slavery looms large in the work of early twentieth century American writers. Finally, for both British and American post-Classical economics, an overriding fear of the dysgenic effects of immigration is present.

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<sup>33</sup> As in Carlyle (1849), climate is often offered as an explanation for reduced work effort among the “lower races” (and, since lack of work effort implies that simple and then more complex tasks are neither attempted nor mastered, climate is also associated with lack of differentiation within the race). See Marshall (1890, pp. 195, 205, 528). Commons (1916, pp. 212-13) contends that a tropical climate is associated with ignorance and debauchery, while a temperate climate requires work effort and develops self-reliance, self-control, and ingenuity. Jevons is also struck by the relationship between climate and race; see 1869. For an application of Jevons’s argument to the American context, see F. Walker in Darity (1995). Thus, an economic explanation is provided for “facts” of anthropology.

<sup>34</sup> While we find no discussion of lack of variation in the secondary literature, there are several good discussions of parametric racism in post-Classical thinking. See Collard 1996 for an examination that links Pigou’s “faulty telescopic tendency” to the distribution of resources over time. White 1994 discusses issues of race and gender in Jevons. Peart 2000 discusses racial determinants of rationality in Jevons, Marshall, Pigou and Fisher; Levitt 1976 mentions Marshall on eugenics; Aldrich 1975 discusses Fisher’s economic analysis and eugenics.

**Table 4-1: Anthropologists, Eugenicists & Post-Classical Economists on the “Lower” Races**

	Homogeneity of “Lower” Race?	“Characteristics” of “Lower” Races
<p><b>Hunt</b></p> <p><b>1863 &amp;</b></p> <p><b>1866</b></p>	<p>“In the negro race there is a great uniformity of temperament. In every people of Europe all temperaments exist; but in the Negro race we can only discover analogies for the choleric and phlegmatic temperaments.” (1863, p. 11).</p> <p>“We now know it to be a patent fact that there are races existing which have no history, and that the Negro is one of these races. From the most remote antiquity the Negro race seems to have been what they are now. We may be pretty sure that the Negro race have been without a progressive history; and that they have been for thousands of years the uncivilized race they are at this moment.” (1863, p. 13).</p>	<p>Susceptible to impulse, lack willpower, improvident; cannot resist temptation (1866, p.117); “ungovernable appetite” (1866, p. 125); lack foresight</p>



**Table 4-1: Anthropologists, Eugenicists & Post-Classical Economists on the “Lower” Races**

	Homogeneity of “Lower” Race?	“Characteristics” of “Lower” Races
<b>Galton</b>  <b>1865</b>	<p>“The race [of American Indians] is divided into many varieties, but it has fundamentally the same character throughout the whole of America.” (1865, p. 321)</p> <p>“Here, then, is a well-marked type of character, that formerly prevailed over a large part of the globe, with which other equally marked types of character in other regions are strongly contrasted ... the typical West African Negro.” (1865, p. 321)</p>	<p>“The Red man has great patience, great reticence, great dignity; the Negro has strong impulsive passions, and neither patience, reticence, nor dignity. He is warm-hearted, loving towards his master’s children, and idolised by the children in return. He is eminently gregarious, for he is always jabbering, quarrelling, tom-tom-ing, or dancing. He is remarkably domestic, and he is endowed with such constitutional vigour, and is so prolific, that his race is irrepressible.” (1865, p. 321)</p> <p>Savages lack instinct of continuous steady labor, possess wild untameable restlessness, wild impulsive nature of negro (1865, pp. 325, 327)</p>
<b>1892</b>	<p>“The impressions from Negroes betray the general clumsiness of their fingers, but their patterns are not, so far as I can find, different from those of others, they are not simpler as judged either by their contours or by the number of origins, embranchments, islands, and enclosures contained in them. Still, whether it be from pure fancy on my part, or from the way in which they were printed, or from some real peculiarity, the general aspect of the Negro print strikes me as characteristic. The width of the ridges seems more uniform, their intervals more regular, and their courses more parallel than with us. In short, they give an idea of greater simplicity, due to causes that I have not yet succeeded in submitting to the test of measurement.” (1892, pp. 195-96)</p>	

**Table 4-1: Anthropologists, Eugenicists & Post-Classical Economists on the “Lower” Races**

	Homogeneity of “Lower” Race?	“Characteristics” of “Lower” Races
<p>Pearson 1924</p> <p>Pearson &amp; Moul 1925</p>	<p>Servile, gregarious, herdlike; undifferentiated; remain the Red Man and Negro despite environmental differences (1924, pp. 73-4); oppression reduces differentiation (weeds out physically and mentally fit individuals) (Pearson &amp; Moul 1925, p. 8)</p>	<p>Want of self-reliance; sexual passion; imprudent; feckless; feeble minded; high birth rates (1924, pp. 73, 80, 111)</p>
<p>Jevons* 1869, 1870 &amp; 1871</p>		<p>Intemperate, improvident, lacking foresight (1869, pp. 186-7); ignorant, careless, unsubdued, vicious, want of self-reliance (1870, pp. 196, 200). “Questions of this kind [work effort] depend greatly upon the character of the race. Persons of an energetic disposition feel labour less painfully than their fellow-men, and, if they happen to be endowed with various and acute sensibilities, their desire of further acquisition never ceases. A man of lower race, a negro for instance, enjoys possession less, and loathes labour more; his exertions, therefore soon stop. A poor savage would be content to gather the almost gratuitous fruits of nature, if they were sufficient to give sustenance; it is only physical want which drives him to exertion.” (1871, pp. 182-83)</p>
<p>Marshall 1890</p>	<p>“strange uniformity of general character” among savages (p. 723)</p>	<p>Savage life ruled by custom and impulse; never forecasting the distant future; seldom providing for near future; servitude to custom; fitful; governed by the fancy of the moment; incapable of steady work (p. 723); Anglo-Saxon are steadfast (p. 581); “great mass of humanity” lack patience, self control, self discipline (p. 581); England peopled by the strongest members of the strongest races of northern Europe (p. 740); capital-labour division of labour characterizes English race/modern civilization (p. 745); race of undertakers develops in England (p. 749)</p>

**Table 4-1: Anthropologists, Eugenicists & Post-Classical Economists on the “Lower” Races**

	Homogeneity of “Lower” Race?	“Characteristics” of “Lower” Races
Pigou§ 1907 & 1920		“Fleckless”; high birth rates; (1907, pp. 364-5); “faulty telescopic faculty”; “propagation untrammelled by economic considerations” (1920, p. 123); “lack initiative and understanding” (p. 326); over-estimate chances of success ( p. 493)
Fisher¶ 1909 & 1930		Lack foresight and self-control; improvident; impatience, weak wills, weak intellect; susceptible to alcohol (1930, p. 73; 1909, pp. 94, 376)
Webb‡ 1910	American blacks less differentiated than whites (pp. 236-7)	Maximum birth rates; thriftless; idle; drunken; profligate; feeble- minded; unfit; lacking in self-respect and foresight
Fetter 1916	Can master a limited range of occupations (p. 367)	Defective mentally and physically; high birth rates (pp. 369, 375).
Commons 1916	Can perform a limited range of tasks. Unmechanical and unintelligent. Slavery reduced differentiation.	Impulsive, strong sexual passion, debauchery; high birth rate; lack self-control, foresight, self-reliance, willpower, ingenuity; ignorant; unstable; indolent; adverse to solitude; improvident; superstitious; contented (pp. 39, 40, 49, 60, 212-13)
Notes		
Jevons*	1869: laboring classes; 1870: Irish explanation for mortality rates (pp. 208ff)	
Pigou§	Lower classes; non-race.	
Fisher¶	Characteristics are specified in terms of lower classes with (Irish) racial components	
Webb‡	The fecundity characteristic applies both to the lower classes and American blacks (pp. 237, 240), while the other characteristics are specified in terms of class alone (pp. 233, 239, 240).	

## 4.5 Breeding and Immigration Policy

Eugenicists urged that a policy of selective breeding and immigration be used to improve racial composition of the nation. Without intervention, they argued, the quality of the population would decline over time. What was required, then, was a wide-ranging program to counteract eugenic tendencies, what Sidney Webb referred to as the “social machinery” of eugenic intervention (Webb 1910, p. 237). The common thread in eugenic policies is coercion, overriding reproductive choices of individuals. The implication for national greatness was stressed repeatedly.<sup>35</sup> Eugenicists – biologists and social scientists alike – made their case in explicit opposition to utilitarian economists of the nineteenth century for whom the happiness of one counts as that of another (Hankins 1923, p. 398),<sup>36</sup> and in opposition to democratic theory:

Democracy is still the fundamental religion of the nation, but grave doubts begin to appear as to the speedy realization of the happy day-dreams of our fathers. The land is full of strangers of alien race and tradition; in spite of popular education and heroic efforts at social betterment objective inequality has increased so that the wilful unbeliever must now admit it. Class lines are appearing even in the democratic west; even class war stalks through the land in which our cant-mongering political orators and purblind newspaper editors say there are no classes (Hankins 1923, p. 395)<sup>37</sup>

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<sup>35</sup>L. Darwin claims the limitation of family size by those who can afford children is both “immoral” and “unpatriotic” (1916a, p. 173). Macbride, discussing Darwin, “regrets” to admit that eugenics is taking greater hold in the US than England, a fact which leads him to the conclusion that America “would beat them [England] in the race for commercial supremacy.” (in L. Darwin 1919, p. 31). Pearson also linked eugenics with national welfare, arguing in 1925 that Galton’s phrase “national eugenics” was well chosen (Pearson & Moul 1925, pp. 3-4).

<sup>36</sup>We take up this point in detail, in Chapters 7 and 10 below.

<sup>37</sup>We examine the use of the word “cant” (and “cant-mongering”) in Chapter 8 below.

Among economists, as among the anthropologists, the argument was often that the Irish over-breed, while Anglo-Saxons reproduce at relatively low rates. In America, the Irish are frequently offered as an example of an “inferior” race, but the “negro” and “immigration problems” formed the central backdrop to discussions of eugenics policies. Waves of immigration drawn predominantly from inferior races are said to have reduced the quality of the nation (Commons 1916, pp. 200ff). Since such immigrants multiply at high rates, the deterioration would be ongoing.<sup>38</sup>

Most strenuously among the British post-Classical economists, Marshall endorsed the differential fertility rate argument. He wrote about a “cause for anxiety,” “some partial arrest of that selective influence of struggle and competition which in the earliest stages of civilization caused those who were strongest and most vigorous to leave the largest progeny behind them; and to which, more than any other single cause, the progress of the human race is due” (1890, p. 201).<sup>39</sup> Advances in public health that saved the “feeble” and “unfit” served to reduce the quality of the population:

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<sup>38</sup>In England, economists such as Marshall feared that such deterioration will occur within cities (Marshall 1883). Here the argument is that the Irish form a relatively large and (due to high birth rates) growing constituency in cities (see Jevons 1870; Peart 2001a); cf. “The slums and courts of our large cities are chiefly inhabited by the unfit, who are recruited by the failures in the industrial struggle; and among these early marriages and illegitimate intercourse is more common than among the saner and more intelligent class.” (Ashby, comments on Reid 1906, p. 38).

<sup>39</sup>The argument was specified in the common terminology of low fertility rates among the “upper classes,” and high birth rates among the poor. At least in Marshall’s case, however, the racial element is quite clear. Historically, the intermixture of races that followed conquests led him to speculate that the lower races selected into the industrial classes (see 1890, p. 195). Elsewhere he used the more obvious eugenic phrase, referring to the tendency of the “higher strains of the population to marry later and to have fewer children than the lower” (1890, p. 203).

Thus there are increasing reasons for fearing, that while the progress of medical science and sanitation is saving from death a continually increasing number of the children of those who are feeble physically and mentally; many of those who are most thoughtful and best endowed with energy, enterprise and self-control are tending to defer their marriages and in other ways to limit the number of children whom they leave behind them. Marshall (1890, p. 201).<sup>40</sup>

Pigou also accepted that the lower classes reproduce at relatively high rates, while the “higher classes” delay marriage and have few children (1907, pp. 364-5).<sup>41</sup> The “injurious” effects of such relatively high reproductive rates among the poor might be counteracted by policies designed to improve the well-being of low income people (cf. Webb 1910). But the biological question remained: “is there reason to believe that bad original properties and poverty are closely related?” Pigou answers affirmatively:

For, if we consider the matter, it is apparent that among the relatively rich are many persons who have risen from a poor environment, which their fellows, who have remained poor, shared with them in childhood. Among the original properties of these relatively rich presumably there are qualities which account for their rise. A relatively high reproductive rate *among those who have remained poor* implies, in a measure, the breeding out of these qualities. It implies, in fact, a form of selection that discriminates against the original properties that promote economic success. Pigou (1907, p. 365).

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<sup>40</sup>“Again, on the Pacific Slope, there were at one time just grounds for fearing that all but highly skilled work would be left to the Chinese; and that the white men would live in an artificial way in which a family became a great expense. In this case Chinese lives would have been substituted for American, and the average quality of the human race would have been lowered.” (1890, p. 201 n1). Galton’s argument concerning the inheritance of traits of genius is endorsed in this context, as well (pp. 202, 206). The contention that, without sterilization or segregation, saving the “feeble” entails a reduction in genetic quality is common; see Fisher 1909; L. Darwin 1916a; Webb 1910.

<sup>41</sup>Pigou is singled out by Leonard Darwin (1916b, p. 311) as “... as far as I know, is almost the only economist who has paid serious attention to eugenics in connection with economics.” Indeed, a JSTOR search on “eugenics” in the economics list finds Pigou (1907) and Fetter (1907) as the earliest. Schumpeter (1954, 790): “Economists entirely failed to bestow on these problems [the quality of the human stock] the amount of attention they deserve: flippant phrases pro or con form the bulk of their contribution; the only one of the leading men to take more trouble was Pigou; ...”

In America, the argument regarding relatively low fertility rates among the highly civilised becomes known as “race treason,” a phrase that elicited no small amount of resentment among the educated and well-to-do. For economists, eugenics provided at least a partial solution to two related problems, the “relative decrease of the successful strains of the population,” as well as the racial mix of the existing population that resulted from slavery and ongoing immigration (Fetter 1916, p. 366).<sup>42</sup> For Fetter the “most grave” population problem, the Negro problem, was “insoluble.” The alternatives of intermixture of races, existence in separate geographical regions, and extinction, are said to be “repugnant,” “impractical” and unrealistic. Fetter concludes with “futile expressions of regret” (1916, pp. 366-8). Perhaps, Fetter is an instance of that oddity whose existence Sandy Darity conjectured: the *laissez-faire* eugenicist?<sup>43</sup> His unwillingness to countenance

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<sup>42</sup>Black population growth was low relative to that of whites. But there was still cause for alarm. Commons (1916, p. 60), argued that the difference resulted from high mortality rates among blacks (attributed in large measure to the effects of “sexual immorality and debauchery”), differences which could be eliminated and even reversed in the event of improved public health standards.

<sup>43</sup>Darity wondered about this possibility in his comments at our 2000 History of Economics Society presentation. The predictable answer, from Sidney Webb, is: “The policy of “*Laissez faire*” is, necessarily, to a eugenicist the worst of all policies, because it implies the definite abandonment of intelligently purposeful selection. ... No consistent eugenicist can be a “*Laissez Faire*” individualist unless he throws up the game in despair. He must interfere, interfere, interfere!” (1910, pp. 234, 237). We thank Ed McPhail for reminding us of this passage in Webb. Even earlier Fetter had made this same point: “Unless effective means are found to check the degeneration of the race, the noontide of humanity’s greatness is nigh, if not already passed. Our optimism must be based, not upon *laissez faire*, but upon the vigorous application of science, humanity, and the legislative art to the solution of the problem. Great changes of thought are impending, and these will include the elimination of the unfit, the establishment of qualifications for marriage, the education of parents, and the conscious improvement of the race. Under the touch of the new science of eugenics, many of the most perplexing social problems will disappear ...” (Fetter, 1907, pp. 92-93).

A *laissez-faire* advocate might well propose a repeal of government policies which, in his view, have a dysgenic impact. The question would remain whether the eugenic argument added anything to motivate the advocacy of repeal.

state action leaves nothing but despair on racial matters.

Why the pessimism regarding the intermixture of race? There is an obvious implication of the doctrine that “lower races” were characterized by lack of variation. Eugenics policy, as is well known (Soloway 1995), proposed to encourage reproduction from the desirable part of the distribution of abilities and discourage reproduction from the undesirable part. But if the “lower race” is without variation, there is no “desirable part” and a eugenic policy of differential intra-racial breeding makes no sense.<sup>44</sup>

Three sets of eugenics policies were endorsed by economists to improve what we might call the genetic make up of the economic unit (generally, in this context, the nation):<sup>45</sup> 1) positive measures, to encourage fertility among the “superior” genetic stock; 2) negative policies, to reduce fertility among those of “inferior” natural abilities; and 3) immigration restrictions, which increasingly became central to these discussions. Irving

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<sup>44</sup>Soloway (1995, p. 60): “In the case of the United States, tortured race relations and extensive alien immigration were the principal sources of eugenic worry; in Britain, where long-established ethnic and racial homogeneity prevailed the relative contribution of indigenous classes to the population was the predominant concern.”

<sup>45</sup>As Collard (1996) has noted regarding Pigou, economists typically favored a combination of eugenics and environmental policy. See Pigou 1907 and 1920, pp. 120-125. The purported relative efficacy of eugenics proposals is made clear in a series of papers presented to the School of Economics and Political Science at the University of London in 1904, 1905 and 1906, of which that by Archdall Reid is particularly representative for its nationalistic overtones and the concern with alcoholism (1906, p. 22): “We should bear in mind, however, that, were eugenic breeding possible, we could improve the race to an unlimited extent; whereas our power of improving the individual by placing him under better conditions is strictly limited. We should remember, moreover, that an improved environment tends ultimately to degrade the race by causing an increased survival of the unfit. If then, we wish to improve the nation physically, it must be mainly by selective breeding. ... certain types of men are unfit for existence under civilised conditions of life; for example, people susceptible to consumption or the charm of alcohol”.



Fisher, Frank Fetter, and J. R. Commons each argued that without such restrictions on immigration, the “race treason” problem in America would only worsen.<sup>46</sup>

While Pigou finds a “heavy burden of proof” for advocates of genetic selection (1907, p. 366), he nevertheless favored policies to alter the incentives for family formation. Accepting that the evidence on the heredity of defects is strong, Pigou also favored a policy of “permanent segregation” or sterilization to improve “the general economic welfare of the community” (1920, p. 112; cf. p. 110, 1907, p. 269).<sup>47</sup>

Economists also focused on the need to select immigrants in order to reduce the numbers from “inferior,” “defective” and “undesirable” classes of immigrants (Commons 1916, p. 230).<sup>48</sup> In their study of Jewish immigration in the first several issues of the *Annals of Eugenics*, Pearson-Moul explained in detail why immigration is the central matter in eugenics policy. They asked “What purpose would there be in endeavouring to legislate for a superior breed of men, if at any moment it could be swamped by the influx of immigrants of an inferior race, hastening to profit by the higher civilisation of an improved humanity?” (1925, p. 7). The practical measure seized upon by Commons in

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<sup>46</sup>See Cherry 1976, and Commons 1916, pp. 198ff.

<sup>47</sup>Fisher 1909 also endorsed government “bounties” to encourage births among the “vital” classes (p. 673). Proposals ranged from sterilisation, to German-style marriage tests, to developing social prejudice against such reproduction, as well as a fuller appreciation of women’s rights (Thomson 1906, p. 179).

<sup>48</sup>Pearson favored restrictions of immigration, arguing that immigration should be restricted to those who are at least 25% above the mean for natives in intelligence and physical characteristics. (Pearson and Moul, 1925, p. 127). See Chapter 5.

this context was the simple device of a literacy test, which would “raise the average standard” of immigrants (p. 235). Fetter argued for an overall reduction in immigration, as well as the eugenic selection of immigrants in order to “improve the racial quality of the nation by checking the multiplication of the strains defective in respect to mentality, nervous organization, and physical health, and by encouraging the more capable elements of the population to contribute in due proportion to the maintenance of a healthy, moral, and efficient population” (1916, p. 378).

An image from *Punch* at the time also made the case for immigration control. The unwanted immigrants, “untaxed imports”, are now from Italy, and they reveal a remarkable uniformity. Perhaps the *Punch* artist feared that his readers, so accustomed to the ape-like features of Fenians, would be slow to catch the point in an Italian context without the addition of pictures of two real monkeys.



## 4.6 The Return to Fixed Human Nature

Whatever disputes remain about how economic theory changed with the transition to neoclassicism, it is widely accepted that the boundary of economic science was narrowed throughout the late nineteenth century (Winch 1972). The 1870s in particular were characterized by often intense disputes over the nature and scope of economic “science”. By the turn of the century it became clear that the historical school would not prevail, and the profession would follow the lead of W. S. Jevons in his calls for narrowing economic science, for subdivision and specialization (Jevons 1871; Peart 2001b). Jevons’s subdivision rendered economic *theory* unassailable, but severely incomplete: he recognized all sorts of cases where the theory required modification – and these, he argued, should be taken into account in *applications* (Peart 2001b). This chapter has examined one example of such narrowing, in terms of the “race” to which economics might be applied: late in the century economists began to argue that the intertemporal decision making of a “higher race” might not be applicable to a “lower race.”

Though today we sometimes fail to appreciate the racial context of nineteenth century disputes about economic methodology, anthropologists and evolutionary scientists of the late 19<sup>th</sup> century fully recognized that their theory directly opposed the Classical political economists’ doctrine of human homogeneity (above Chapters 1 & 2). This chapter has demonstrated that, for a time at least, the Classical economists’ postulate

of homogeneity was overthrown and racial theories prevailed in economics.

Hierarchical, often racial, accounts won the day well into the twentieth century.<sup>49</sup>

Perhaps the last, albeit unrecognized, statement of this position occurred in Schumpeter's

*History of Economic Analysis* when he describes the role of Galton:

Of his many exploits, the following are relevant for us: he was the man who may be said to have independently discovered correlation as an effective tool of analysis; the man who set eugenics on his feet (in 1905 he founded the Eugenics Laboratory); the man who realized the importance of, and initiated, a new branch of psychology, the psychology of individual differences; ... all of which makes him in my humble opinion one of the three greatest sociologists, the other two being Vico and Marx. (1954, pp. 790-91).

Near the middle of the century the Classical tradition of equal competence (homogeneity) was revived at Chicago. Not surprisingly, given that racial characterizations focused on intertemporal decision-making, time preference was central in the Chicago revival. In his 1931 review of Irving Fisher's *Theory of Interest*, Frank Knight voiced his skepticism about the common link supposed in economists' accounts between time preference and race. Knight, and after him George Stigler and Gary Becker, questioned myopic accounts of intertemporal decision-making. As the Chicago school revived the Classical doctrine of homogeneity it also (and by no coincidence) revived the presumption of competence in economic and political activity.

When Knight reviewed Fisher's theory of interest, he saw no difference in the motivation of different sorts of people:

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<sup>49</sup>The new translation of omitted material from Schumpeter's *Theory of Economic Development* (Becker and Knudsen 2002) makes it clear that Schumpeter's entrepreneur is Carlyle's Hero.

It seems to me indisputable in fact that people desire wealth for many reasons, of which the guaranty of the future delivery of groceries or other consumable services is sometimes the main and sometimes a quite minor consideration. It is desired for the same reasons a head-hunting hero desires a goodly collection of skulls; it is power, a source of prestige, a counter in the game, an article of fashion, and perhaps a mere something to be “collected.” It is wanted to use, but also just to have, to get more, in order to get still more. (Knight 1931, p. 177).<sup>50</sup>

There is nothing here about the “curious lack of variation” of savages, but instead an illustration of economic problems across time, culture and race. And the anti-race argument was made even more emphatically, perhaps, by Ludwig von Mises:

[The ethnologists] are utterly mistaken in contending that these other races have been guided in their activities by motives other than those which have actuated the white race. The Asiatics and the Africans no less than the peoples of European descent have been eager to struggle successfully for survival and to use reason as the foremost weapon in these endeavors. (Mises 1949, p. 85)

The Stigler-Becker attack on the postulate of positive time preference (Stigler-Becker 1977) continued the argument which Stigler made in his dissertation: positive time preference has no role in the making of abstract economic man.<sup>51</sup> In this stigmatization of positive time preference, Stigler remained a faithful student of Frank Knight.

Was the Chicago revival in some sense motivated by the racial attacks on Classical

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<sup>50</sup>Knight objected to how “this discussion has been cluttered up and the issue beclouded by theorizing (mostly quite bad) regarding the ultimate motivations involved in the choice between present and future (“spending” and “saving” – or “investing,” which is not the same thing), on the one hand, and, on the other hand (not nearly so bad), regarding the technological nature and implications of the investing progress.” (1931, p. 198).

<sup>51</sup>Stigler (1941, p 213): “The second ground for valuing present goods more highly is that ‘... to goods which are destined to meet the wants of the future, we ascribe a value which is really less than the true intensity of their future marginal utility.’ This is a failure of perspective, an irrationality in human behavior—the only irrationality, it may be noted, that Böhm-Bawerk introduces into his ‘economic man.’”

economics and the widespread acceptance of racial accounts of human behavior that we have demonstrated above? Here one must be cautious, but it is surely no coincidence that the reading list for Stigler's history of economics classes in the 1960s included Walter Bagehot's *Postulates of English Political Economy*. In this work, which impressed Marshall enough that he introduced a student edition (Bagehot 1885), Bagehot "explained" the classical doctrines by appealing to the "race" of classical theorists. Individuals were optimizers because Adam Smith was a Scot; they were careful with money because David Ricardo was a Jew. Marshall was of course not the only one taken by Bagehot: Bagehot seems to have obtained his editorship of the *Economist* through the intervention of that close friend of the *Economist's* owner (James Wilson)– none other than W. R. Greg (Barrington 1933).