Preface

This book attempts to explicate the transition from Classical to post-Classical economics.[1] Ours is a story that begins with the hegemony of egalitarian Classical thinking, and continues with attack, defense, and defeat. Between 1850 and 1890, Classical economics came under fire from many directions: the literary community; the anthropological and biological sciences that produced eugenics and the law of Natural Selection; and within the social science community itself. By the end of the century, the transition to post-Classical thinking was complete. Difference and hierarchy now figured prominently in economics.

We shall argue below that the controversy surrounding Classical economics occurred largely over the presumption of equal competence, or homogeneity. On the side of human homogeneity, we locate the great Classical economists, who presumed that economic agents are all equipped with a capacity for language and trade, and observed outcomes are explained by incentives, luck and history.[2] In opposition, we find many

[1]For reasons that will become clear as we proceed, we prefer the broader term, "post-Classical", to the more familiar "neoclassical" terminology because we find the transition entailing the rise of hierarchical thinking, the loss of sympathy and the endorsement of eugenical re-making, infects a broad set of economists, not all of whom would be considered "neoclassical."

[2]The intellectual composition of Classical economics is complex, and it is not our intention to minimize substantive differences among Adam Smith, Thomas Robert Malthus, David Ricardo, Robert Torrens, Harriet Martineau, Nassau William Senior, John Stuart Mill, or less well-known but nonetheless important contributors. Some of these will become apparent in what follows (see also Peart-Levy 2003). Yet, differences notwithstanding, by 1830 the analytics of Classical growth, distribution and value theories were well-developed, reflecting a preoccupation with land scarcity and diminishing returns, and formulated with the problem of population growth in mind. We choose to focus on what unites the economists of the time to help clarify what separated them from their critics. So, the fact that Mill and Senior make almost interchangeable statements on racial differences (note 5) is of interest to us here, but we set aside their different views on the desirability of socialism.

"progressives",[3] scientists in anthropology and biology, and social scientists late in the century, whose explanation of observed heterogeneity was race or hierarchy.

At mid century, arguments about superiority and inferiority played out in terms of the Irish and the former slaves in Jamaica (Curtis 1997). In fact, notions of "race" and hierarchy are rather pliable in our period. Women and the "labouring classes" were frequently included in discussions of inherent incompetence. To name but a few additions that we consider in what follows, Jews, Italians and East Europeans all received special treatment as well. Most startling, perhaps, is the assertion found below, that "race" is a choice. By choosing to leave the direction of one's betters, a person was said to turn into a lesser being. We will see many images from the time which show how choice was supposed to transform people. The collision with Classical economics occurred then, almost by necessity, because for these economists such purported transformation made no sense.[4]

We have been told more than once that our outrage at the mid to late nineteenth century notions of race and hierarchy we consider below is misplaced. Everyone, we have been told, "was a racist then." It will soon be clear that we reject this counterargument. We do so because we find it factually incorrect, and analytically flawed. In point of fact, this book demonstrates that there was significant (though unsuccessful) resistance to

[3]Thomas Carlyle, John Ruskin, and Charles Dickens will figure prominently.

[4]As noted below, however, we will argue that J. S. Mill allowed for the possibility of self-directed improvement.

hierarchy and race. From Smith to Mill, Classical economists rejected racial explanations of observed behavior, and were criticized for doing so. More than this, we find the counterargument embodies a form of not-so-subtle hierarchical thinking: the thought that we today are superior to those of the past; that we who are non-racist must excuse the racist writers of the past, because they simply reflect their times.

The Classical economists' explanation for observed heterogeneity was to appeal to the incentives associated with different institutions. So, for instance, Classical economists such as John Stuart Mill argued that the Irish problem was largely a matter of institutions rather than one of inherent indolence.[5] Mill was strenuously opposed by those who claimed the Irishman was "idiosyncratic" and would never be the hard-working Scot. The policy conclusion followed: special measures were required to look after the Irishman, whose inherent difference meant he lacked the capacity to rule himself. Mill struggled with the problem of transition from one set of institutions to another, how new habits are formed as institutions change. Economists who have become accustomed to institution-free analysis, fail to appreciate how much of Classical economics is designed to deal precisely with the problem of self-motivated human development in the context of institutional change.

In the period we study economic analysis also supposed, as Mill put it in his essay

[5]Senior also attributed outcomes to institutions rather than inherent differences: "Almost all the differences between the different races of men, differences so great that we sometimes nearly forget that they all belong to the same species, may be traced to the degree in which they enjoy the blessings of good government." (1838, p. 76)

On the Definition of Method; and on the Method of Investigation Proper to It (1836; hereafter, *Essay*), that it treats "man's nature as modified by the social state" (Mill 1967a, p. 321). The Classical tradition retained a key role for non-material concerns, what Adam Smith had called "sympathy" and the desire for the approbation of other humans. Once human hierarchy was recognized, people were seen as unequally deserving of sympathy and approbation: those among us who were hard-working and frugal deserved more sympathy (and resources)than those among us who were inherently imprudent. So, as the attack on human homogeneity occurred, a related attack on (undirected) social sentiments began. If individuals extended sympathy (and charity) to the imprudent among us, then such social sentiments were not to be trusted. Biologists who wished to perfect the race argued that sympathy for the "feeble" and the "unfit" served to dilute the gene pool, and so it should be suppressed. As the transition to post-Classical economics played out late in the century, sympathy disappeared from economics never to return substantially. Material concerns became singularly important in post-Classical analysis.[6]

For various reasons – not the least of which is the history that follows – we hold that the Classical economists got it right: an analytical system in which everyone counts equally and is presumed equally capable of making decisions, is the only system which

[6] It is widely accepted that the boundary of economic science was narrowed throughout the nineteenth century (Winch 1972; Peart 2000). What has gone unrecognized is that this narrowing also entailed the removal of sympathy and rise in materialism late in the century. The chapters below explain why we find this removal has been an unfortunate development.

seems morally defensible to us.[7] And, not surprisingly, we find analytical systems that presume hierarchy are indefensible. This book explains why.

First, we find the history compelling, and awful. In all the instances below in which a group has been treated as "different", difference has turned into hierarchy, and hierarchy has sometimes led to terrible analytical and policy consequences.[8] As noted above, we also find that systems in which hierarchy is invoked are extraordinarily pliable. The "inferior" becomes any group who is presently out of favor with the analyst.

Most compelling for us, the analysis which presumes difference is terribly tempting to the analysts and policy makers. Once difference creeps into the analysis, the temptation is to presume that difference implies inferiority. It also seems often to imply that the writer, whether social commentator or scientist, somehow "knows better". And here we find that this is not simply a presumption that the analyst has better information. Instead, it extends to a presumption of inherent superiority. For whatever reason, the analyst presumes the subjects' choices aren't to be trusted but instead require looking-after. Somehow, the analyst is privy to knowledge about what decisions "should" be made and what preferences individuals "should" have, if they only knew better. As a society

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[7] This is not to say that we agree in all respects with all Classical economists, or that we disagree always with all their opponents. We find analysis that presumes homogeneity is compelling, and we object to treatments entailing hierarchy. And we find that, on balance, the Classical economists fall on the side of homogeneity, while (again, on balance), their critics fall on the side of hierarchy.

[8] Much of the material in the chapters that follow has in fact been difficult for us to read. We reproduce it, and examine the arguments made thereby, in order to set the record straight, to learn from the past, and to make our case in favor of analysis that presumes homogeneous competence.

and as a community of academics, we have come to accept the proposition that the scientist is somehow superior to – better motivated or more able than – the individuals under investigation. We fail to trust those individuals to make reasonable choices. The co-authors find such a presumption of superiority on the part of the analyst is the last, unrecognized and resisted, form of hierarchy in social science. It is, we shall argue, simply the "vanity of the philosopher".

Of course, a look around us at any moment suggests that people are, in fact, different – inherent physical differences, for instance, abound. (One co-author is under 5 feet 2 inches, the other is about 6 feet, and relative price changes are not likely to reduce this difference.) So, our argument has much in common with Lionel Robbins', who in 1938 remembered the debates in economics over the differential capacity for happiness:

> I have always felt that, as a first approximation in handling questions relating to the lives and actions of large masses of people, the approach which counts each man as one, and, on that assumption, asks which way lies the greatest happiness, is less likely to lead one astray than any of the absolute systems. I do not believe, and I never have believed, that in fact men are necessarily equal or should always be judged as such. But I do believe that, in most cases, political calculations which do not treat them *as if* they were equal are morally revolting. (1938, p. 635)

The point of what follows, is that a presumption of *group* difference – when the definition of the group is pliable and the analyst is presumed to be in the superior group – is dangerously tempting.

This book therefore attempts to show the consequences of hierarchy in social science. We show how the "vanity of the philosopher" has led to recommendations that range from the more benign but, in our view, still objectionable "looking-after", paternalism, to overriding preferences, and, in the extreme, to eliminating purportedly bad preferences and even those or the future children of those who possess them. Our conclusion is that, at least as a first approximation, an analytical system which abstracts from difference and presumes equal competence (though unequal circumstances), is morally compelling. The difference between presuming unequal circumstances but equal inherent abilities is, of course, crucial. If circumstances and abilities both differ, an equalizing transfer of resources (education and income) will not result in equality, and we are never warranted in fully trusting the inferior group to make the correct choices. If circumstances differ but abilities are the same, the same equalizing transfer of resources will lead to full equality of outcomes, and we can trust individuals to put the transfers to good uses. The test for egalitarianism in what follows, then, is whether the analyst sufficiently trusts the subject to make unimpeded economic and political choices, or instead insists on somehow coercing specific choices and overriding preferences.