

# John Stuart Mill, Virtues and the Laboring Classes, with Notes on McCloskey

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## Abstract

Deirdre McCloskey's work on bourgeois virtues is pathbreaking, but it has relatively little to say about working class virtues. The present paper turns to John Stuart Mill (a McCloskey favorite) for his take on the "future of the laboring classes" (Mill [1848] 1965, 758–796). If modern capitalism is the world created by McCloskey's bourgeois virtues, what would the world created by Mill's working-class virtues look like? Key to that vision is the emergence of an economy based on producer cooperatives. McCloskey is undoubtedly right that the bourgeoisie has greatly improved the material conditions of the mass of workers, but those workers have been left viewing the larger portion of their lives as instrumental. The major workday virtue of the modern worker remains temperance/discipline. Mill and his wife, Harriet Taylor, anticipate cooperatives as generating a much richer work life, a work life that would encourage the development of a range of virtues in the workers themselves. It is clear that Britain (and most of the rest of the world) has not evolved the way that Mill anticipated. To what extent then must we conclude that a widespread sense of virtue has slipped through our hands?

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## 1. Introduction

John Stuart Mill is a giant of philosophy, political thought, and economics. He virtually invents our modern understanding of liberty. He is a major supporter of the expansion of the franchise, (including the vote for women). He is a strong advocate of free trade and laissez-faire. He is highly aware of the impressive expansion of national income under the new mode of production ushered in by the Industrial Revolution. Through most of the modern period Mill's support for personal freedom and market freedom has generally been taken as unconditional support for capitalism. One might on this basis reasonably expect Mill to be in fundamental sympathy with the tri-

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umphalist argument of Deirdre McCloskey's (2006; 2010; 2016) trilogy on the rise and success of the bourgeoisie. But to argue such a position is to ignore Mill's fundamental understanding of and commitment to a political economy of progress and his own brand of socialism (Miller 2003; Persky 2016; McCabe 2019). Mill and his wife, Harriet Taylor, are close to founding members of what McCloskey labels the clerisy – the bourgeois intelligentsia that remains highly critical of the business elements of its own class (McCloskey 2006, 71–3). While they acknowledge the impressive energy and accomplishments of entrepreneurs, they still anticipate and welcome an evolution of the economy from the capitalism of their day to an economy dominated by producer cooperatives. Without denying the virtues of some capitalists, they anticipate an economic order in which a common worker will be able to develop their own character in a virtuous manner.

Looking to the past, Mill sketches the importance of the expansion of the material base to the deepening of society's understanding and commitment to justice. Over time what had been viewed as "expedient" in productive relations has increasingly been labelled as unjust – unjust because it denied liberty to individuals (Mill [1861] 1985, 258–259). Most egregious had been the exploitation of slavery. The paternalism of feudalism raised security above all other values even as it tightly circumscribed individual liberty (Mill [1848] 1965, 880). The advent of capitalism brought a new set of personal freedoms. But the employment relationship under capitalism greatly limited the ability of workers to achieve meaningful self-development or their own appreciation of an expanded justice.

McCloskey emphasizes what bourgeois virtues have done for all of us. Of course, she is not opposed to the development of virtue in the working class. But considering such development seriously can lead in a very different direction. Mill sees the development of character in the working classes as a, perhaps the, primary goal for modern society (Donner 1991). The future he charts (indeed, expects) from such development leads to an economy of cooperation, not capitalism.

Mill is a far cry from McCloskey's Max-U economists. (Indeed, this is why he is a McCloskey favorite.) For Mill the highest social utility is achieved when individuals can build their lives around active self-development. Mill firmly believes in, and is committed to, developing the higher pleasures and basic virtues. But the capitalist employment relationship hardly offers broad opportunity for the continuation of such developments. Instead, it emphasizes for the worker only temperance, the classical virtue of all lower classes. During the working day, capitalist employers look for discipline and self-control from the vast majority of their workers. There is little or no opportunity for self-expression and development in the job. Without that freedom, workers can hardly be expected to develop the active virtues of prudence and justice. Developing through education a broader appreciation of their own potential, but constantly hemmed in by the realities of the workplace, the working classes must be frustrated in their rising aspirations. At best the capitalist workday conditions may

generate temperance as a byproduct of resignation. At worst they lead to an alienated cynicism toward the entire productive enterprise of society.

Again, Mill saw this industrial sociology in the context of his understanding of Malthusian tendencies that left labor markets centered at subsistence wages (Mill [1848] 1965, 712). Low wages then left the employment relationship as little more than an exercise in authoritarian control with only a slim range for individual self-development.

Despite this dire picture, Mill is cautiously optimistic. His sense of progress and history do not stop with the advent of modern capitalism. Instead he is hopeful, although not certain, that the future holds a new promise for a flowering of individual virtues. Mill's concerns are fundamentally normative, but, as he argues, our norms develop with the material development of the society. The broad arc of history moves us toward richer possibilities. His progressive optimism is not based on the "rightness" of the argument, but on underlying material changes. Yes, he hopes for a new society, but he anchors that hope in his reading of historical tendencies and political economy. He sees the evolution of society leading to a broader justice made possible by a promising structural shift from the capitalist firm to the cooperative enterprise. The starting point of Mill's argument rests on his analysis of the future of profit rates. Before turning to that argument, it may be useful to review Mill's general attitude toward self-development and the question of virtue.

## 2. Background on Mill and Virtue

Mill, of course, is committed to utilitarianism. And by that scheme he holds "actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness." And lest anyone doubt, he is explicit that "by happiness is intended pleasure, and the absence of pain," (Mill [1861] 1985, 210). At first glance this utilitarian frame has a whiff of narrow gluttony about it. And much of McCloskey's treatment of utilitarianism tends to play to such a view. But as McCloskey senses Mill has a much broader canvas in mind. Mill claims, "Utilitarianism could only attain its end by the general cultivation of nobleness of character," (*ibid.*, 214). McCloskey certainly is sympathetic to such an end.

Similarly, McCloskey, while rooted in very different principles, cannot be much distressed by Mill's treatment of virtues. Mill goes to great lengths to connect a desire for virtue with happiness. Utilitarians, according to Mill, "place virtue at the very head of the things which are good as means to the ultimate end." Mill goes on, "They [utilitarians] also recognize as a psychological fact the possibility of its [virtue's] being, to the individual, a good in itself, without looking to any end beyond it." And if this is not enough utilitarians "hold, that the mind is not in a right state, not in a state conformable to Utility, not in the state most conducive to the general happiness, unless it does love virtue in this manner – as a thing desirable in itself, even although, in the

individual instance, it should not produce those other desirable consequences which it tends to produce, and on account of which it is held to be virtue” (*ibid.*, 235).

Mill suggests an associational mechanism for how virtue develops. He suspects virtuous acts are early connected with a protection from pain. Then, over time, virtue is increasingly sought in its own right. Habit becomes the partner of desire and may ultimately be the more steady force. All of this is consistent with Mill’s famous distinction between higher and lower pleasures.<sup>1</sup> Indeed, virtue might be characterized as the most socially valuable of the higher pleasures. I do not know how one of McCloskey’s Max U economists would work all this into their utility functions, but certainly the Victorian Mill saw no problem with combining virtue with his utilitarian principles.

My point in making this digression is that whatever differences remain between McCloskey and Mill on the question of virtue are not fundamental. In particular, they are not likely related to the choice of the first for liberal capitalism and of the second for a cooperative economy. Both McCloskey and Mill are concerned with virtue, practically defined in much the same way. But the main difference between them is a positive one concerning the likely development of economic institutions. The economic historian McCloskey traces the consequences of the rise of bourgeois virtue for the development of the world economy. She observes repeatedly that the clerisy has been unreasonably ungrateful to the capitalists for what they have achieved. Be that as it may the ungratefulness of the clerisy is largely beside the point. At its core, McCloskey’s argument is primarily an exercise in positive economics. In Mill’s political economics, the evolution of the economy does not stop with capitalism. Mill sees fundamental historic tendencies moving the economy toward cooperative, self-managed firms. Mill anticipates that this new institutional structure will allow the development in the working classes of a range of virtues heretofore unknown to them. He makes a strong normative case that these changes are a good thing. Still, like McCloskey’s story, Mill’s story is primarily a claim in positive economics. The issue between these two is not virtue ethics vs. utilitarianism, but rather who is generating the most accurate positive economics.

### 3. Declining Profits

Turn then to Mill’s positive story. Like most classical economists, including Smith, Ricardo, and Marx, Mill has a theory of declining profit rates. But Mill’s theory is quite different from theirs. Smith sees a declining profit rate as the product of capital accumulation. Lower profits point toward a bittersweet stationary state. Ricardo sees his declining profit rate theory as the base for an attack on the landed classes and a liberal

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<sup>1</sup> Critics of Mill raise the possibility that his position on higher and lower pleasures contradicts his basic utilitarian argument. But that need not bother us in the present context.

commitment to free trade. Marx sees his declining profit rate theory as the harbinger of the onset of communist revolution. But Mill sees his declining profit rate theory as the key to a new cooperative economy that will provide the material base for the expansion of liberty to the largest share of the population.

Why is Mill's forecast so different? Key to Mill's approach is the educational and moral development of the working class. Like most classical economists, Mill is very much convinced by the Malthusian population argument. Wages are kept to a subsistence level because any increase in the wage encourages workers to reproduce at a higher rate. The critics (for example William Whewell) of hard-hearted Malthusianism see no room for development in the classical camp. But Mill is not the typical classical economist. He anticipates major changes in working class behavior. The rise of Methodism, the expansion of the popular press, and the continuing urbanization of the country all encourage workers to seek out more education for themselves and their children (Mill [1848] 1965, 762). For Mill, this educational revolution plays a central role in building the capacity of the working class to exercise prudence and self-control based on their increasing understanding of population dynamics. In particular, he sees the possibility of the working class taking control of its growth, and thus dulling Malthusian population pressure.

At this point, Mill draws on the Ricardian wage-fund theory.<sup>2</sup> At any given time, the accumulation of capitalists has created a stock of capital for hiring labor. The smaller the size of the labor force at that time the higher the wage. More generally, if the labor force grows slower than the wage fund, the wage rate will rise. In this Ricardian mode, Mill anticipates a simple wage-profit trade-off. As workers control their population they increase their wages, and at the same time squeeze the rate of profit. Mill sees this improvement in workers' conditions as a direct result of their broader education and increasing virtues, both prudence and temperance.

Mill was sure that the profit rate in Britain was already quite low, "within a hand's breadth of the minimum" (Mill [1848] 1965, 738). A substantial increase in wages would drive it down to levels which left little if any incentive for capitalist investment. As with other classical economists such a situation could be expected to give rise to a stationary state.

It should be noted that Mill was aware that there was a range of "counter acting circumstances" (*ibid.*, 741) that might interfere with the process he had sketched. First, of course, the working class might not gain control over its reproduction. Then Mill anticipated the standard Ricardian result, rising population coupled with rising rents and falling profits. In that scenario workers would be left at subsistence wages. Second, profits might be held up by the periodic destruction of capital in periods of

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<sup>2</sup> The mechanics are addressed in Mill ([1848] 1965, Book IV, Chapter iii). Late in his life, Mill famously recants on the wage-fund theory and asserts that the wage bargain is not mechanically determined (Kurer 1998). This conclusion opens room for workers to gain from unionization. This change has little impact on the present argument and Mill continued to see unions as primarily a steppingstone to the organization of worker-controlled cooperatives.

crisis and panic. Third Mill pointed to the central role of technological change that raised productivity. Fourth industry might gain access to cheaper inputs from abroad. And finally capital as it accumulates may be transferred abroad to “colonies and foreign countries” (*ibid.*, 741–6). This prescient list anticipates much of the Marxian discussion of “counter-tendencies” and remains a thoughtful explanation for the continuing substantial returns on capital in market economies.

#### **4. Mill’s Historical Materialism: The Emergence of Cooperative Firms**

Put aside the powerful counter acting circumstances. Focus on Mill’s vision. At this point in the argument, with profits falling close to zero, Mill’s understanding of the emerging stationary state differs dramatically from that described by the classical economists, both those on his right and his left.<sup>3</sup> Mill is famous for his optimism concerning the stationary state. But most commentators on Mill fail to connect his chapter on the stationary state with his very next chapter “On the Probable Futurity of the Labouring Classes.” That chapter, Mill asserts, was heavily influenced by his wife, Harriet Taylor Mill. And in that chapter Mill and Taylor play out the full consequences of the falling rate of profit. It is in that chapter that Mill envisions the development of a competitive economy based not on capitalist firms, but on producer cooperatives.

Where Smith and Ricardo saw stagnation, where Marx anticipated socialist revolution, Mill looked forward to the emergence of voluntary producer cooperatives. Mill lays out the logic of the transition. With rates of return close to zero, capitalists are unwilling to take on the responsibilities of investment. They are glad to offer their capital to workers cooperatives which offer modest interest rates (Mill [1848] 1965, 793). (Note: Mill was never an advocate of uncompensated seizure of property. Rather, anticipating themes in Keynes he looked toward the euthanasia of the rentiers.) In this way the capitalist class provides much of the financing for the new institutions.

Under the circumstances, capitalist incentives for withdrawing from management are clear. But what are the incentives urging the working class to take on this range of responsibilities in a world of only modest returns. Mill is convinced that the capitalist employment relation with its physical intimidation, arbitrary power, and authoritarian structure left workers in a situation of effective dependency. Yes, workers had the freedom to contract, but for all practical purposes once in the workplace they were subjects of an abject tyranny. Like the feudal serf, the capitalist factory worker might aspire to no virtue other than a domesticated temperance. But where the feudal serf had submitted to the lord’s control in exchange for security in a physically violent world,

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<sup>3</sup> McCloskey (2010, 383–4) insists on reading Mill as a classical pessimist. But that is largely because she does not take seriously Mill’s endorsement of and expectation of a cooperative economy.

the factory laborer no longer suffered from the same insecurity. Better educated workers see the employment relationship of the capitalist firm as fundamentally unattractive and lacking any serious possibilities for self-development.

This new type of worker seeks liberty guaranteed by participation in the political sphere. Mill held that democratic institutions in politics were the only reliable basis for political liberty. In much the same way, he saw democratic institutions in the workplace as the foundation for a new economic liberty, a liberty capable of supporting individual character development. Mill writes, “Associations like those which we have described, by the very process of their success, are a course of education in those moral and active qualities by which alone success can be either deserved or attained” (*ibid.*, 793).<sup>4</sup>

Mill acknowledged that a competitive agricultural society of independent proprietors might provide an alternative route to meaningful economic freedoms, at least for the heads of paternalistic households. (Mill was acutely aware that peasant agriculture had almost everywhere been strongly paternalistic, a characteristic he saw at odds with the expansion of liberty.) But, in general, the massive economies of scale created by the industrial revolution left the independent-proprietor mode of production a hopelessly inefficient romantic throwback. Mill argued that the greater share of the working class having achieved a significant increase in real wages would not be eager to give it up for low productivity independent production. Hence, he expects the working class to explicitly reject a move to independent production.

Mill looks to cooperatives to provide an attractive alternative to the capitalist employment relationship, an alternative that would allow individuals to have meaningful influence on their work life as well as an alternative that would allow the exercise of liberty in a democratic setting. But Mill hopes that the turn toward cooperation will not be a move away from competitive markets (*ibid.*, 794–6). (Surely McCloskey is glad to hear this news.) Many 19<sup>th</sup> century supporters of producer cooperatives (for example, Robert Owen and Luis Blanc) saw them as building blocks in a new economy that would supersede competition. Similarly, Marx and later Lenin at times argued for a role for producer cooperatives in planned economies that would generally suppress market transactions. Perhaps the most ambitious scheme of this type was that advanced by the British Guild Socialists and GDH Cole at the end of World War I (Persky and Madden 2019). All these writers saw markets as fundamentally corrosive. But Mill throughout his life is sure of the value of markets and the value of a competitive economy. The corrosion in capitalism lies in the authoritarian organization of the firm, not the market per se. Indeed, Mill aims his most fundamental criticism of socialists at their intention to suppress the market and competition. He

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<sup>4</sup> Ziliak, drawing on Carlisle’s *John Stuart Mill* (1991), observes that Mill “struggled throughout his life to theorize the relationship between character structure and economic organization” (2004, 9). Admittedly, Mill’s thoughts on cooperatives and character development remain an optimistic starting point and never emerge as a full-fledged theory of working class character development.

deeply distrusts centralized planning and strongly advocates a decentralized economy. Hence, he envisions as most attractive a market system populated not by capitalist firms, but by democratic producer cooperatives (Mill [1848] 1965, 794–6).

The producer cooperative expands liberty in meaningful ways. Most immediately it does away with the petty and arbitrary tyranny of the foreman. More basically it encourages workers to take ownership of their role in production. Mill and a number of commentators since argue that the cooperative firm will have a more positive attitude characterized by less shirking and more spirit as workers understand the relation between production and their own welfare (Bowles and Gintis 1993; Dow 2003). In this view the producer cooperative will be more productive than the capitalist firm. However, these same commentators, perhaps including Mill, worry that the cooperative firm will be less willing to undertake new investments. An economy of cooperative firms might have a slower rate of technological improvement.

## 5. The Insufficiency of Libertarian Justice

Putting aside the question of technical progress, our main interest is the means by which the cooperative establishment influences the virtuous self-development of individual workers. Mill sees a broad shift toward producer cooperatives as fundamental to the realization of a meaningful economic justice for the working classes. This claim is very much at odds with the libertarian understanding of economic justice. Deirdre McCloskey sees justice largely in the terms of transactions in the marketplace. For McCloskey (2016, 569–73) the employment relation is a simple exercise of liberty and contract. Here, McCloskey echoes the work of Robert Nozick who builds on a State-of-Nature Theory. Key to that theory is Nozick's ([1974] 2013, 150–60) understanding of Entitlement Theory, which starting from Locke sees two major components to the justice of holdings: justice in acquisition and justice in transfer. Justice in acquisition is a variant on Locke's understanding of appropriation of an unowned thing with one's labor and with no harm to others. Transfer then is just if it is undertaken voluntarily, as inheritance, as a gift, or in a market transaction. If, however, property has been achieved outside these basic rules it is illegitimate. In this type of libertarian world view justice is achieved in an economic system that recognizes the justice of entitlement theory and imposes no other pattern on the outcomes of economic activity.

At this point a number of issues might be raised. Chief among these is the dubious nature of transfer as it has been realized in history. Mill ([1848] 1965, 217) himself had commented on how impossible it would be to trace the legitimacy of the transfer of private property through the centuries. Or what recompense is owed (and by whom?) to those whose ancestors were kidnapped and against their will forced into slavery?

For Mill the realm of economic justice cannot be considered only the world of transactions. That realm necessarily includes our day-to-day lives in production. The



fact that one's slavery was the result of a voluntary choice cannot erase the obvious constraints on the life of a slave. And by similar argument, the fact that a worker's choice of employers is voluntary cannot erase the very obvious constraints on the life and development of the worker under capitalism.

Mill is acutely aware that economic justice requires much more in the modern setting. He looks back at the progress of civilization and identifies the historic expansion of economic justice as characterized not only by increasing freedom of transactions, but also by increasing freedom in production. From slavery through feudalism to capitalism the meaning of justice expanded, and with it the domain of individual self-definition in production. Mill is hopeful that the future contains further progress. His political economy points toward the possibilities of a new economic system: producer cooperatives. Previous systemic changes had generated a broadening understanding of economic justice even as they raised demands for the realization of these new definitions of justice. The emerging sense of justice was not limited to the justice of transaction but extended to the work relationship. So too the move to cooperatives promised a major expansion of economic justice exercised within the workplace.

The parallels to the expansion of political liberties are obvious. As the working class gains meaningful liberty and personal dignity in its new political role, so too it promises to take on a new set of challenges in its economic role.<sup>5</sup>

The libertarian view of the employment relationship as advanced by Nozick and McCloskey is well countered by G. A. Cohen (1995). Cohen develops the case that the employment relation is fundamentally compromised by the worker's need for a job. Even if not through any particular action by the employer, workers are forced to subordinate themselves. Even if all previous transactions have been just, the workers are essentially forced to accept a situation which much limits their personal freedom. Under the circumstances we do well to seriously consider other social organization such as cooperatives which, while admittedly limiting the liberty of some, greatly expand the liberty of most.

Mill thought he saw a way that the course of economic progress would lead to cooperatives and an expansion of economic freedom into the workplace. If the market had freely devolved the way Mill predicted, presumably McCloskey or Nozick would

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<sup>5</sup> Interestingly, Nozick explicitly considers both "Meaningful Work" and "Workers Control." Much of this attention is devoted to various arguments that workers are not really interested in these ends. He is fairly sure that subordination at work doesn't seriously affect "self-esteem." After all neither symphony musicians nor army draftees nor those successfully climbing "organizational ladders" seem to suffer much reduction in "self-esteem." Indeed, he suspects "subordinates with low self-esteem begin that way" ([1974] 2013, 246). Yet in both these sections Nozick is very much on the defensive. He is sociologically astute enough to appreciate that the environment of one's entire work life is likely to influence one's character. He makes a few half-hearted suggestions that if workers really wanted more freedom in the workplace they might themselves find financing for producer cooperatives.

have no objection to a regime of successful voluntary cooperatives financed in the open market with funds borrowed from rentiers facing near zero-interest rates.

## 6. Cooperation and Workers' Virtues

If the capitalist economy allowed for some members of the bourgeoisie to develop and exercise bourgeois virtues, the cooperative economy promises workers jobs in which they can develop what we might call working class virtues. As McCloskey observes the serf and then the early manufacturing worker might develop temperance and self-control. But surely these character traits are viewed as virtuous primarily by the workers' lord or employer. These are not the conditions to generate meaningful self-development. Rather they are likely to produce some form of alienation. No one suggests that alienation would generate virtuous behavior among workers. Of course, the modern corporation fights mightily to win the enthusiasm and energy of its employees. The entire field of human relations is devoted to just this enterprise.

But Mill is not looking to a reform of capitalist firms. It is the cooperative enterprise, according to Mill, which will bring out the best in its worker-owners. "Eventually, and in perhaps a less remote future than may be supposed, we may, through the co-operative principle, see our way to a change in society, which would combine the freedom and independence of the individual, with the moral, intellectual, and economical advantages of aggregate production." The new cooperatives "by the very process of their success, are a course of education in those moral and active qualities by which alone success can be either deserved or attained. As associations multiplied, they would tend more and more to absorb all work-people, except those who have too little understanding, or too little virtue, to be capable of learning to act on any other system than that of narrow selfishness" (Mill [1848] 1965, 793).

The thought is that workers will develop an increasing interest in their workday activities and the management of their cooperatively owned establishments. As this class peacefully takes over the accumulated productive capital of society

the existing accumulations of capital might honestly, and by a kind of spontaneous process, become in the end the joint property of all who participate in their productive employment: a transformation of an inferior class in capacity and in true morality which, thus effected, (and assuming of course that both sexes participate equally in the rights and in the government of the association) would be the nearest approach to social justice, and the most beneficial ordering of industrial affairs for the universal good, which it is possible at present to foresee (*ibid.*, 793–4).

Now Mill sees these enterprises as operating in markets in a competitive setting. Many of the bourgeois virtues McCloskey describes are likely in this context to be achieved by the workers themselves. They will be concerned with the quality of their product and the craftsmanship of their work. At the same time, Mill sees the largest share of workers as developing a sense of justice with respect to their fellow coop-

erators. Taking on the roles and responsibilities of adults, not children, they will develop not only as workers, but as individuals with moral sense. They will appreciate the justice of their own enterprise and in this understanding develop their own character along more just lines.

## 7. What Happened? What's Possible?

McCloskey is writing the history of bourgeois virtues. She has a distinct advantage over Mill in that the world she describes is the one that actually emerged. Mill is at a considerable disadvantage. The world he describes is one that he only dimly sees emerging in the future. In the 20<sup>th</sup> century cooperatives became at best a footnote in works of formal economics. For sure Mill's vision of a competitive cooperative economy failed to materialize on anything like the scale he anticipated. Any number of reasons can be advanced in explanation. First and foremost, Mill's key mechanism the fall of the profit rate to zero never occurred. While the Great Depression refreshed memories of Mill's theory (and Marx's) the prediction of a long-term fall to a zero profit rate was not realized. The literature on trends in profit rates is massive and shows no signs of abating.<sup>6</sup> But one doesn't have to go much beyond Mill's original discussion of counter-tendencies in looking for explanations. These were just stronger than Mill's reading of the power of accumulation to lower profit rates.

Parallel to these developments in profits has been the history of wages. And if wages did not rise enough to push profits to zero in industrialized countries, they did rise (as McCloskey 2016, 589–96 emphasizes). The Malthusian threat did recede. And workers did gain an element of liberty in the consumer market place. In the 20<sup>th</sup> century we saw the emergence of a new political economy of consumer sovereignty. Interestingly the first to talk about consumer sovereignty, William Hutt (1940), explicitly put it forward not as a recipe for achieving Pareto efficiency, but rather as a window of freedom available to workers who in their workplaces faced an authoritarian system of control. That is, consumer sovereignty, according to Hutt, was something of a compromise that allowed workers an element of economic freedom in exchange for their acceptance of the constraints on liberty at work.

Profits then failed to fall to zero and wages rose considerably. In this 20<sup>th</sup> century world the progress that Mill sought was conditional on just the type of voluntary efforts that Nozick describes. Whatever such institutions' advantages with respect to morale, they seem to have suffered from considerable disadvantages in the areas of risk taking and investment (Bowles and Gintis 1993). I would raise the speculation that the record reflects the difficulty the cooperative has in attracting strong leadership in competition with capitalist firms. This observation brings to mind Steve Marglin's

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<sup>6</sup> I particularly recommend Anwar Shaikh's *Capitalism: Competition, Conflict, Crises* (2016) on this point.

(1974) still highly relevant essay, “What Do Bosses Do?” Much more work could be devoted to the question of why individuals of talent and capacity, even those brought up in working class and lower middle class families, have so little commitment to expanding the range of economic liberty in the workplace. Why, like Marglin’s bosses, do they have so little fellow feeling?

Perhaps there is nothing to be done. Perhaps as McCloskey tells us the bourgeois virtues are the best we can hope for. But surely McCloskey must have doubts about the character of typical workers created in this society. McCloskey, the liberal, must, like me, worry at night about the recurring energy of working-class nationalism, not to mention working-class fascism. Mill’s cooperative vision for the working class was far more liberating. Clearly Mill’s vision has not come to pass. But we do ourselves little good to simply deny the implications of this loss of virtue and economic liberty and the opportunities for self-development they might have opened. If Mill was overly optimistic about the progressive path of the economy, that does not imply that we can simply ignore the realities of the employment relation in the here and now. Perhaps some place to start is with the intriguing work of Elizabeth Anderson on *How Employers Rule our Lives* (2017). A meaningful liberalism must begin to explore the possibilities still open to us for bringing liberty and virtue and the opportunity for self-definition into the modern workplace.

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