

Faction and the warping of the moral imagination:

When trade becomes a zero sum

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January 3, 2016

1 Introduction

Economists have struggled for centuries with the relationship between the self and others and the implications of that relationship for economic actions. For economists in the classical tradition of Adam Smith, the question was central to all economic analysis, to the wealth and flourishing of nations. Late in the nineteenth century, economists began to consciously relegate the relationship to less important endeavors, to the history of an older and unimportant economic analysis. It was subsequently forgotten as economics became almost exclusively associated with the pursuit of static efficiency.

At least in part as a result of the financial crisis in 2008, but also as a result of a rich and growing experimental and empirical literature that demonstrates a significant gap between predicted and actual behavior vis à vis selfishness or altruism, a new and more capacious economics has recently reemerged. In this reimagining of the economic problem, economic analysis proposes to investigate the relationship between self- and other-regarding preferences. This reimagining reminds us that an economics in which actors are supposed to be entirely self-regarding is at odds with evidence about how people actually behave. It has also connected insights from Smith's *Theory of Moral Sentiments* to experimental regularities such as cooperation and sharing.

At the heart of this change is a growing consensus that economic actors are not simply selfish or even self-interested but they also sacrifice their own material or physical well-being to help others, even though, as Smith put it in the passage above, they “derive nothing” from doing so, no promise of future reciprocity, no reputational gain, nothing but the pure joy associated with a praiseworthy act. For Smith, one becomes generous and virtuous through the imaginative exchange of approbation, in the “great school” of self-command.

This newer approach defends the Smithian claim that economic activity is a means by which people acquire a sense of ethics, reciprocity, fairness, trust, altruism and virtue. It reminds us, first, that economists did not always pursue only efficiency or regard economic actors as primarily selfish or entirely unconnected to fellow beings. Instead, the standard account of economics by which the *Wealth of Nations* is cast differently from and independent of *Theory of Moral Sentiments* is simply wrong-headed, notwithstanding eminent scholars such as Jacob Viner who held there was an “Adam Smith Problem”.

A traditional puzzle that underpins the “Adam Smith Problem” is the purported absence in the *Wealth of Nations* of the spectator who has such an important role in *Theory of Moral Sentiments*. Smith’s treatment of foundational issues in *Wealth of Nations* is elliptical but his arguments presented to his young students and preserved in their lecture notes are developed at a more leisurely pace. To explain trade Smith appeals to the human desire to persuade. Before a trade is consummated, one must persuade another that the exchange is to the other’s interest. Thus, the spectator enters the *Wealth of Nations*. By an act of imagination one imagines the other’s desires and offers an argument that trade will benefit the other.

The gap between predicted and actual behavior has caused more or less discomfort amongst economic theorists at different periods of time. In 1870, William Stanley Jevons wrote about a “being of perfect good sense and foresight” whose actions, he acknowledged, were surely at odds with his predictions. Indeed, economists late in the nineteenth and early in the twentieth century posited that individuals were hopelessly irrational when it came to decisions about how much to save and when and whom to marry. The question, for early neoclassical economists such as Jevons, Alfred Marshall, Irving Fisher and A. C. Pigou was whether or not economics was sufficiently close to serve as an approximation for predicting behavior, and

second and more important, how best to “fix” myopic and ignorant economic people (Peart 2000). In this line of thought economists were to serve the goal of economic efficiency by teaching actors how best to behave.

As noted at the outset, all of this stands in stark contrast to Smith’s much earlier analysis in which sympathy does much moral and economic work. Yet for Smith and his followers a dark side of sympathy also exists. When sympathy is partial and extends only to those like ourselves, the desire for approval is warped by the desire for within-group – faction—approval. In this case one acts so as to cooperate with those in our group. For Smith and his followers, then, there can be *too much* cooperation, as when sub-groups cooperate within a prisoners’ dilemma setting (see Levy and Peart 2009).

We will first examine the mechanics of how sympathy serves to motivate, to stimulate our moral imagination; before turning to how that position was attacked in the nineteenth century with the argument that trade causes some to devolve, i.e. is negative sum. We then discuss *real* negative sum cases of partial sympathy, faction. I close with considerations of potential remedies to the problem of faction.

2 The mechanics of sympathy and moral imagination

The aspect of Smith’s argument that most radically differs from neoclassical economics is that trade is rooted in persuasion. The link to language is inevitable. I quote from surviving lecture notes:

If we should enquire into the principle in the human mind on which this disposition of trucking is founded, it is clearly the natural inclination every one has to persuade. The offering of a shilling, which to us appears to have so plain and simple a meaning, is in reality offering an argument to persuade one to do so and so as it is for his interest. Men

always endeavour to persuade others to be of their opinion even when the matter is of no consequence to them.

In Smith's view people learn, adapt, and become moral by acting within a framework of institutions that emerge largely outside the scope of human design, the market first and foremost. His views on the moralizing influence of commerce at least partially answer the questions that neoclassical economic analysis of the early twentieth century sort did so little to answer: why do humans cooperate? How do they gain self-control? Learn how much to save?

Smith's answer is that human interactions with those whose interests are most similar (e.g. with family members) help people learn self-control and learn to temper emotional outbursts.¹ Once our interactions extend beyond the family, however, as when a young child goes to school, or, later, engages in economic transactions, we encounter people who treat us without indulgence:

When [the child] is old enough to go to school, or to mix with its equals, it soon finds that they have no such indulgent partiality. It naturally wishes to gain their favour, and to

¹ "A very young child has no self-command; out, whatever are its emotions, whether fear, or grief, or anger, it endeavours always, by the violence of its outcries, to alarm, as much as it can, the attention of its nurse, or of its parents. While it remains under the custody of such partial protectors, its anger is the first and, perhaps, the only passion which it is taught to moderate. By noise and threatening they are, for their own ease, often obliged to frighten it into good temper; and the passion which incites it to attack, is restrained by that which teaches it to attend to its own safety." TMS III.iii.21-22; p. 145

avoid their hatred or contempt. Regard even to its own safety teaches it to do so; and it soon finds that it can do so in no other way than by moderating, not only its anger, but all its other passions, to the degree which its play-fellows and companions are likely to be pleased with. It thus enters into the great school of self-command, it studies to be more and more master of itself, and begins to exercise over its own feelings a discipline which the practice of the longest life is very seldom sufficient to bring to complete perfection (TMS III.iii.21-22; p. 145)

Since people are generally less willing in these encounters to indulge our mistakes, we come to correct them. Thus, economic interactions have a schooling effect, to help correct myopia and generate welfare-enhancing cooperation.

Smith recognized that the first and most steadfast myopia is that which places the self at the center of the universe: by the “selfish and original passions of human nature”, “the loss or gain of a very small interest of our own, appears to be of vastly more importance, excites a much more passionate joy or sorrow, a much more ardent desire or aversion, than the greatest concern of another with whom we have no particular connexion” (TMS III.iii.2-3; pp. 134-36). Without the exchange of approbation, without language there is no other and hence no requirement for reciprocity or civility: the sense that one resides at the center of the universe simply persists.²

² “Before we can make any proper comparison of those opposite interests, we must change our position. We must view them, neither from our own place nor yet from his, neither with our own eyes nor yet with his, but from the place and with the eyes of a third person, who has no particular connexion with either, and who judges with impartiality between us. Here, too, habit and experience have taught us to do this so easily and so readily, that we are scarce sensible that

With language, we convey our sense of self to others, and we learn how others perceive our self and our sense of self. We also learn about others; we exchange ideas and emotions with them.

The first lesson about trade, then, is that language forms the basis for imaginative exchange, for the placing of one's self in another's shoes, a necessary precondition for persuading the other party that the trade is beneficial and for giving and receiving approval or approbation.

For Smith, this first type of exchange, the exchange of approbation helps us become moral persons. As is well known, Smith distinguished between "praise" and "praiseworthiness" in *The Theory of Moral Sentiments*, and he held that we are all subject to the desire to be praiseworthy. While we may not always know how to obtain the approbation of others, we observe people's reactions to our acts and we come to understand what constitutes appropriate, or virtuous conduct by observing what is generally approved. We come to moderate our actions in order to obtain general approval. We come to understand that we are not the center of the universe and we behave accordingly.

to feel much for others and little for ourselves, that to retrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature; and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety. As to love our neighbor as we love ourselves is the great law

we do it; and it requires, in this case too, some degree of reflection, and even of philosophy, to convince us, how little interest we should take in the greatest concerns of our neighbour, how little we should be affected by whatever relates to him, if the sense of propriety and justice did not correct the otherwise natural inequality of our sentiments." (TMS III.iii.2-3; pp. 134-36).

of Christianity, so it is the great precept of nature to love ourselves only as we love our neighbor, or what comes to the same thing, as your neighbour is capable of loving us.

As Smith puts it “ignorant and groundless praise can give no solid joy” but we are pleased “with having done what is praise-worthy. We are pleased to think that we have rendered ourselves the natural objects of approbation” even if no explicit approbation is voiced. (Smith 1759).

So for Smith, we come to realize that we are indeed not at the center of the universe—or at least not there alone—through a process of exchange that cultivates our imagination. As we exchange ideas and images with those who are farther away from us, we develop our linguistic capacity and our sense of self-command. We come to take account of others as we act and we act in such a way as to, at least on balance, earn the approval of others. It is this which tempers our concern for the self.

Recent analyses take an instrumental view of cooperation, saying that humans cooperate because it is in their interests to do so; and we are able to cooperate because we have unique cognitive and linguistic skills. In part as a result of this instrumental view but also because their interest is in the evolution of human cooperation over time, the prisoners’ dilemma is central to their analysis. Generally these approaches all emphasize the importance of the market, of trade, for the development of co-operative behavior over time. As exchange multiplies and evolves over time, so, too, do institutions emerge that corral our selfish and less cooperative impulses. This approach continues to depend on an assumption of pre-determined goals.

Although language often figures in this approach, this is, perhaps, one area that might still be fleshed out. For it is through language that reciprocity and civility are cultivated.

Through language, people learn how others perceive the self and they learn about others.

Through trade they teach each other how goals can be attained. The first lesson about language,

then, is that it is the basis for imaginative exchange, for the placing of one's self in another's shoes, for giving and receiving approval or approbation. Language is necessary to the exchange of approbation just as it is necessary for material exchange. It is also necessary for economic trade to take place, for the division of labour.

The first significant benefit of (face to face) language, of discussion, in Smith's view is therefore that it induces moderation and perhaps even something we would today refer to as tolerance. It is through language, and the exchange of approbation over time, that we come to understand what is generally approved and we try to act accordingly. To the extent that we succeed, we become virtuous individuals. Importantly, for Smith all that is required for this is language and discussion and the freedom to engage in the exchange of approbation: civility and virtue emerge from our general desire for approval. In terms of governance, we are led to accept that ours is only one of many points of view in the search for consensus. Discussion is also a means by which our imaginative capacity is stretched to include at least partial understanding of the goals and arguments of others.

But there is more to language for Smith than its role in generating virtue. In his account discussion also generates significant material benefits. As noted above, Smith famously held that without discussion there is no trade; with discussion there is. Without the ability to converse, creatures like greyhounds and mastiffs are therefore unable to obtain the material benefits attendant on language:

The strength of the mastiff is not in the least supported either by the swiftness of the greyhound, or by the sagacity of the spaniel, or by the docility of the shepherd's dog. The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least contribute to

the better accommodation and conveniency of the species. Each animal is still obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows (Smith [1776] 1976: 30).

In contrast, humans have access to language and that enables them to obtain the benefits of specialization, trade and cooperation:

Among men, on the contrary, the most dissimilar geniuses are of use to one another; the different produces of their respective talents, by the general disposition to truck, barter, and exchange, being brought, as it were, into a common stock, where every man may purchase whatever part of the produce of other men's talents he has occasion for (Smith [1776] 1976: 30).

Discussion is also the key means by which wealth is produced and increased over time. In today's vernacular, it is via discussion that we are able best to decide who should do what and when. There is, then, an external economy in the realm of knowledge associated with discussion among free people.³ So, too, for Smith, institutions evolve that support cooperation, rules that harness our self-interested actions in order better to enable our sympathetic natures to flourish.

3 The attack on human capability: When trade is said to be negative sum

³ One dramatic example occurred at a celebrated dinner party hosted by Aaron Director with guests from the economics department at the University of Chicago. At this dinner, Ronald Coase famously changed the minds of his colleagues on the question of externalities and property rights. George Stigler described the conversation.

This view of human nature and human action was attacked in the 19 century (and continues to be attacked today). The argument of the attack is that trade/market transactions cause us to devolve, to change into less human or inferior people. Attacks on egalitarianism came from the “science” of anthropology and eugenics; “progressive” historians and literary critics like Thomas Carlyle; art critics like John Ruskin; progressive economists such as the Webbs and (later) J. R. Commons, and in the popular press, visually – artwork especially of John (later Sir John) Tenniel, the principal artist after 1865 for *Punch* magazine.

John Ruskin held that a market economy, industrialization, transformed works from being rational or potentially rational into drunken, idle, stupid humans. So, he contrasts the idyllic pre-industrial worker:

In old times, if a Conston peasant had any business at Ulverstone, he walked to Ulverstone; spent nothing but shoe-leather on the road, drank at the streams, and if he spent a couple of batz when he got to Ulverstone, it was the end of the world (Appleton’s 1878, 61).

Having joined the market economy, the worker devolves:

But now he would never think of doing such a thing! He first walks three miles in a contrary direction to a railroad-station, and then travels by railroad twenty-four miles to Ulverstone, paying two shillings fare. During the twenty-four miles transit, he is idle, dusty, stupid, and either more hot or cold than is pleasant to him. In either case he drinks beer at two or three of the stations, passes his time between them with anybody he can find, in talking without having anything to talk of; and such talk always becomes vicious. He arrives at Ulverstone, jaded, half-drunk, and otherwise demoralized, and three shillings, at least, poorer than in the morning. Of that sum a shilling has gone for beer,

threepence to a railway shareholder, threepence in coals, and eighteen pence has been spent in employing strong men in the vile mechanical work of making and driving a machine, instead of his own legs to carry the drunken lout. The results, absolute loss and demoralization to the poor on all sides, and iniquitous gain to the rich. (ibid, 61).

From this it was but a small step to the argument that such persons are not fit to vote, for self-government, that its people were naturally unable to look after themselves. For example, W. R. Greg (who, importantly, was a co-founder, with Francis (later, Sir) Galton, of eugenics, held that the Irish were naturally incapable and would always sink into poverty and debt *because* they are Irish:

But Mr. Mill forgets that, till you change the character of the Irish cottier, peasant-proprietorship would work no miracles. He would fall behind the instalments of his purchase-money, and would be called upon to surrender his farm. He would often neglect it in idleness, ignorance, jollity and drink, get into debt, and have to sell his property to the newest owner of a great estate.... In two generations Ireland would again be England's difficulty, come back upon her in an aggravated form. Mr. Mill never deigns to consider that an Irishman is an Irishman, and not an average human being — an idiomatic and idiosyncratic, not an abstract, man. (Greg 1869, p. 78).⁴

⁴ Mill, like John Bright, took the position that Ireland was indeed Ireland because of the severe institutional failings there. Mill wrote in his *Principles of Political Economy* in a now-famous passage that “Is it not, then, a bitter satire on the mode in which opinions are formed on the most important problems of human nature and life, to find public instructors of the greatest

Mill took the opposite view and for this he was mocked in the popular press. The Victorian highly popular journal, *Punch*, featured a huge number of cartoons on the Irish. I want to show you, first, this image from *Punch* magazine, John Bright & the Irish. The Irish, like women, lack the capacity for self-government. So, like Donizetti's operatic treatment in *L'Elisir D'Amour*, they are duped into seeking after Doctor Dulcamara who sells them the easy tonic, "Radical Reform."

pretensions, imputing the backwardness of Irish industry, and the want of energy of the Irish people in improving their condition, to a peculiar indolence and *insouciance* in the Celtic race? Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences." (1848, p. 319)



DR. DULCAMARA IN DUBLIN.

The Irish in the images are Ruskin's devolved market participants.⁵ They have bulging eyes and protruding jaws. In literary sources, as well, the Irish paddy became a cause célèbre.

Punch's principal artist, John Tenniel (later Sir John Tenniel) perfected his portrayal of the Irish-as-inferior, practicing it frequently for *Punch* until any unruly Irishman came to look the same as any other and all were inferior to an Englishman, as in these cartoons, in which the Governor Eyre controversy becomes an issue (in the first), and the contrast between the English and Irish is made (in the second):

⁵The occasion of the cartoon is the Reform Act, which enfranchised some two million additional voters and cleared the way for future reform. Bright was explicit about the capacity argument – urging that all men (not women, though) had the capacity for self-governance.



“REBELLION HAD BAD LUCK.”

JOHN BULL. “THERE, GET OUT! DON'T LET ME SEE YOUR UGLY FACE AGAIN FOR TWENTY YEARS; AND THANK YOUR STARS YOU WERE STOPPED IN TIME!”

Those who held that trade was negative sum also said that women were unable to make these decisions “rationally” and they should not be allowed to do so. Left to their own devices, women would make the wrong marriage choice (think of the piece you read by Sidney Webb). They would systematically marry the wrong person, or marry at too young an age and have too many children. In 1882 W. S. Jevons extended this argument to say that if child-bearing women were free to enter the labour force, they would systematically marry louts (who would not support them) and work too much (W. S. Jevons’ “Married Women in Factories” 1882 *Contemporary Review* article): “It must be evident, too, that the facility with which a young married woman can now set her children aside, and go to earn good wages in the mills, forms the strongest possible incentive to improvident and wrongful marriages.” Below is a rendition of a woman who enters the labour market, and becomes transformed.



"SLAVEY."

At the same time, anthropologists (e.g. James Hunt) and biologists argued 1860s that “sympathy” for the purportedly inferior *should* be suppressed, that it hampered the (good) operation of natural law (evolution). If we / humans are governed in part by sympathy, we won’t let the infirm and the sick die off – and the gene pool would degenerate. From here it is but a small step to positive and negative eugenics policies, social engineering of the sort approved by Sidney Webb.

4 The (real) dark side of sympathy: Collusion

While the classical economists (Smith-Mill) would have no part of the argument by their critics that trade causes one to devolve, they were, however, quite preoccupied with another dark side of markets, collusion. Here, they recognized that trade might actually be negative sum. The argument requires a distinction between Smithian “commercial life” and capitalism in the messy form in which it now exists, regulatory capture and all. In this instance, Smith gives us much to think about. He was troubled by what happens when the desire for approval is warped by the desire for within-group – faction—approval; so, for Smith, there can be *too much* cooperation, as when sub-groups cooperate within a prisoners’ dilemma setting (see Levy and Peart 2009).

As noted earlier, classical economists held that all people are connected by bonds of sympathy that carry motivational force and generate a wide sphere of reciprocity. Yet they also recognized the strong tendency for people to form groups characterized by relative uniformity in social or economic dimensions. Here arose the danger of “factions,” of cooperative action within one group at the expense of another. As noted above, Smith held that the family is the first faction. To attain self-command, a child needs to be among those who are not partial and indulgent.. Unlike the division of labor, where gains from specialization and trade accrue on both

sides of a transaction, for Smith and, even more, for his follower James Mill factions are associated with negative sum outcomes.

When small groups cooperate at the expense of large groups, the problem that greatly troubled James Mill, the outcome is deleterious. Smith believed that “Masters are always and every where in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate. To violate this combination is every where a most unpopular action, and a sort of reproach to a master among his neighbours and equals.” Importantly, masters regard one another as “neighbours and equals”: they are close to each other in social and economic dimensions, and as a consequence they seek the approval of those within the group by taking steps that harm those outside the group.

While Smith focused on the economic problem of collusion, it was the political context of groups exploiting one another that especially troubled James Mill. In Mill’s view, such factions emerge out of and then rely on and reinforce political or economic power. Unchecked power is the means by which an individual or a group promotes its interest to the detriment of others: “[I]f one man has power over others placed in his hands, he will make use of it for an evil purpose; for the purpose of rendering those other men the abject instruments of his will.”⁶ When one is “lifted high above” others, one need not *earn* the approval of the ruled; instead one is afforded a “powerful means of obtaining their services” whether one acts in a deserving manner or not, “altogether independent of his conduct.”

⁶ James Mill, “Government,” *Supplement to the Encyclopedia Britannica*. Here Mill was in line with Smith: “All for ourselves and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind.” Adam Smith, *Wealth of Nations*.

James Mill followed Smith in using sympathetic considerations to explain group formation, organization, and persistence. For Mill, as for Smith, affection for others is motivational: “that important class of Motives which arise from the contemplation of our fellow-creatures, as the cause of our Pleasures, and Pains.”⁷ Small groups are especially effective if they contain those who are sympathetically connected:

Where the inhabitants of a country are divided into classes, a Ruling Class, and a Subject Class, the members of the Ruling Class have hardly any sympathies, except with one another; in other words, have agreeable associations with the pleasures, and removal of the pains, of hardly any persons, but those who belong to the same class.

Groups are characterized by and reinforce “associations” that carry motivational weight, with “terrible” effects. One practical example Mill offered of the results of faction was Ireland, whose “misfortune” was that it was ruled by an aristocracy that aligned itself with the aristocracy of England rather than the people of Ireland.⁸

The problem with small groups is that instead of trying to be praiseworthy by doing what is best for the widest possible group, people in small groups are motivated to obtain praise from those like them, their colleagues. Obtaining praise, of course, depends upon the group to which an individual happens to belong. As this is often a matter of happenstance, of birth, there is no reason to believe that motivation by praise will serve ends beyond that the immediate group. For the Few to act in such a way as to benefit the largest group possible, the concerns of the largest

⁷ James Mill. [1829] 1869. *Analysis of the Phenomena of the Human Mind*.

⁸ James Mill, “Parliamentary History and Review” (London, 1826).

group must serve as motivation. What links Smith and the two Mills is their laser-like focus on praiseworthiness as motivation.

For James Mill, the rulers and the ruled are the principal example of factions. This division in turn reflected a deep divide between rich and poor, one that left the laboring classes rightly “suspicious” of the ruling class

It is not duly considered by the upper ranks of the population, how inseparable from human nature are the suspicions of those who are weak, toward those who are strong; the suspicions of those who are liable to be hurt, towards those who are capable of hurting them. And it is only the blindness of self-love, and our inattention to evils in which we are not called to participate, that leave us ignorant of the actual grounds in practice, whence, even in this country, the institutions of which are so much more favourable than those of most other countries to the poor, the weak have reason to dread the interference of the strong.⁹

While factions form as a result of common interests and sympathetic bonds of association, control of knowledge helps them persist:

It will be decidedly the interest of the knowing class to maintain as much ignorance as possible among the rest of the community, that they may be able the more easily to turn and wind them conformable to their own purposes; and, for that end, to study, not real knowledge, not the means of making mankind wiser and happier, but the means of deluding and imposing upon them; the arts of imposture.¹⁰

⁹ James Mill, “Banks for Savings,” *Supplement to the Encyclopedia Britannica*.

¹⁰ James Mill, “Caste,” *Supplement to the Encyclopedia Britanica*,

After control of knowledge, Mill points to fear as a means by which factions are abetted. Indeed, much “political evil” is the result of “the facility with which mankind are governed by their fears; and the degree of constancy with which, under the influence of that passion, they are governed wrong.” The few use the fears of the many to justify the creation of “large standing armies; enormous military establishments; and all the evils which follow in their train,” all of which impoverish the many and increase the likelihood of war. Colonial conquest and expansion were the predictable results of “the few” exploiting “the many”; elites in colonial countries find easy access to “the precious matter with which to influence; the other, the precious matter with which *to be* influenced.” (*ibid.*)

In short, while neoclassical economics hold that individuals trade to satisfy pre-existing goals Smith taught that in the process of trade an individual becomes persuaded that the exchange is really in his interest. The goals of Smith’s actors are created in social life. This difference is important in the context of the question of group loyalties and, more subtle, group memberships. In the neoclassical view, just one group exists: the public itself. The richness of Mill and Smith is most dramatic when we realize that actors belong to many groups. Moreover, the members of these groups are often aware that by co-operation they can exploit the public. In this context, co-operation is the problem itself, not the solution.

5 Remedies

The problem with factions is that sympathy is naturally partial and people act to benefit those with whom they are most like, at the cost of harming others. The remedies proposed by Smith and his followers thus focused on limiting the power of those in the faction; and measures to extend sympathy to those unlike the self.

Mill acknowledged in his essay on government that government being “the *means*” to secure freedom of contract and property rights” some form of government (a group or faction) was first necessary. The question that followed was what form of government? In line with his worry about the many being exploited by the few, Mill argued for dispersed power through the representative system, “the grand discovery of modern times,” the means by which the community can check the power of individuals to follow their partial interest: “All the evils of misgovernment, which we suffer, and to which we are liable, cumulated with all the evils of that horrid immorality which results from the giving and suborning prostitute votes, arise from this; -- that the people of England do not choose the members of parliament, that the majority of them are chosen by a small number of men.”¹¹ To further disperse power, Mill argued that representatives be chosen by a wider – though not fully inclusive – set of voters.¹²

Since control of information was essential to maintaining the close associations among the exploiting “few,” Mill argued strenuously in favor of rich information and he just as vigorously opposed any form of monopoly in the provision of knowledge. Ignorance being “the

¹¹ “Liberty of the Press,” *Supplement to the Encyclopedia Britannica*. To mitigate against the accumulation of power by representatives Mill urged that limits be placed on the duration of time in office. See Mill, “Government,” in *Supplement to the Encyclopedia Britannica*.

¹² Mill famously argued that the interests of women aligned nearly perfectly with those of their fathers or husbands; hence they might be excluded from the franchise. Macaulay took issue with the argument. See T. B. Macaulay, “Mill’s Essay on Government: Utilitarian Logic and Politics,” 1829.

necessary principle of all the evils which have afflicted society,” Mill argued for freedom of inquiry. More than this, he defended the freedom to examine, discuss, and contradict,

as evidence can spring from nothing but *adequate examination*, from the necessity of that evidence clearly follows the *necessity of examination*; from the necessity of examination clearly follows the necessity of the *greatest possible liberty of contradiction*; and in addition to that liberty, the existence of all those political institutions which are required to give to evidence its greatest possible *publicity*.¹³

The need was especially pressing in politics, where “the very foundation of a good choice [of representative] is knowledge” and “the fuller and more perfect the knowledge, the better the chance, where all sinister interest is absent, of a good choice.” Here, the printing press had produced “a perfect revolution” in which Mill placed great faith for the reduction of fraud, influence peddling, and the use of force.¹⁴

But restrictions on the power of groups were only partial remedies. Far better would be to break the partial bonds to sympathy and to widen sympathy to include those outside the small group. The key was to ensure that sympathy extended beyond the small group so that those in groups would come to realize that acting to harm those outside the group is generally unpraiseworthy. Mill placed great hope in education as a measure to reduce the effectiveness of factions. He regarded education as the principal means by which people come to identify with a larger group:

¹³ “Economists,” *Supplement to Encyclopedia Britannica*.

¹⁴ “Liberty of the Press,” *Supplement to Encyclopedia Britannica*.

[T]here can be no real Patriotism, no pointing of the *Affection*, the *Motive*, and *Disposition*, steadily to the good of the whole, without preference of any particular part; except, either in men of elevated minds and affections, in whom the larger associations, generated by a good Education, control the narrow associations, growing out of a particular position; or, in men whose position is such as to give them pleasurable associations chiefly with individuals of the general mass, whose good has this happy quality, that it is always identified with that of the community at large.¹⁵

The challenge for education is to widen sympathy so that its motivational force pertains to all, instead of the small group. (*ibid.*)

6 Conclusion

In Mill's view, freedom of property (in the self and the fruits of one's labor) was a means to obtain "the greatest possible abundance of the things adapted for human enjoyment."¹⁶ Government exists as the means to ensure freedom. Since government itself created a division into the Many and the Few, with government came the danger of faction and the necessity of guarding as best we can against the powerfully corrupting influence of small groups. For Mill society guards against those dangers through free and open discussion of the differences among us, the issues that divide us, the problems we seek to solve, and the proposed remedies. Only by strict examination and rich discussion, within an institutional framework that yields places to representatives of all sorts, might we hope to avoid one group exploiting another.

¹⁵ James Mill. [1829] 1869. *Analysis of the Phenomena of the Human Mind*. In ed. John Stuart Mill. London: Longmans, Green, Reader, and Dyer, vol. 2, p. 276.

¹⁶ James Mill, "Economists," *Supplement to the Encyclopedia Britannica*.

It is worth noting that despite some key differences with his father, in his review of Tocqueville's *Democracy in America*, J. S. Mill developed the argument that democratic electoral competition provides the sort of education that widens one's sympathies. In *On Liberty*, J. S. Mill also, as is well known, championed discussion, including, significantly, discussion amidst diversity, difference, and idiosyncrasy, as the means by which we might best coexist.