

An abstract J. S. Mill *versus* a germane historical school?

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Abstract

Many German historicists have denounced classical political economy's pretension to establish abstract universal laws. This paper seeks to defend John Stuart Mill against this criticism. It argues that, contrary to what these authors alleged, they have a great deal more in common with Mill on this topic than they were willing to realise. In fact, from a methodological as well as a political perspective, their views on relativity regarding both economic laws and the "laissez-faire" principle are very similar to those of Mill's.

Key words: J. S. Mill, German historical school, H. Roesler, natural laws, epistemology, "laissez-faire".

Introduction

Among the many criticisms levelled at classical political economy, one of the most repeated has been its pretension to establish universal laws and to present them as "natural", necessary or immutable. Karl Marx is famous for having denounced the "naturalness" of political economy, that is that economic theory would require private property as an "eternal" fact (Marx and Engels 1845, p. 32) and that the capitalist regime is considered to be "the absolute and final form of social production" (Marx 1867, pp. 19-20, Afterword to the 2nd German edition). Friedrich List questioned the "cosmopolitanism" (*Kosmopolitismus*) of the so-called Adam Smith "school", which generalises its laws from the sole English case and thus oversees the "nationality" issue, and, according to List, the political and historical peculiarity of each country (List 1841). Bruno Hildebrand, for his part, disapproved of the fact that the Mercantilists, the Physiocrats and especially Smith "and his followers" seek to establish universal "laws that must have absolute validity at all

times and for all peoples” (*deren Gesetze für alle Zeiten und Völker absolute Gültigkeit haben sollten*) (Hildebrand 1848, p. 21). If Smith is List and Hildebrand’s scapegoat, John Stuart Mill is one of the privileged targets of some other members of the “German historical school”: Karl Knies, Wilhelm Roscher and especially Gustav Schmoller and Hermann Roesler. All these authors underlined the lack of interdisciplinarity on the part of mainstream economists, and tried to shift the boundaries of economics by stressing the methodological importance of history, and in fact also of institutions in the broader sense.

The purpose of this article is precisely to assess the relevance of this aspect of the German historicists’ criticism by comparing it to the writings of J.S. Mill – an issue that has so far not been examined in the literature, especially when it comes to Roesler who is rarely discussed despite his undeniable importance at the time. In other words, we look at whether the German historical school’s attack on Mill’s pretension to universality can be regarded as germane. The historicists’ accusation is in fact aimed at two distinct aspects: first, in terms of methodology, Mill is said to neglect history and promote abstract universal laws. Second, on the political level, he is consequently seen as a “laissez-faire” advocate. After presenting the arguments of the German thinkers (section 1), we will show that their criticism doesn’t have much substance on both levels when confronted with Mill’s writings (section 2).

Conclusion

It is thus possible to conclude that the German historicist criticism of economics’s pretension to universality is largely unfounded in light of the particular work of John Stuart Mill, both on the epistemological level and on the political one. In fact, the German two-stage criticism is not unprecedented and also characterises Comte’s writings, as well as those of Durkheim and Marx – and it could be demonstrated that it has not been better substantiated in any of these cases. Such a denunciation is still

ongoing in the “heterodox” literature (for instance in Hodgson 2001), and even enhanced after the 2008 crisis when a number of economists censured the inability of mathematical economics models to foresee and even explain the breakdown due to their too strong abstraction and their lack of historical content (see for example Krugman 2009; and Galbraith 2009). Such epistemological arguments are mostly built on the old historicist criticism we have looked into. This study shows however the weakness of such a heritage.

Concerning the confusion between Schmoller and Roesler about whether the Natural Rights doctrine influenced too much (according to Schmoller) or not enough (according to Roesler) classical political economy, one may wonder: what was Mill’s own stance on this issue? In fact, his statements prove that Roesler was far nearer to the truth than Schmoller: Mill himself scathingly calls “metaphysical” those theories which “affirm[...] that moral rules, and even political institutions [are] evolved from the conception of Natural Rights”. Mill thinks that “M. Comte was right in affirming that [...] the Continental lawyers followed the Roman jurists [...] in acknowledging as the ultimate source of right and wrong in morals, and consequently in institutions, the *imaginary law* of the *imaginary being Nature*” (J. S. Mill 1865, p. 299, emphasis added). Mill even goes as far as to contend that this “imaginary” – or “abstract” as historicists would say – conception “reached its culmination in Rousseau, in whose hands it became as powerful an instrument for destroying the past” (*ibid.*). One can find identical conclusions in his essay entitled *Nature* (cf. Mill 1874, p. 376).

Yet, there remains the question of why Mill’s thought was misjudged such an extent? An explanation may be found in Collini and *al.* – though we extend their observation outside the British borders – when they assert that the real common thread that connects the critics of the claim to universality is not so much an equivocal and heterogeneous *historical* or *sociological method* but a “rejection of the traditional pieties of Liberal individualism, [...] of specific maxims such as laissez-faire or free trade, more often [...] a general

antipathy [...] to view society as nothing more than the arena in which rational individuals pursued their (largely economic) self-interest” (Collini, Winch and Burrow, 1983, p. 257).

However, another explanation may be put forward. If one remembers List’s attacks directed at Smith, the puzzling attitude towards Mill appears to be nothing more than the mere extension of this criticism, half a century later. Indeed, despite the importance given by Smith to history in his *Wealth of Nations*, List and his German successors discussed above ignored it. The critical attitude towards British economics seems to already have been deeply rooted even then. Despite some concessions made by Roesler and Schmoller, they after all both made no difference between Smith and Ricardo methodologically speaking – unlike Sismondi or Say, who highlighted a discrepancy, famously encapsulated by Schumpeter in the phrase “*Ricardian Vice*”. No wonder Mill’s efforts, in these conditions, to take into consideration history and institutions were ignored.

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