

# On Making and Remaking Ourselves and Others: Mill to Jevons and Beyond on Rationality, Learning, and Paternalism

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## ABSTRACT

The approach to human behavior and choice by Mario Rizzo and Glen Whitman in *Escaping Paternalism: Rationality, Behavioral Economics, and Public Policy*, has much in common with that of John Stuart Mill and Philip Wicksteed and departs from the “standard” neoclassical account developed by William Stanley Jevons. I connect the Rizzo-Whitman case for limited paternalism to Mill’s methodological approach and the no harm principle. Mill’s methodology and his emphasis on how people learn via making choices, are consistent with the Rizzo-Whitman approach. Mill’s no harm principle further bolsters their case. In marked contrast with Mill, and like the prescriptive paternalists with whom RW take issue (p. 280), Jevons was confident that he knew how his subjects should act; if they failed to fulfill his conditions for equilibrium spending, he was ready and willing to recommend policies to correct the so-called providence and immorality of the laboring classes.

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“The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others.

The practical question, where to place the limit – how to make the fitting adjustment between individual independence and social control – is a subject on which nearly everything remains to be done.”

(Mill, [1859] 1977, pp. 220, 223)

“If the citadel of poverty and ignorance and vice is to be taken at all, it must be besieged from every point of the compass – from below, from above, from within; and no kind of arm must be neglected which will tend to secure the ultimate victory of morality and culture.”

(Jevons, 1878, p. 22)

## 1 Introduction

In this essay, I shall argue that the approach to human behavior and choice by Rizzo and Whitman (2020) in *Escaping Paternalism: Rationality, Behavioral Economics, and Public Policy* (henceforth: RW), has much in common with that of John Stuart Mill and Philip Wicksteed and, as such, departs from the “standard” neoclassical account developed by William Stanley Jevons. I proceed as follows. First, I connect the Rizzo-Whitman case for limited paternalism, or as they call it, a “paternalist resistant framework” (RW 2020, 397; henceforth referenced as RW in citations), to Mill’s methodological approach and the no harm principle. RW emphasize how paternalistic interventions frequently fail to account for human complexity (RW, 17, 45) and learning (RW, 203). Mill’s methodology, which also stressed the complexity of human decision-making, and his emphasis on how people learn via making choices, are consistent with the Rizzo-Whitman approach. Mill’s no harm principle further bolsters their case.

In marked contrast with Mill, Jevons’s methodology is much more confident regarding the scientist’s ability to uncover uniformities and then to prescribe interventions to remake those who fail to act in accordance with the scientists’ prescriptions. Jevons called for a series of interventions to alter the entire decision locus of poor people. Like the prescriptive paternalists with whom RW take issue (RW, 280), Jevons was confident that he knew how his subjects should act; if they failed to fulfill his conditions for equilibrium spending, he was ready and willing to recommend policies to correct the so-called improvidence

and immorality of the laboring classes. Unlike the libertarian paternalists of the late twentieth century, however, Jevons's prescriptions focused mainly on the behavior of the poor and amount to an attack on all sides of the "citadel of poverty" rather than almost imperceptible nudges.

Jevons's purported disciple Wicksteed provides a counter example to the all-out policy attack advocated by Jevons. In contrast with Jevons, Wicksteed observed the world around him and sought to understand why and how people acted as they did. In Wicksteed's analysis, the savings decisions of poor people might be quite reasonable, given their lot in life. Perhaps because he embraced the complexity and explained in such detail our apparent contradictions in such detail, his work failed to obtain much traction with the coming of neoclassical economics.<sup>1</sup> The essay concludes with some speculations about why Jevons, rather than Mill and Wicksteed, seems to have won the day in economic analysis and policy development, speculations that are consistent with and further bolster RW's important analysis.

## 2 Starting with Mill: Learning by Choosing

Mill's *Logic* is a testament to the difficulties associated with ascertaining regularities and making predictions in the face of what Mill referred to as pronounced "multiplicity of causes" in social science.<sup>2</sup> The study of society was plagued by complexity: "the impressions and actions of human beings are not solely the result of their present circumstances, but the joint result of those circumstances and of the characters of the individuals: and the agencies which determine human character are so numerous and diversified, (nothing which has happened to the person throughout life being without its portion of influence), that in the aggregate they are never in any two cases exactly similar" (Mill, [1843] 1973, p. 847). In such circumstances, Mill insisted that "no assertion, which is both precise and universally true, can be made respecting the manner in which human beings will think, feel, or act" (Mill, [1843] 1973, p. 847).

Mill allowed that a "separate and inexact" science of political economy, dealing with the effects of a few main causes (e.g., greater gain is preferred to less), might be carved out from the entirety of social phenomena.<sup>3</sup> But he was adamant that a scientific study of policy interventions must be located

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<sup>1</sup>While Wicksteed's influence is limited in mainstream neoclassical economics, his emphasis on thinking and learning, purposive action rather than neoclassical rationality, was noticed with appreciation by Ludwig von Mises in *Human Action*. I return to this in Section 4 below.

<sup>2</sup>Mill's *Logic* is replete with discussions of the difficulties associated with induction in the face of "multiplicity of cause"; see pp. 370–378, 442–453, 511–512, and 879.

<sup>3</sup>For an overview of Mill's methodology of economics, see Hausman (1992) and Hollander (1985).

in the context of social science writ large: “there can be no separate Science of Government; that being the fact with, of all others, is most mixed up, both as cause and effect, with the qualities of the particular people or of the particular age” (Mill, [1843] 1973, p. 906).<sup>4</sup> As such, the study of policy was to remain within the full study of Society where “the causes are so numerous, and intermixed in so complex a manner with one another, that even supposing their laws known, the computation of the aggregate effect transcends the power of calculation” (Mill, [1843] 1973, pp. 620–621). Mill insisted that it would be extremely difficult to ascertain with any accuracy or generality, the effects of potential policy changes. His caution is clear in adducing the effects of the Corn Laws:

“... This is particularly the case where the object is to determine the effect of any one social cause among a great number acting simultaneously; the effect, for example, of corn laws, or of a prohibitive commercial system generally. Though it may be perfectly certain, from theory, what *kind* of effects corn laws must produce, and in what general direction their influence must tell upon industrial prosperity; their effect is yet of necessity so much disguised by the similar or contrary effects of other influencing agents, that specific experience can at most only show that on the average of some great number of instances, the cases where there were corn laws exhibited the effect in a greater degree than those where the were found not.” (Mill, [1843] 1973, pp. 908–909)

Multiplicity of cause thus implied observed diversity resulted in social science, such that combining observations or making predictions across individuals was highly inappropriate. At a level of recognized imprecision, Mill allowed that facts could be “marshalled” (as Jevons would later put it), as indications of “practical truths” or starting points for discussion; yet such facts would be appropriate only for statements of tendencies rather than as guides for policy interventions (Mill, [1856] 1969, p. 309). As we shall see, writing only a few decades later Jevons departed from Mill and emphasized uniformity of behavior.

But what, exactly, is the essence of human activity? To answer this question we turn our attention to Mill’s *On Liberty*, which describes people as agents who choose, reflect, learn, and discuss their choices. Indeed, *On Liberty* provides a strong rationale for why it is important that agents are offered a fulsome set of choices. In Mill’s view, we develop our capacity to choose by making choices; we make and remake ourselves in the course of

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<sup>4</sup>“All questions respecting the tendencies of forms of government must stand part of the general science of society, not of any separate branch of it” (*Logic*, p. 906).

making choices.<sup>5</sup> Choice thus occurs along a spectrum, from the fully enslaved, children, and women, whose choices are quite limited, to those (at the time, males) who grow into relatively abundant choices in adult life.<sup>6</sup>

By making choices we not only learn which ones are good and bad, but we also develop a range of abilities required to get along and succeed in life:

“The human faculties of perception, judgment, discriminative feeling, mental activity, and even moral preference, are exercised only in making a choice. He who does anything because it is the custom makes no choice. He gains no practice either in discerning or in desiring what is best.” (Mill, [1859] 1977, p. 262)

By making choices, we improve our decision-making skill:

“He who chooses his plan for himself, employs all his faculties. He must use observation to see, reasoning and judgment to foresee, activity to gather materials for decision, discrimination to decide, and when he has decided, firmness and self-control to hold to his deliberate decision.” (Mill, [1859] 1977, pp. 262–263)

Four years before Jevons published his signature work, *The Theory of Political Economy*, Mill delivered his “Inaugural Address” on the occasion of being installed as Rector of the University of St Andrews. In the Address, he spoke eloquently about how education via discussion was a key to counteracting our natural tendency to confirm what we want to believe.<sup>7</sup> In Mill’s view, experiences matter, but experiences must also be discussed in real time to be fully understood. People rectify “mistakes, by discussion and experience. Not by experience alone. There must be discussion, to show how experience is to be interpreted. Wrong opinions and practices gradually yield to fact and

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<sup>5</sup>The possibility of remaking ourselves is a key theme in RW. It features prominently in Mill’s *Autobiography*, as he describes his struggle to remake himself. Mill takes up the difficulty of making predictions in this context in a section entitled “The Progressiveness of Man and Society”: “The circumstances in which mankind are placed, operating according to their own laws and to the laws of human nature, form the characters of the human beings; but the human beings, in their turn, mould and shape the circumstances for themselves and for those who come after them” (Mill, [1843] 1973, p. 913). The theme also features prominently in the economics of James Buchanan, whom the authors cite (Mill, [1843] 1973, p. 58). Buchanan explicitly makes the point that, in advance of exploration, people may not know whom they wish to become (1979).

<sup>6</sup>Mill worried about women, who were constrained from making choices because of legal barriers, as well as those who were legally able to choose but who faced severe pressures to conform. See Peart (2021b).

<sup>7</sup>Mill wrote also in his *Logic* about how people have a tendency to believe what they wish to believe: “[Wishing] operates, by making [a person] look out eagerly for reasons, or apparent reasons, to support opinions which are conformable to his interests or feelings; . . . bias. There are minds so strongly fortified on the intellectual side, that they could not blind themselves to the light of truth, however really desirous of doing so” (Mill, [1843] 1973, p. 738).

argument: but facts and arguments, to produce any effect on the mind, must be brought before it" (Mill, [1867] 1984, p. 206).<sup>8</sup> Thus, for Mill people are imperfect but they are constantly exploring and improving in the course of their interactions with each other.

More than this, Mill abhorred the dullness that in his mind results from "uniformity" and conformity. He defended diversity in thought, speech, and living almost 200 years before it became fashionable to do so, and he praised idiosyncrasy:

"It is not by wearing down into uniformity all that is individual in themselves, but by cultivating it, and calling it forth, within the limits imposed by the rights and interests of others, that human beings become a noble and beautiful object of contemplation . . . furnishing more abundant aliment to high thoughts and elevating feelings, and strengthening the tie which binds every individual to the race, by making the race infinitely better worth belonging to." (Mill, [1859] 1977, p. 266)

Mill compares the absence of choice to slavery, forced uniformity. Those who do not choose are "yoked," with "withered and starved" human capabilities:

"Thus the mind itself is bowed to the yoke: even in what people do for pleasure, conformity is the first thing thought of; they like in crowds; they exercise choice only among things commonly done: peculiarity of taste, eccentricity of conduct, are shunned equally with crimes: until by dint of not following their own nature they have no nature to follow: their human capacities are withered and starved: they become incapable of any strong wishes or native pleasures, and are generally without either opinions or feelings of home growth, or properly their own." (Mill, [1859] 1977, p. 265)

It is important to emphasize Mill's choice of words. In the passage above, he described people who suffer from tyranny of opinion as "apes" and who imitate fashionable opinions: "He who lets the world, or his own portion of it, choose his plan of life for him, has no need of any other faculty than the ape-like one of imitation" (Mill, [1859] 1977, p. 262).

Mill also foresaw significant social spillovers from an unyoked people since free people are better able to help one another. Society as a whole benefits from individual liberty: "each person becomes more valuable to himself, and is therefore capable of being more valuable to others" (Mill, [1859] 1977, p. 266).

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<sup>8</sup>This is the counterpart to Mill's account of learning through exercising choice. Just as we improve our capacity to choose via choosing, noted above, we also improve our capacity to understand our mistakes, via discussion.

Thus, the first reason for Mill's anti-paternalist stance is that, by choosing for others, we deny their personhood.<sup>9</sup> Mill also insisted that when we try to choose for someone else, we frequently get things badly wrong. Anyone who is a parent knows that at some point we need to allow our children to develop into free human beings, making their own choices, rather than imposing our own desires and wants on them. It is so much the worse when we put the choice in the hands of someone altogether unrelated to us, a governing authority. In Mill's view, the problem of not actually knowing what is best for another person is the "strongest of all the arguments against the interference of the public with purely personal conduct": society, when it does interfere, "interferes wrongly, and in the wrong place" (Mill, [1859] 1977, p. 283).

In sum, for Mill, society has no business interfering with a person's right to choose how to live, at least up to the point where those choices do not cause harm to others. This is the famous "no-harm" principle: Mill distinguished between choices that affect oneself and choices that affect others (what he called self- and other-regarding choices) and held that one should be free to make self-regarding choices. As noted in the epigram at the start of this essay, Mill's *On Liberty* limits liberty to "self-regarding" actions that do not harm others. This no-harm principle allows for the full scope of liberty so long as one's acts do not interfere with the happiness of others. Mill used the no-harm principle to carve out three main areas of liberty: thought and discussion, tastes and pursuits, and association (Mill, [1859] 1977, pp. 225–226).

But what does Mill mean by "harm" and does the no-harm principle imply that individual liberty is circumscribed in all cases of harm? By harm, Mill seems to have in mind something more than a transitory or trivial hurt (he uses the words "permanent" and "in the largest sense"), but rather something that can be expected to (or that does) significantly reduce the happiness of others. He also sees this as something we may anticipate – so he includes both expected harms, where by this he means something a reasonably informed person would anticipate, and, for the purposes of this discussion, harms that actually transpired.

Given Mill's presumption that people learn and improve via choice, it is no surprise that not all harms justify a prohibition on action. First, transitory and slight harms generally do not require a blanket, government-imposed prohibition on them. Simple conventions might arise to deal with these. In these cases, notwithstanding Mill's worry about social control, mutual approval might enforce a no-harm set of conventions. We agree, for instance, that I

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<sup>9</sup>Mill's anti-paternalistic stance thus focused on providing information but not on attempting to manipulate the subject's choices. Labels on poisonous substances would prove helpful as they provided information, but Mill foresaw no need to include images or additional information. See Mill, *On Liberty*, chapter 5 and Peart, 2021b for detail. As such, he would oppose "the possibility of conveying information in ways that purposely manipulate people toward desired behaviors" (RW, 418).

will use my arm to cover my cough (as will you) and our mutual worry about disapproving looks will help us remember to do so.

### 3 Jevons on Ignorance, Immorality, and Improvement

The first thing to note about Jevons's departure from Mill's anti-paternalism, is that the two proceed differently methodologically. While Mill's anti-paternalism was developed in the context of a seemingly insurmountable knowledge problem that arises from pronounced (and unknowable) "multiplicity of causes," Jevons was much less worried about difficulties associated with knowing why people choose as they do. He was also much more confident than Mill in the scientist's ability to predict outcomes and design policies that, in his view would improve the choices of (especially) the laboring poor.

Like Mill, Jevons was aware of the difficulties that multiple causation creates for the social scientist who tried to disentangle causal relationships or make precise predictions. But while Mill focused on differences across observations in social science and asserted that people "are never in any two cases exactly similar," Jevons focused upon *uniformities*, defined science as the discovery of uniformity, and maintained that "certain uniformities of thinking and acting . . . can be detected" in economics ([1874] 1907, 759). For Jevons, the science of political economy is mathematical and the main problem faced by researcher dealing with its complicated mathematical models: "If a science at all, it must be a mathematical science, because it deals with quantities of commodities. But as soon as we attempt to draw out the equations expressing the laws of demand and supply, we discover that they have a complexity entirely surpassing our powers of mathematical treatment" Jevons ([1874] 1907, p. 759).

Jevons now departed from Mill. For in the face of this difficulty and until natural laws were known precisely, Jevons recommended that scientists use techniques of approximation ("inductive quantification"), to infer the effects of causes and derive *approximate* laws. Jevons's placed great faith in techniques of approximation whereby researchers were to suppose that phenomena were affected by "constant" and "disturbing" causes. The latter, disturbing causes were to be treated as "balancing," and effectively ignored. The economist would then measure the effect of the cause(s) of interest. Jevons thus directed attention away from the question that preoccupied Mill, of explaining the difference between hypothesized and observed outcomes. Indeed, for Jevons, the economist was to abstract from disturbing causes, and to assume or ensure that unmodeled causes "cancel" in the drawing of a mean.

Jevons's procedure in his *Theory of Political Economy* is in line with this methodological position. He proposed a theoretical problem to solve for the equilibrium conditions of an imaginary, all-knowing consumer. He emphasized that his task was to specify conditions of equilibrium choice, given a fixed



price ratio, and he used a number of analogies to characterize equilibrium as a resting point, as when the motion of a pendulum ceases. At the same time, he recognized that consumers in practice do not attain these conditions and he outlined two reasons for this: unsystematic mistakes that apparently averaged out over time (or across consumers), and systematic mistakes. The latter concerned Jevons most, and it was here that he saw broad scope for education and improvement. In his account, poor people were especially prone to such biases. Jevons worried that they systematically under-saved, overworked, married poorly, underinvested in education, and acquired what Jevons regarded as inferior tastes. These were situations that warranted a wide array of policy interventions to move people closer to his all-knowing, perfect consumer. In contrast with Mill's emphasis on learning and remaking, there is little evidence to indicate Jevons believed people are motivated to find ways to improve themselves.<sup>10</sup>

For Jevons, time is a cause of systematic error.<sup>11</sup> In his *Theory of Political Economy*, he set out how the imaginary, all-knowing and all-wise consumer will satisfy his conditions for utility maximization<sup>12</sup> and he then contrasted this solution to observed behavior. His disapproval of the intertemporal consumption choices by, especially, the laboring classes is particularly striking. He maintained in this context that consumers overly discount future pleasures relative to those of the present.<sup>13</sup> In this context he described the distribution, "which should be made, and would be made by a being of perfect good sense and foresight." In practice, however, "no human mind is constituted in this perfect way," since consumers discount future pleasures relative to present ones (Jevons, [1871] 1911, p. 72). Jevons conceded that to describe how consumers *actually* allocate their income over time, an additional factor,  $q_1$ , must be used to take this discounting into account (Jevons, [1871] 1911, p. 73). In his view, the purported character flaw implied that, without intervention, individuals do not save enough for their future.

As noted, unlike Mill, Jevons was not sanguine about whether people would learn through their mistakes and correct their choices over time. Instead, in a series of essays he insisted that people, and especially poor people, make

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<sup>10</sup>I find this odd, in light of Jevons's own behavior: There is a good deal of evidence to suggest that he attempted to improve himself via learning and doing. See Peart (1996a).

<sup>11</sup>This is a common theme in early neoclassical discussions of mistaken behavior. See Peart (2000) for an in depth review of how Marshall, Pigou, and Fisher all held that agents are overly impatient and suffer from lack of willpower. As will become clear, Jevons held that *any* discounting of the future was irrational. In this, he went a step farther than the behavioral paternalists discussed in RW (8).

<sup>12</sup>Compare this treatment to Thaler and Sunstein's description of how one would act if one "possessed complete information, unlimited cognitive abilities, and complete self-control" (2009, 5). I thank an anonymous referee for this reference.

<sup>13</sup>For a more detailed exploration of Jevons's procedure as well as some comparisons with Carl Menger, see Peart (2021a).

systematic mistakes in spending and other lifestyle decisions.<sup>14</sup> There were two broad rationales, in his view, for such interventions. First, the policy maker had warrant to reduce ignorance. Secondly, they were to improve their subjects morally. Roughly speaking, the two areas for intervention corresponded to improving the lot of the poor by helping them see into the future and then giving them the needed willpower to hold off spending too much in the present. In proceeding thusly, Jevons also waded into what the behavioral paternalists would refer to as consistency – supposing that his subject lack willpower, they make decisions that they would (apparently) regret at some future date. In this, to use RW’s language, the theorist Jevons stepped “outside of the mind to define what is good for it” (RW, 406).

By besieging the “citadel of poverty and ignorance and vice,” Jevons recommended a series of interventions to improve the poor in both dimensions.<sup>15</sup> In his view, for example, poor women were prone to marrying the wrong sort of man and working in factories when it would be prudent for them to stay home with their small children (Jevons, 1882, pp. 156–179). This issue formed the “most important question touching the relation of the State to labour,” one requiring a radical policy intervention. Along similar lines, in his *Theory of Political Economy* Jevons turned to a policy solution in the case of gambling. For the “gamester,” “so devoid of tastes that to spend money over the gaming-table is the best use he can discover for it, economically speaking, there is nothing further to be said. The question becomes a moral, legislative, or political one” (Jevons, [1871] 1911, pp. 160–161).

Jevons’s thinking about remaking his subjects is further evident in another piece published in *Methods of Social Reform*, his 1869 “Inaugural Address” as President of the Manchester Statistical Society. There, Jevons linked the persistence of deep poverty to “social arrangements” and the “habits of the people.” Again his preoccupation with intemperance and apparently low rates of savings is evident: “As pauperism is the general resultant of all that is wrong in our social arrangements it cannot be destroyed by any single measure; it can only be reduced by such exertions as raise the intelligence and provident habits of the people” (Jevons, 1869, p. 186). Here again Jevons emphasized the need for not only reducing ignorance (raising intelligence) but also improving their morals (improving their provident habits). He insisted that improving

<sup>14</sup>The following paragraphs draw on Peart (2021a). There is a tension in Jevons’s work in this regard: at various points in the *Theory of Political Economy* he advocated for freedom of exchange. “Perfect freedom of exchange must be to the advantage of all” (Jevons, [1871] 1911, p. 142). His position seems to be that, on balance, decisions made at a point in time (e.g., how much sugar to purchase), are utility maximizing, while those involving how distribute consumption over time (e.g., when to marry and how much to save), are not.

<sup>15</sup>Jevons frequently made use of the then-common linkage between ignorance and morality or, as it was often described at the time, “vice.” A striking example occurs in the analysis of speculative behavior over the business cycle. John Mills wrote about “ignorant speculation” and “immoral risks” and likened speculators to “MacHeaths” and “Turpins.” See Peart (1996a).

the standard of living for the laboring classes would have no lasting impact if it were not accompanied by a change in character: “Material well-being has comparatively little effect, for, however high the wages of an artisan may be, they may be spent intemperately, and on the slightest reverse of fortune his family or himself may come to the workhouse” (Jevons, 1869, p. 186). “General education” was, in his view, “the measure which most nearly approaches to a panacea for our present evils” (Jevons, 1869, p. 187) and Jevons consequently endorsed a policy of compulsory education that would soon come closer to fruition in England (West, [1965] 2010).

But education was not sufficient, in Jevons’s view. In a series of articles published in the late 1870s until his death in 1882, Jevons spelled out his plan to “besiege” the “citadel” of poverty. Taken together, these articles reveal that he had in mind a vast remaking of the tastes of poor people. In his 1878 “Amusements of the People,” Jevons pointed to the “general low tone of popular manners” among the labouring classes and recommended a broad type of education designed to cultivate improved tastes and “character” among the laboring classes (Jevons, 1878, pp. 25–26). Cultivating a higher tone of recreation, through legislative means and moral suasion, in his view comprised the “principal” “means towards a higher civilization” (Jevons, 1878, p. 7). Indeed, *Methods of Social Reform* is replete with examples of how Jevons intended to improve the character of the laboring classes using a wide-ranging set of paternalistic interventions. In “The Use and Abuse of Museums” (Jevons, 1881–82), he argued that “the degree of instruction” in museums was too variable and he offered suggestions to improve its educational impact by helping visitors acquire “the habit of concentration of attention, which is the first condition of mental acquisition” (1881–82, 56). Elsewhere Jevons opined that libraries should be used to improve the tastes of poor people. “Free libraries” were a means of placing “the very best books” “within the reach of the poorest” – to counteract “the evil influence” of the “vicious novelettes, gazettes, and penny dreadfuls” all-too-frequently read by the laboring poor (Jevons, 1881, p. 33). As noted above, Jevons held that women who worked in factories systematically married the wrong person and have too many children while working. The policy solution is then to prevent married women from working in factories while their youngsters are under the age of three.

#### 4 Wicksteed’s “Inclusive Rationality”<sup>16</sup>

In contrast with Jevons and standard neoclassical thinking, RW argue for an “inclusive” concept of rationality (17). Their position represents a strong

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<sup>16</sup>Without using the phrase “inclusive rationality,” Levy and Peart (2010) make the case that Wicksteed’s notion of reasonable action diverges from the neoclassical account of rationality.

challenge for neoclassical economics. More than this, it is fully in line with that of Mill, sketched above, on learning (RW, 203) as people prepare to choose, choose, and then think through and discuss the results, including errors, of their choices. Like RW (55, 57), Mill adheres to an inclusive idea of rationality. He insists that one learns about one's choice and about one's self throughout the discovery process. For Jevons, by contrast, one has no agency to improve one's self and if one's choices violate his description of rational choices, the economist (or policy maker) has warrant to improve the subject so that one's choices better comport with his notion of rationality. Thus, Mill, but not Jevons, argued that the first reason not to interfere with one's choices is that doing so would deny one's agency.

A second difference warrants mention in light of RW's emphasis on the knowledge problems inherent in altering the subjects' choices (190). As noted above, Mill recognized that were one to interfere with the choices of others, one would frequently do so poorly – we simply do not know enough about another to know who the other wishes to become. Jevons, by contrast, much more confidently posits how (especially) the poor should act and choose.

In this context, it is significant to discuss briefly one outlier who followed and yet departed significantly from Jevons: Philip Wicksteed. George Stigler opined that Wicksteed was Jevons's only follower.<sup>17</sup> Wicksteed certainly understood and appreciated the significance of Jevons's assumption, highlighted above, of perfect knowledge in a market.<sup>18</sup> Yet he extended Jevons's analysis to the "imperfect" world where people live, in which costs abound. In such a market, Wicksteed appreciated that price dispersion emerges as a result of the varied actions of consumers (Wicksteed, [1910] 1933, p. 223). Wicksteed described the resulting process of give and take:<sup>19</sup>

“The shrewd marketer who goes the round of the market and fully ascertains the alternatives open to her before choosing amongst them, will go to the cheaper stall, and as the stock runs out rapidly the seller may begin to suspect that he has put his price too low and that he will be out of stock early in the day. Or the dealer who has fixed his price too high will find himself deserted a, and

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<sup>17</sup>Stigler opined that Wicksteed, who was “in a certain sense, the Jevonian ‘school’” (Stigler, [1941] 1994, p. 38) developed and removed inconsistencies in Jevons's work. The reasons for Jevons's lack of followers are complicated and beyond our present scope, but a teaching career cut short for health reasons was a major contributor. See Peart (1996b), 4.

<sup>18</sup>“In the theoretically perfect market, information is complete and accurate. In practice, however, information only after ‘more or less’ mirrors this presumption. The key feature of a market in theory was not, Jevons maintained, its location, but instead consisted of the common and complete knowledge held by participants in its exchanges” (Peart, 1996b, p. 98).

<sup>19</sup>For a discussion of Wicksteed's “process-oriented theory of Rational behavior” see RW (2018).

will fear that he will have his stock left on his hands if he does not reduce his price (1910, 223–224).

Wicksteed continued to enumerate the ways in which his agents operating within a marketplace facilitate adjustments. He “restates the function of the market” with an emphasis on communication (and learning) – “A market is the machinery by which those on whose scales of preference any commodity is relatively high are brought into communication with those on whose scales it is relatively low” ([1910] 1933, 236). In the chapter that follows, Wicksteed enumerates many reasonable variations of savings behavior. His summary statement demonstrates a marked contrast with Jevons’s one-rule-fits-all: “Nor is it wise to provide for old age, unless there is fair prospect of making old age tolerable without making youth and maturity intolerable. As we have seen, it is only a minority of even well-to-do people that consider it wise to save up for the purchase of a house. And however rich a man may be it is obvious that there is always a natural limit to the wisdom of saving” (1910, 297).<sup>20</sup>

Careful attention has been paid to Wicksteed’s discussion in the 1888 *Alphabet of Economic Science* of Jevons’s “law of indifference (that is, of one price)” (see Steedman, 2008) and Wicksteed certainly emphasizes its importance in that piece.<sup>21</sup> Yet what is just as important, perhaps more, is the attention and time Wicksteed devoted to analyzing the varied reasons for departures from the Law of One Price, for price dispersion. Despite being a careful reader, for instance, Stigler failed to see Wicksteed’s device of making the cost of gathering information positive. It was only later that Stigler independently developed his own framework with the same device.

Indeed, Wicksteed’s approach is consistent with that of RW. Like RW, Wicksteed finds no reason to insist that subjects have consistent preferences. Indeed, he explores reasons why apparent inconsistencies make sense and here he hits upon the costliness of thought. For Wicksteed, everything, including thought and discussion, is costly. Nothing is free. If one’s internal computations come at a cost then there is no reason to believe that the resulting choice will have the same properties as they would with free computations. Thus, there is no reason to preclude the favorite finding of behavioral paternalists, of intransitive orderings. Supposing agents are purposive, one generally cannot count on their choices being “rational” as modern economists understand the word. Wicksteed opined that “no man’s scale” is “completely

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<sup>20</sup>RW use Vernon Smith’s phrase to describe their position: “Listen to what your subjects may be trying to tell you” (27). The phrase aptly captures Wicksteed’s approach.

<sup>21</sup>“The ‘Law of Indifference’ is of fundamental importance in economics. Its full significance and bearing cannot be grasped till the whole field of economics has been traversed; but we may derive both amusement and instruction, at the stage we have now reached, from the consideration of the various which are made to evade it . . .” (Wicksteed, 1888, p. 102).

consistent” and he came up with a number of explanations for apparent inconsistencies:<sup>22</sup>

“Presumably no man’s scale, however, is completely consistent. That is to say, if I would choose A rather than B and would choose B rather than C, it does not follow (as it ought to do) that *a fortiori* I should choose A rather than C. A man might be willing to give a shilling for a knife because he thought it cheap, and might refuse to give a shilling for a certain pamphlet because he thought it dear, and yet if he had been offered the direct choice between the pamphlet and the knife as a present he might have chosen the pamphlet. That is to say, he would prefer the knife to a shilling and would prefer a shilling to the pamphlet, and yet he would prefer the pamphlet to the knife. Or a man who is going abroad may employ half a day in finding where he can get best change for his money, with the result of getting half a crown’s worth more of foreign coin for his £30 than he could have got at the tourist office without any trouble; and he may be quite pleased with his achievement. But the same man would scornfully refuse to sell half a day of his time for 2 s. 6 d., and will lose all his self-gratuation on the favourable exchange that he has got if it occurs to him to think of it as 2 s. 6 d. earnings for half a day’s work. That is to say, at one and the same time he is willing and unwilling to accept 2 s. 6 d. as an adequate compensation for half a day’s work, according to the light in which it happens to present itself to him.” (33)<sup>23</sup>

## 5 Conclusions

The foregoing demonstrates key similarities between Mill and the approach of RW. In addition, it traces similarities between Jevons and the behavioral paternalists. Yet RW correctly highlight a key difference between early paternalism and that of the behavioral paternalists. They argue (6) that, unlike earlier forms of paternalism, behavioral paternalists attempt to help people satisfy their *existing* preferences. By contrast, in his *Theory of Political Economy* and throughout his economics, Jevons is clear that in fact a systematic re-making is in order for poor people: only when their preferences have been attacked

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<sup>22</sup>Kirzner (1999) links Wicksteed and von Mises in this respect. Steedman discusses violations of transitivity in general and the violation of transitivity in *Common Sense* (Steedman, 2000).

<sup>23</sup>Ludwig von Mises cites this passage in support of his contention that “value judgments are not immutable and that therefore a scale of value, which is abstracted from various, necessarily nonsynchronous actions of an individual, may be self-contradictory” ([1949] 2009, 103).

and reshaped on all fronts, from musical tastes to savings behavior and labor force participation decisions, would he be satisfied that we have remade poor people in accordance with the best advice of the economic theorist.

One additional contrast goes unnoticed in RW. As emphasized above, Jevons and other late nineteenth century paternalists targeted the laboring poor in their analysis of purported irrationalities. By contrast, the behavioral paternalists posit mistakes in the choices of any and all consumers – in that view, we all suffer from biases and other forms of purported irrationality. Many, if not all, of the supposed “biases” examined by RW, including present bias, supposed lack of willpower, incompleteness, and intransitivities, feature predominantly in Jevons’s late-nineteenth century analysis of the laboring classes. Such biases also, as noted above, provide wide scope for policy intervention. Perhaps that is why the neoclassical approach overthrew the earlier approach by Mill or the attempted realism of Wicksteed: some experts who study people and policy in the early twentieth century seemed eager to step in and advocate wholesale remaking for particular groups deemed especially “inferior.”

RW favor Mill’s approach subject to a no-harm principle (RW, 437). Here, perhaps, we might invoke Buchanan’s notion of “reform via discussion” and close the distance somewhat between Cass Sunstein and Richard Thaler, on the one hand, and RW, on the other. If we have ideas about how we *should* behave in order to thrive, subject to a no-harm principle, might we not remonstrate, reason, persuade, and entreat, as RW suggest (RW, 437), and reform our institutions via discussion, as Mill and (perhaps) Sunstein and Thaler would have us do?

This leads to a final contrast between the early neoclassical perspective exemplified by Jevons and that of behavioral paternalists, a contrast that may well be significant. Those who wish to “nudge” consumers or producers are confident in their prescriptions, but they are a far distance from the hubris that emerged and prevailed through the development of New Welfare Economics. Behavioral paternalists are neither engineers, nor design theorists who prescribe wholesale remaking.

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