

John Stuart Mill and the importance of individuality

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Dissatisfied with both socialism and capitalism, John Stuart Mill envisaged a hybrid system in order to specifically promote the individuality of workers

It takes John Stuart Mill the hundreds of pages that make up his *Principles of Political Economy* to offer a ringing endorsement of no single economic perspective. On the one hand, he offers a defence of some key capitalist principles, especially the value of competition, as a result of which he is often excluded from the socialist camp. On the other, he offers a thoughtful and, indeed, devastating account of the harms wrought by capitalism in late-19th century Britain and is cautiously optimistic that a properly decentralised socialist system will be able to alleviate them. Ultimately, his focus on the importance of human happiness, and the role that liberty (or ‘individuality’) plays in sustaining this happiness, leads him to propose a hybrid economic system that melds what he takes to be the best of both socialism and capitalism.

Most people with a passing knowledge of John Stuart Mill know him to be a [defender of liberty](#), against the tyranny of social norms and political oppression. He writes passionately about the importance of protecting an individual’s ability to act freely, and just as passionately about the likelihood that a government interferes in the lives of citizens will cause more harm than good, regardless of its intent. Readers could thus be forgiven for assuming that Mill defends laissez-faire markets as a result.

Indeed, Mill sees key benefits in some aspects of capitalism. The market economy, believes Mill, is valuable for decentralising economic decisions to sub-state organisations or communities. Like Karl Marx, Mill recognises that the market economy has served to undermine the prior era’s dependence of serfs on feudal lords, and thus to generate a key freedom, ie, the right to own one’s labour and the product of one’s labour. Furthermore, the market economy encourages competition, which Mill respects. Many individuals are motivated to work hard by the desire to be more successful than others, and directed well, this hard work can generate wealth for the hard-working labourer and the community in which she lives. For Mill, the wealth produced by self-interested, competitive individuals must be distributed in ways that encourage competition and self-interested productive labour.

Yet, Mill is unwilling to offer a full defence of capitalism, and this reluctance stems from his concern with maximising human happiness. As he sees it, the capitalist economy that reigns in his time is failing to produce widespread happiness; on the contrary, too many hardworking individuals are unfairly consigned to poverty. There is, he says, an insidious ‘inverse ratio’ in how the wealth of a society is distributed: ‘the largest portions [of wealth go] to those who have never worked at all, the next largest to those whose work is almost nominal ... the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labour cannot count with certainty on being able to earn even the necessaries of life’ ([PPE, II.1.16](#)). Too often,

in other words, capitalism fails to reward those who are hardest working: difficult and demanding labour is often poorly remunerated; and too many are permitted to inherit great wealth, and live in luxury, without active labour.

Given these critiques, one might therefore have expected Mill to throw his lot in with the socialists of his era. Socialism proposes to eliminate the worst of capitalism's ills: it promises to protect those who are destitute; it promises to reward those who work the hardest; it promises a fair distribution of wealth among all citizens. Yet, just as Mill does not fully endorse capitalism, he does not offer his full support to a socialist alternative. Not only does he see that there are benefits to be won from some elements of the capitalist economy, he acknowledges the possibility that socialism – especially if state-run – can also produce ills that we should avoid. He worries, for example, that because it guarantees income to all citizens, socialism will encourage labourers to try and avoid their fair share of labouring. He worries that distributing labour among citizens will prove difficult, because it is hard to compare the difficulties of different forms of labour and the value of labour's products. Unsurprisingly, given the Mill of *On Liberty*, his main concern is that poorly structured socialism or communism will suppress individuality, ie, the ability of individuals to think freely for themselves.

Mill nevertheless remains cautiously optimistic about a socialist alternative: the difficulties he identifies can be overcome, he thinks, and though 'its difficulties, at present, are much better understood than its resources' ([PPE, II.1.15](#)), the fact remains that capitalism as it is practiced produces such profound and widespread misery that, 'if this [capitalism in Victorian England] or communism were the alternative, all the difficulties, great or small, of communism would be but as dust in the balance' ([PPE, II.1.16](#)). In particular, he thinks, critics of communism (a term, for the purposes of this short essay, I assume to be synonymous with socialism) underestimate the capacity for public spirit among citizens that would motivate and sustain commitment to more equitable divisions of labour and profit.

As a result of this cautious endorsement of a socialist alternative, although he is not embraced by them, Mill is associated with a set of thinkers lumped together under the label 'utopian socialists', which includes Robert Owen, Henri de Saint-Simon and Charles Fourier. Some of the proposals offered by this group of socialists are frankly odd – that houses in a socialist society should be organised in the shape of a parallelogram for example. But, as a group, these thinkers object to treating economic laws, which consign some members of society to a destitution from which it is nearly impossible to exit, as natural and therefore unalterable. They focus their efforts on advocating for economic reform and aim to persuade members of their own social class (rather than, as Marxists might do, by mobilising the poorest and most alienated of society into a revolution). They believe, in particular, that there is no good reason – there is no *natural* and therefore immutable reason – to live with the consequences of economic laws if we do not like the effects of these laws. Then, as now, the way in which wealth is distributed is a political decision, which if made badly or well can produce or eliminate radical wealth inequality.

One proposal endorsed in some variant by many so-called utopian socialists is the worker cooperative, and Mill believes that, properly organised, a society organised into worker cooperatives may well blend the best of capitalism and socialism. They will combine the competition that propels productivity and innovation with a fair distribution of both labour and wealth.

As he conceives them, worker cooperatives are jointly owned corporations, governed and operated by workers, who share the profits the cooperative generates. Since the late 1800s, the world has seen enormous economic growth (though unequally distributed), but economists writing in the early 19th century were fearful that a possible 'stationary' state, at which point no more economic growth, was imminent: 'the increase of wealth is not boundless', he says ([PPE, IV.6.2](#)). On the contrary, Mill thinks the inevitable emergence of a stationary state, in which profits can no longer be assured to grow significantly, will prompt the peaceful emergence of worker cooperatives from capitalist ventures. In the face of dwindling profits, capitalists will willingly cede ownership to workers, in exchange for a fixed salary of their own.

The worker cooperatives will operate more or less as capitalist enterprises; they engage in trade and they compete with the intention of driving their own profits up. Some will succeed and others will fail; Mill lauds the experimentation that a decentralised socialism permits and encourages. Other 'utopians' writing at the same time propose an equal distribution of wealth among workers, but Mill objects to such a principle, arguing instead for a distribution of wealth that makes sure that the needs of all workers are met, first, but which also rewards workers who are most productive. Not only does he believe that the prospect of extra wealth will motivate some workers to be productive (if workers do not have a fixed salary, but instead can expect to share in profits at least in part as a reward for their efforts, they will be motivated to work hard), he believes that workers should as a matter of principle be compensated for the value of their labour. The value of labour is determined by considering both the difficulty of the labour and the price at which its products command on the market. The failure of capitalism to do so is, as we saw, one of Mill's main objections to it.

The expansion of a cooperative sector of the economy – the emergence of a decentralised rather than state-run socialism – can then continue as more and more workers and capitalists understand the benefits that worker cooperatives can produce. In this way, says Mill, the economy can protect the best aspects of capitalism – in particular the private ownership of property, the motivational pull of rewarding workers for the value of the labour, and the value of competition in producing more and better products – and shed the worst ones – the penury to which some workers are assigned through no fault of their own and their dependence on the capitalist class.

Best of all, worker cooperatives permit labourers to be self-governing. Workers must cooperate, not only to *produce*, but also to self-govern, in ways that generate a capacity and desire to consider goals and interests that are shared by the community, rather than those that are solely in one's self-interest. In much of his writing, Mill worries about the impact of widespread ignorance among members of the working class, who are denied the opportunity for adequate education, and who are thereby shut out of political decision-making. Such people remain narrowly focused on their own interests, unable and unwilling to consider the impact of policies on the community as a whole. The active participation in the governance of cooperatives serves to develop their mental faculties and build their public spirit; as Mill sees it there is freedom in cooperating with others – a kind of political or participatory freedom that is essential to living a life of 'individuality'. Recall Mill's statement that communism's chief danger lies in suppressing individuality; in fact, it appears that participating in the running of worker cooperatives is an effective way in which workers, ie, the majority of any population, can attain and protect the 'individuality' that Mill celebrates.

In sum: Mill offers an enthusiastic defense of neither capitalism nor socialism, and opts for a hybrid that, in his estimation, capitalises on the benefits offered by both. The result, he predicts, would be an educated workforce, composed of genuinely free individuals, working together in the shared interests of the larger community.

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