

The Inscrutability of the Mind:  
How the End of Interpersonal Comparisons  
Removed Psychology from Economics

David M. Levy

Center for Study of Public Choice  
George Mason University

Sandra J. Peart

Jepson School of Leadership Studies  
University of Richmond

December 26, 2016

The reader will find, again, that there is never, in any single instance, an attempt made to compare the amount of feeling in one mind with that in another. I see no means by which such comparison can be accomplished. The susceptibility of one mind may, for what we know, be a thousand times greater than that of another. But, provided that the susceptibility was different in a like ratio in all directions, we should never be able to discover the difference. Every mind is thus inscrutable to every other mind, and no common denominator of feeling seems to be possible. But even if we could compare the feelings of different minds, we should not need to do so; for one mind only affects another indirectly. Every event in the outward world is represented in the mind by a corresponding motive, and it is by the balance of these that the will is swayed. But the motive in one mind is weighed only against other motives in the same mind, never against the motives in other minds. Each person is to other persons a portion of the outward world—the *non-ego* as the meta-physicians call it. Thus motives in the mind of A may give rise to phenomena which may be represented by motives in the mind of B; but between A and B there is a gulf. Hence the weighing of motives must always be confined to the bosom of the individual.

W. S. Jevons 1871

## I. Introduction

When Lionel Robbins denied the scientific status of interpersonal comparisons of well-being, he noted in passing that the interest in comparing utility across individuals was the result of the historical overlap between utilitarians and political economists (Robbins [1932] 1949, p. 141). Looking backward at the great utilitarian political economists, we see a deep engagement with psychology. James Mill's 1829 *Human Mind* was reissued in 1869 by John Stuart Mill with extensive commentary by himself and Alexander Bain. F. Y Edgeworth's 1881 *Mathematical Psychics* is replete with discussion of psychological results. Herbert Spencer, whose relationship to utilitarianism is complicated, and whom Edgeworth cites, revived Adam Smith's classic of moral motivation, *Theory of Moral Sentiments*, in 1851 in *Social Statics* four years before he published his *Principles of Psychology* (Spencer 1855).

Slightly more than a century later, George Stigler wrote this about *Theory of Moral Sentiments*:

In fact, Smith's professional work on psychology (in his *Theory of Moral Sentiments*) bears scarcely any relationship to his economics, and this tradition of independence of economics from psychology has persisted ... (Stigler 1960, p. 40)

Economists over the years have tended to treat the classics as a part of the extended present. One version of this approach is to read the classics as offering a lesser version of what we ourselves can do. This is equivalent to the doctrine of the efficient market of ideas in which whatever is useful in the past is embodied in the work of the present. George Stigler, who did articulate the efficient market of ideas, was an extremely careful reader of Adam Smith. The combination made him sensitive to Smith's deviation from the neoclassical model. Unlike traditional solutions to the "Adam Smith problem," asserting an inconsistency between *Theory of Moral Sentiments* and *Wealth of Nations*, the implication of Stigler's reading is when economists would get around to dealing with psychology, we would recover Adam Smith's results. And, of course, this is what has happened since 1960 (Smith and Wilson 2015).

The question we address is what was lost when the connection between the psychologically-influenced political economists and their successors was abandoned. In particular, even if we deny the

scientific status of interpersonal comparisons, why would that matter to the agents we study? Our concern for others, expressed as a gift or as generosity in bargaining, is not offered as a scientific claim any more than is our choice of apples instead of tangerines. P. H. Wicksteed shared Jevons's skepticism about the scientific status on interpersonal comparisons; nonetheless, the agents he models have no difficulty whatsoever in making such comparisons. Moreover, once we think of X's concern for Y as something entirely ordinary then we are lead to ask about Y's concern for X. When we look at the role of interpersonality in Edgeworth's *Mathematical Psychics* in changing observable behavior, we see a strong suggestion that reciprocity is to be expected.<sup>1</sup> As Edgeworth locates his enterprise in the science Richard Whately called *catallactics* – making use of the Greek word for exchange with reciprocity (Levy 2001, pp. 243–58) – we look at Whately's explanation for his coinage.

To narrow the question to something at least quasi-tractable, we ask when J. R. Hicks restarted value theory from the foundations set out by Vilfredo Pareto instead of Edgeworth's, was there a cost?<sup>2</sup> The one instance Hicks points to where there may be a cost is public finance theory but even there he is optimistic that a replacement for Edgeworth's utilitarianism will soon be found.<sup>3</sup> However, to the extent

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<sup>1</sup> When we notice W. S. Jevons' skepticism about interpersonal comparisons (Peart 1996) the fact that Edgeworth's early work was uninformed by Jevons (Creedy 1986) takes on considerable importance.

<sup>2</sup> Hicks and Allen (1934, p. 52): "Of all Pareto's contributions there is probably none that exceeds in importance his demonstration of the immeasurability of utility. To most earlier writers, to Marshall, to Walras, to Edgeworth, utility had been a quantity theoretically measurable; that is to say, a quantity which would be measurable if we had enough facts. Pareto definitely abandoned this, and replaced the concept of utility by the concept of a scale of preferences. It is not always observed that this change in concepts was not merely a change of view, a pure matter of methodology; it rested on a positive demonstration that the facts of observable conduct make a scale of preferences capable of theoretical construction (in the same sense as above) but they do not enable us to proceed from the scale of preference to a particular utility function." Hicks's role in stimulating interest in Pareto is made clear in the Foreword to the new English translation (in Pareto (2014, p. vii)): "Above all, the fame that Pareto enjoys for his economic work is due mainly to Sir John Hicks' meritorious mediations; and, conversely what is least well known of Pareto's economic contributions is that which has not been transmitted via Sir John's mediation."

<sup>3</sup> Hicks (1934, p. 54): "Reference should also be made to Edgeworth's interesting remarks on Pareto's doctrine (*Papers*, vol. ii, pp. 472-6). It has become increasingly hard to accept Edgeworth's contention that the existence of theories of Public Finance and Industrial Conciliation depending on the measurability of utility ought to be regarded as an argument in favour of maintaining that assumption. For its abandonment need not imply the abandonment of these undoubtedly valuable doctrines; it serves instead as a stimulus to the construction of new theories of wider validity, into which the traditional teaching can subsequently be fitted as a special case, depending on the introduction of a particular ethical postulate." In Paul Samuelson's account there was only benefit from the removal of psychological, normative elements of the utility doctrine (Samuelson 1938).

that ordinality removed appeals to sympathy, and the expectation of reciprocity vanished, there was indeed a cost to be paid as we know from decades for experimental economic research.

## 2, *Mathematical Psychics*

As motivation for his work in *Mathematical Psychics* Edgeworth distinguishes the practice of previous economic research with the doctrine of Herbert Spencer.<sup>4</sup> The critical issue is that of sympathetic agency:

the greatest possible quantity of happiness *under conditions*; whether the condition of that perfect disintegration and unsympathetic isolation abstractedly assumed in Economics, or those intermediate conditions of what Herbert Spencer might term integration on to that perfected utilitarian sympathy in which the pleasures of another are accounted equal with one's own. These are diversities of condition, but only one maximum-principle; many stage of evolution, but 'one increasing purpose' (1881, p. 12).

Integration would certainly have been a familiar term to readers of Spencer's *Psychology*.<sup>5</sup>

We ask where sympathy enters into the argument in *Mathematical Physics* and whether this relates to how his argument has been misunderstood by later workers? There is no doubt that there has been at least some misunderstanding if only since the "Edgeworth box diagram" is nowhere in Edgeworth's work since Edgeworth allows the exit option which the textbook box precludes.<sup>6</sup> What there is we reproduce

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<sup>4</sup> Is the reference of "perfect disintegration and unsympathetic isolation" to Gossen's work? The one index reference to "sympathy" in the new edition of Gossen is this: "sympathy, undesirability of, 116." (Gossen [1854] 1983, p. 314). If indeed Edgeworth sees that Gossen requires reclusive agency, we may be able to solve an old problem stated by Nicholas Georgescu-Roegen (1983, p. cvi): "There are, of course, common points between Edgeworth's and Gossen's arguments about barter. It is, therefore all the more curious that Edgeworth was not struck at all by the similarity."

<sup>5</sup> Spencer (1855, p. 333): "Nor is it only in every passing process of thought that this law is displayed: it is traceable also in the general progress of thought. These minor differentiations and integrations that are going on from moment to moment, result in those greater differentiations and integrations which constitute mental development. Every case in which an advancing intelligence distinguishes between objects, or phenomena, or laws, that were previously confounded together as of like kind, implies a differentiation of states of consciousness. And every case in which such advancing intelligence recognizes, as of the same essential nature, objects, or phenomena, or laws, that were previously thought distinct, implies an integration of states of consciousness. Under its most general aspect therefore, all mental action whatever is definable as *the continuous differentiation and integration of states of consciousness*." We count 47 uses of "integration" in the text including the index. Spencer's discussion of how sympathy is exhalted in the process of evolution is found on p. 602.

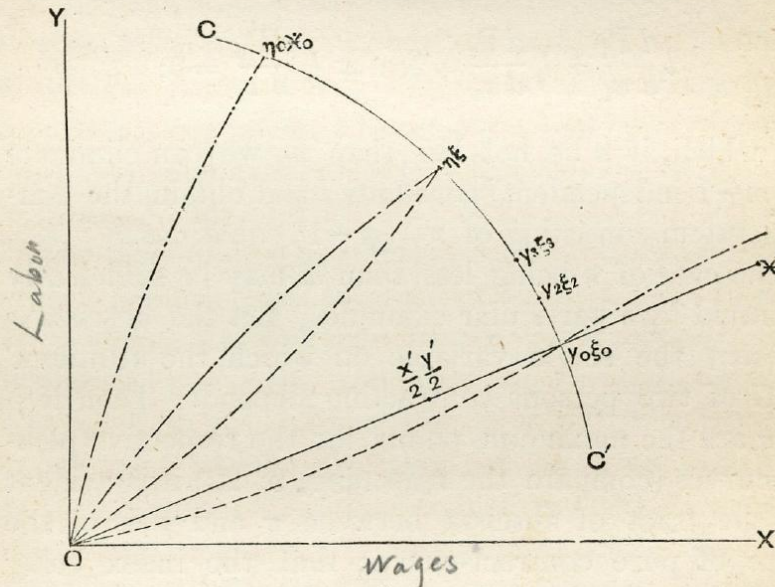
<sup>6</sup> Jaffé (1974, pp. 343-44): "... nowhere in Edgeworth's published writings is there anything resembling what is so frequently referred to as an "Edgeworth box diagram." ... Technically speaking, Edgeworth's box Contract Curve diagram could be converted into a box diagram of specific dimensions if the initial endowments, which Edgeworth deliberately chose to leave implicit were explicitly specified." Jaffé (1972, p. 1190: "Posterity ... depriving Pareto of his rightful claim to the wrongly called

with Frank Knight's annotations (Edgeworth 1881 p. 28). The trade is not apples for nuts but labor for wages.

*E. interested in trade unions, that seem to exist among them (HS) of 44 (43) ff*

It is not necessary for the purpose of the present study to carry the analysis further. To gather up and fix our thoughts, let us imagine a simple case—Robinson Crusoe contracting with Friday. The *articles* of contract : wages to be given by the white, labour to be given by the black. Let Robinson Crusoe = X. Represent  $y$ , the labour given by Friday, by a horizontal line measured *northward* from an assumed point, and measure  $x$ , the remuneration given by Crusoe, from the same point along an *eastward* line (See accompanying figure 1.). Then

FIG. 1.

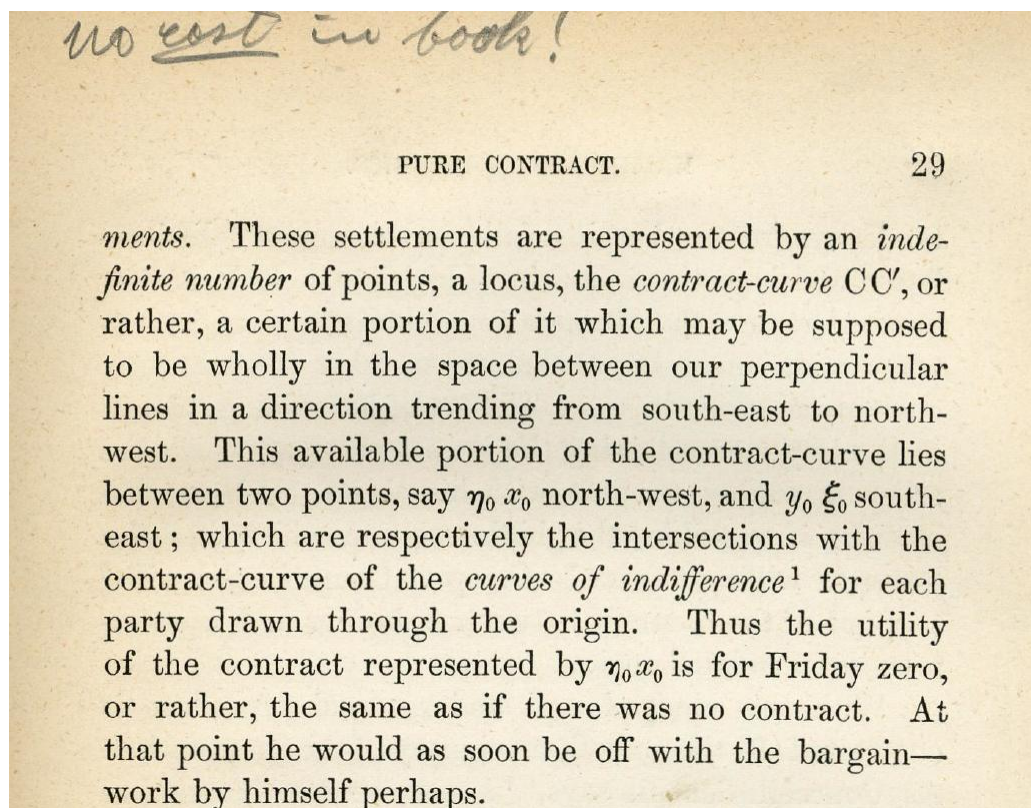


*axes are units exchanged*

any point between these lines represents a contract. It will very generally be the interest of both parties to vary the articles of any contract taken at random. But there is a class of contracts to the variation of which the consent of *both* parties cannot be obtained, of settle-

“Edgeworth Box Diagram” (nowhere found in Edgeworth, but making its first appearance in Pareto’s *Manuale*, 1906, Chapter III §116.)

The neat labeling of the axes are in Knight's hand and has he notes the axes are the "units exchanged." On the next page Edgeworth establishes a zero point for exchange:



Edgeworth lays out a zero labor, zero wages point and a curve of positive wages, positive labor which is indifferent to that origin for both Robinson and Friday. When contract fails there is isolation. Unlike the textbook box that carries his name, Edgeworth himself points out that one can leave its confines. There is an exit option.

*Sympathy.* Is there anything that keeps isolation away? Edgeworth's answer is completely clear.

*Sympathy.* We quote from the footnote on page 53 which continues to stress that "economic agency" is unsympathetic.

Here may be the place to observe that if we suppose our contractors to be in a sensible degree not 'economic' agents, but actuated in effective moments by a sympathy with each other's interests (as even now in domestic, and one day perhaps in political, contracts), we might suppose that the object which X (whose own utility is ), tends—in a calm, effective moment—to maximise, is not

P, but  $P + \lambda\Pi$ ; where  $\lambda$  is a coefficient of effective sympathy. And similarly Y—not of course [!] while rushing to self-gratification, but in those regnant moments which characterise an ethical ‘method’—may propose to himself as end  $\Pi + \mu P$ . What, then, will be the contract-curve of these modified contractors? *The old contract curve between narrower limits*. In fig. 1,  $y_0x_0$  will have been displaced in a north-westerly and  $\eta_0x_0$  in a south-easterly direction. As the coefficients of sympathy increase, utilitarianism becomes more pure, (cf. pp. 12,17), the contract-curve narrows down to the utilitarian point. [*Our emphasis!*].

We’ll consider the claim of reciprocity—the “of course” we emphasize— later but for now with sympathetic agency and the evolutionary trajectory suggested by Spencer that Edgeworth references, the equilibrium will move to the interior and keep isolation always,

### 3 Parsing Edgeworth

The reader of *Mathematical Psychics* who is not at least occasionally mystified must be truly unusual. It is not simply the untranslated passages in classical languages and the unreferenced neologisms, John Creedy’s scrupulous study (Creedy 1986) documents just how carelessly the printed text was corrected. There are two Greek words Edgeworth uses requiring attention: *sympathy* and *catallactics*. Part of the problem is that Edgeworth’s classical erudition was such that he could apply for a professorship in Greek. Sympathy could have come from a vast array of source; but in the context of his “catallatic atom” we offer a conjecture.

*Sympathy* This is a principle emphasized originally by the Stoic philosophers of antiquity and via Herbert Spencer, Adam Smith’s version enters the 19<sup>th</sup> biological discussion in which Edgeworth was immersed (Peart and Levy 2005; Levy and Peart 2015). What distinguishes Smith’s construction from that of a millennia-spanning literature (Schleisser 2015) is Smith’s emphasis on the role of imagination. When we sympathize we exchange places in imagination (Levy and Peart 2013). Thus, when Edgeworth (1881, p. vii) describes some sentient as experiencing “on an average more pleasure (e.g., of imagination



and sympathy)”) he is perhaps supposing something akin to Smith’s.<sup>7</sup> Similarly Edgeworth’s disavowal of appeal to infinitesimals in favor of finite small differences (1881, p. 7) is line with the Berkeley–Smith account of perception (Levy 2001).

*Catallactics*. Creedy tell us that this a word coined by Richard Whately and no more (Creedy 1986, p. 139). Edgeworth’s usage “the isolated couple, the catallactic *atom*” is unparsed (Edgeworth 1881, p. 31). Here the reference is easy to find. Whately, in his Oxford lectures, protests that “political economy” is almost a contradiction in terms and is consequently misunderstood. He proposes an alternative:

It is with a view to put you on your guard against prejudices thus created, (and you will meet probably with many instances of persons influenced by them,) that I have stated my objections to the name of Political-Economy. It is now, I conceive, too late to think of changing it. A. Smith, indeed, has designated his work a treatise on the "Wealth of Nations;" but this supplies a name only for the *subject-matter*, not for the *science* itself. The name I should have preferred as the most descriptive, and on the whole least objectionable, is that of CATALLACTICS, or the "Science of *Exchanges*." (1831, p. 6)

He continues, making a claim about the defining characteristic of the human:

Man might be defined, “An animal that makes *Exchanges*:" no other, even of those animals which in other points make the nearest approach to rationality, having, to all appearance, the least notion of bartering, or in any way exchanging one thing for another. And it is in this point of view alone that Man is contemplated by Political-Economy. This view does not essentially differ from that of A. Smith; since in this science the term Wealth is limited to *exchangeable* commodities; and it treats of them so far forth only as they are, or are designed to be, the subjects of exchange. But for this very reason it is perhaps the more convenient to describe Political-Economy as the science of Exchanges, rather than as the science of national Wealth. For, the *things* themselves of which the science treats, are immediately removed from its province, if we remove the possibility, or the intention, of making them the subjects of exchange; and this, though they may conduce, in the highest degree, to happiness, which is the ultimate object for the sake of which wealth is sought. A man, for instance, in a desert island, like Alex. Selkirke, or the personage his adventures are supposed to have suggested, Robinson Crusoe, is in a situation of which Political-Economy takes no cognizance; though he might figuratively be called rich, if abundantly provided with food, raiment, and various comforts; and though he might have many commodities at hand, which would *become* exchangeable, and would constitute him, strictly speaking, rich, as soon as fresh settlers should arrive. (1831, pp. 6–7).

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<sup>7</sup> The difference between Smith’s and Edgeworth’s views on human capacity is considerable (Peart and Levy 2005).

This is indeed a very careful reading of Smith bringing out Smith's propensity to truck, barter and exchange one thing for another.

The Greek word for exchange that Whately uses carries connotations of reciprocity. Thus for the catallactic atom, where separate persons are integrated by a sympathetic connection, the default reaction is one of reciprocity. Hence, Edgeworth's "of course." Without sympathy there is disintegration, a splitting of the catallactic atom. Edgeworth's construction makes clear that exchange is contingent. This seems to have been missed.

#### 4 Pareto on Spencer

When Pareto discusses Spencer his approach is to take desire as sensation, as a fact beyond reason. On that basis he finds Spencer's argument to fail. Here's the first passages. We print the editorial endnote numbers to call attention to how carefully the new edition of the *Manual* deals with Pareto on Spencer.

These errors originate in the unwillingness to acknowledge pleasurable or unpleasurable sensation as a basic fact, which cannot be deduced by reasoning. When a man experiences a sensation, it is absurd to try to prove to him that he experiences a different one. If a man feels unhappy, it is utterly ridiculous to try to prove to him that he is happy, and conversely.

It seems [impossible]<sup>24</sup> that a man of Spencer's intelligence should have fallen into such a gross error; but his whole treatise on ethics is unworthy of his intellect [and thus best shows up the defect in the method followed]<sup>24</sup>. In §79 of his *Evolutionary Ethics*,<sup>25</sup> he tries to prove that "other-regarding actions conduce to self-regarding gratifications by generating a genial environment." This is a *petitio principii*. Either a man experiences pleasure in seeing others happy, and, in such a case, it is quite unnecessary to prove to him that he will procure pleasure by making others happy—it is as if one said: "Wine gives you pleasure; consequently, to obtain pleasure, drink wine." (Pareto [1906] 2014, p. 31)

In §80, Spencer tries to prove that "The sensitiveness to purely personal enjoyments is maintained at a higher pitch by those who minister to the enjoyment of others, than it is by those who devote themselves wholly to personal enjoyments."<sup>26</sup> This, again, is reasoning in a circle; one takes as a premise exactly what is to be proved. It is a strange pretension on Spencers part that he should try to demonstrate logically that we feel what we don't! Here is a man who eats chicken; one tries to prove to him that he would get more pleasure by eating only half of it and giving the other half to his neighbor. He replies: "Certainly not; I have already tried that, and I can assure you that I experience more pleasure by eating the whole chicken myself than by giving half of it to my neighbor." You may call him wicked, you may insult him as much as you wish]<sup>27</sup>, but you cannot prove to him logically that he does not have this sensation. The individual is the sole judge of what

he likes or dislikes; and if, for instance, he is a man who dislikes spinach, it is utterly ridiculous and absurd to try to prove to him, as one proves Pythagoras's theorem, that he likes it. (Pareto [1906] 2014, p. 32).

Pareto's quotations from Spencer have been checked by John Chipman in the new variorum of the *Manual*.

Chipman finds a certain want of generosity and questions Pareto's argument at a critical point:

Spencer's own statement reads more like an empirical generalization, i.e., a sociologic law, about the consequences of "other-regarding actions", rather than an exhortation to do good to others. Thus, Pareto apparently overlooked the possibility that Spencer was simply making a statement of fact—possibly erroneous, but refutable—of the kind he himself allowed as legitimate in his subsequent example concerning spinach and disease. It must be admitted, however, that Spencer did not contribute much, if anything, to the crucial problem of measuring differences in pitch or intensity of pleasure as between different individuals. (Pareto [1906] 2015, p. 413).

Chipman quotes from a letter to Pareto in which praises Spencer as offering the first scientific theory of sociology which might explain why Pareto even bothers (Pareto [1906] 2014, pp. 422–23)

## 5 P. H. Wicksteed

The challenge of tastes as datum is addressed by P. H. Wicksteed by appealing of the claim of folk psychology of the differences of ends and means.<sup>8</sup> We point to two texts, one extraordinarily rare (the second printing of *Getting and Spending*) and the other extraordinarily famous (*Common Sense of Political Economy*).

*Getting and Spending* The first version of Lionel Robbins's celebrated essay on Wicksteed's political economy mentions *Getting and Spending* only to dismiss it. This is what he tells us about it, in a footnote which follows his discussion of the importance of the chapter "Business and the economic nexus" in *Common Sense*:

The curious should consult a tract entitled *Getting and Spending*, reprinted for private circulation from *The Inquirer*, 1888, for an earlier and much inferior statement of Wicksteed's position in this respect. (Robbins 1930, p. 245; 1931, p. 256)

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<sup>8</sup> For folk psychology see the papers in Hutto and Ratcliff (2007). Aristotle's use of ends and means is complexly obvious in *Ethics*.

However, when one looks at the second version of this essay, that which introduces Robbins' edition of Wicksteed's economic essays, the note has vanished without explanation (Robbins 1933, p. xxi). Robbins's brief description does not notice that in the 1897 reprinting of the pamphlet, we have Wicksteed's commentary on the articles in the form of a note added to the inner cover. It tells us what Wicksteed then thought solid and what he thought insubstantial in his 1888 effort. The solid part contains the characterization of "social injustice" in terms of deep ends and material means to these ends. The insubstantial part is the old classical distinction between productive and unproductive. We reproduce the inner cover since only the first printing is included in Steadman's collection (Wicksteed [1888] 1999),

*Reprinted from THE INQUIRER, 1888. Unaltered Reprint, 1897.*

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THE writer of these papers has allowed them to be reprinted because it has been represented to him that they may be useful, and because he adheres to the principles of commercial and moral conduct laid down in them.

But he wishes to state that the distinction drawn between "getting" and "making" money, and between "primary" and "secondary" distribution, does not now appear to him to be satisfactorily conceived or worked out; and he no longer thinks it suitable to extend the use of the word "money" so as to include all material things for which money is exchanged while excluding services and other immaterial things for which also it is exchanged.

He still wishes to emphasise the distinction between those things which are of primary and urgent necessity as means (food, shelter, &c.) and those which are of ultimate and intrinsic importance as ends (intellectual and emotional experiences, &c.). Social injustice is involved in the devotion of the lives of one class to securing the means while the ends are gained not by them but by another class.

It is the attempt made to express these things in terms derived from the old distinction between "productive" and "unproductive" labour, not the stress laid on the things themselves, that the writer would abandon were he re-casting these papers.

Wicksteed tells us that he's abandoned the link between goods as means and services and ends so we beware of emphasizing anything in this line of argument. What stands out, independently of that, is Wicksteed's concern that economists have not paid sufficient attention to the morality of exchange:

To have made anything that men want is to have made money, and if I cast anything that men want into the great stream of exchange I may draw out in due proportion anything that men

have in return. But does it make no matter what want I supply? Does it make no matter what I throw into the stream? (Wicksteed [1888] 1897, p. 21)

Here's how the value rabbit comes into the factual hat.

It is an old trick of the Economists to take a word which has an ethical meaning, to empty it of all moral signification by express definition, and then consciously or unconsciously suffer it to carry its moral sanctions and associations with it into all kinds of unmoral or immoral applications. And thereby ... taught men ... not to be influenced by sentimental considerations in the conduct of business; ... (Wicksteed [1888] 1897, p. 21)

Wicksteed flags the implausibility of a move from “desired” to “desirable” in the context of a consumer who knows less, perhaps, than the seller:

Thus, to the Economist, everything is “useful” that men want; for they are themselves the only judges of what the uses of their lives may be. Everything is useful that men want, and what they want they will pay for, and pay for in proportion as they want it, in proportion, therefore, as it is useful to them. (Wicksteed [1888] 1897, p. 21)

Wicksteed admits that such thoughts do not have any immediate implications for action because real cases are hard, customers do generally know what they are getting into so it is easy enough to construct crazy cases where the seller's crotchets could override perfectly reasonable requests. One is particularly amusing given Wicksteed's profession and his revealed preference for such delights as Ibsen instead of (say) Greek commentary on Aristotle's logical work, “a bookseller should refuse to sell a novel to a clergyman whom he suspects to be neglecting his divinity” (Wicksteed [1888] 1897, p. 23). We should think about the problem in terms of reciprocity:

but as we stand before God and man how can we refrain from such thoughts as these?—“Men have made many things for me. They have clothed and fed and sheltered me. They have enabled me to gather beauty and comfort round me; to shield dear children from too early exposure to the keen winds of life ...” “I have given them what they wanted ‘—nay, in this court of conscience there is no shuffling, no evading. What have I given them? (Wicksteed [1888] 1897, p. 23)

Wicksteed finds that there are certain occupations, the maker of goods, in which simple honest dealing suffices. Others, however, require some *objective standards* to pass a moral test:

The *maker* furnishes men with the means of life, and as long as the means he furnishes are in themselves wholesome and innocent he cannot possibly be held responsible for the use to which men put them, or the life they lead. He is bound honestly to furnish them with the means of life,

and he can do no more. But the man who makes nothing, but who renders services, the preacher, the poet, the actor and performer, the teacher, in many cases administer directly not to the means of life, but to life itself ; and what an awful responsibility is theirs for the life which they make or to which they minister How subtle the *temptation to fall short of the highest standards*, to yield to weakness, to flatter vanity, to work for show and not for substance;... (Wicksteed [1888] 1897, 30-31) [Our emphasis]

The essays stress the importance of objective standards of performance:

If we saw our actions as they really are, and brought them into adequate conformity with their essential goal and purpose, the daily occupations of our business and professional lives, so far from tending to make us hard and selfish, would be recognised by us as an abiding incarnation of moral and social conceptions, and the material vehicles of a truly human intercourse and interchange of services, in which moral and emotional, as well as material beings might take a reasonable delight, and on which they might ask the blessing not merely of their household gods, but of the Father of Mankind. (Wicksteed [1888] 1897, 32-3)

To look at things “as they really are” is the central problem. How do we do that?

Wicksteed summarizes the importance of rules distinguishing between fair and foul:

it is not a matter of indifference whether the wants to which we minister by the things we make are fair or foul, whether men are better or worse for having such desires gratified, (Wicksteed [1888] 1897, p. 34)

Wicksteed’s agents need an ability to look into others’s minds and think “if you bought this, it won’t do what you think it would do.” And then bound by reciprocity decline to make the sale.

*What is “The Common Sense” in The Common Sense?* Modern interpretations of past economics have imposed a strong dichotomy of texts into those texts which are important and those which are not. This has had an unfortunate impact on our understanding of Jevons’s work (Peart 1996, 2003). When reading Jevons’s great disciple, insufficient attention has been paid to the Wicksteed- F. M. Cornford edition of Aristotle’s *Physics*. Even Robbins confesses to being deeply puzzled by one aspect of Wicksteed’s *Common Sense*, the very title!

The title conveys less than nothing; indeed, never was a work of this kind more unfortunately named. It is not “common sense” in the ordinary sense of the term, and it is not *political* economy. (1932, xii)

“The common sense” is an enormously difficult concept in Aristotle’s psychology with which we need not struggle because Wicksteed tells us in his introduction to the *Physics* that he proposes to go beyond Aristotle’s texts. “The common sense” is for him a way to go beyond the world of the five senses which are inside us to a world of objects which are outside us. This is sensory integration. There are things independent of what our individual senses tell us:

Aristotle does not (I think) expressly tell us, but which we can see very clearly for ourselves, namely that is the common sense (not the special senses) that objectifies the world of us; for it incidentally asserts the existence of a number of concrete entities outside ourselves, which would be there though we were not.

In the recent full length treatment of “common sense” sensory integration is emphasized.<sup>9</sup>

It is “the common sense” to which Wicksteed appeals in *The Common Sense* to address the question of burden of taxation (Comim 2004) since it lets us view things as they really are

This is merely the application of the general principle that the psychic significance of wealth declines as wealth increases. It is not scientifically capable of proof, but it derives strong support from the common sense. (Wicksteed [1910] 2010, [III.2.2](#))

Robbins himself would make the distinction between economic science and political economy on the basis of whether interpersonal comparisons of well-being are allowed (Robbins 1981). Indeed, the connections which we have with others which depend upon interpersonal comparisons of well-being is part of the revolutionary aspect of *Common Sense* that Robbins emphasized in the third of the sequence of his commentary.<sup>10</sup> This passage enters the text at the point in which the footnote to *Getting and Spending* was expelled:

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<sup>9</sup> From the introduction to a comprehensive study of the term in Aristotle’s texts we read (Gregoric 2007, p. vii): “In the context of Aristotle’s psychology, the expression ‘common sense’ refers to a distinct perceptual capacity in which the five senses are integrated. It is called ‘common’ because it is shared by the five senses, and it is called a ‘sense’ because it is indeed a perceptual ability properly speaking. And because it is a perceptual ability, rather than a rational ability, it is shared by all animals, non-rational and rational alike. Obviously, what Aristotle calls the ‘common sense’ is very different from what we call ‘common sense’.”

<sup>10</sup> We think of *Nature and Significance* as the second of his commentaries on Wicksteed. .



Before Wicksteed wrote, it was still possible for intelligent men to give countenance to the belief that the whole structure of Economics depends upon the assumption of a world of economic men, each actuated by egocentric or hedonistic motives. For anyone who has read the *Common Sense*, the expression of such a view is no longer consistent with intellectual honesty. Wicksteed shattered this misconception once and for all. (1933, xxi-xxii)

What Robbins added in 1933 is not independent of what he removed.

Wicksteed proposes that life consists of overlapping sets of optimization problems with objective aspects. The “art of life” is solving them subject to the minimization of waste. As occupations have moral worth, the correct solution to the problems they raise is valuable in and of itself. Thus, in perhaps the most famous of Wicksteed’s examples, mother is pleased when the wasted milk is zero and annoyed when it isn’t. Because there is an objective aspect to the problem – how much material stuff do we have to throw away? –we can introduce the cost of thought without falling into triviality.

If we are thinking of optimization in terms of minimizing waste, we notice that Wicksteed’s choice of household administration as the example to work in *Common Sense* is an economical choice. The reader need not waste time learning a distant occupation’s details, soon to be forgotten, as would be required had Wicksteed picked an uncommon occupation. The book both studies and practices optimization.

Forewarned, we notice how often Wicksteed tells us that thought is included in the list of scarce things which need to be considered:

The art of life includes the art of effectively and economically distributing our vital resources of every kind, and domestic administration is a branch of this art in which it is possible to pay too dear in money for the saving of time, or too dear in time for the saving of money, or *too dear in thought and energy* for saving in bread, potatoes, or cream. (Wicksteed [1910] 2010, I.I.12)[*our emphasis*]

To the economist in the 21<sup>st</sup> century, this sends a message to read carefully.<sup>11</sup>

“Economy” etymologically means the regulating or managing of a household, that is to say, the administration of the household affairs and resources. It describes a branch of activity. In current language “economy” means the administration of any kind of resources (time, *thought*, or money, for instance) in such a way as to secure their maximum efficiency for the purpose

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<sup>11</sup>V. Smith (1985, p. 268): “The wide variety of different experimental studies of decision making under uncertainty, yielding results inconsistent with *EUH*, [expected utility hypothesis] are subject to different interpretations in terms of the damage they inflict on *EUH*. I think a key element in these interpretations is what Jacob Marschak (1968) long ago called the cost of thinking, calculating, deciding, and acting ...”

contemplated. *It is administration with a minimum of waste.* It describes not a branch but a characteristic of administrative activity. If we go on to analyse our conception of “waste” we find it to be expenditure upon objects in excess of their worth, or loss and destruction of resources by mere thoughtlessness or negligence. (Wicksteed [1910] 2010, I.I.1)[*our emphasis*]

Household economy is not all that different than of political economy (Wicksteed [1910] 2010, I.I.2).

Wicksteed explains the example he will work in the book as one minimizing waste:

As we oftener think of women than of men as administering the affairs of a household, and as we oftener say of a woman than of a man that she is “economical,” we may naturally draw our first illustrations mainly from the doings of housewives; and this will have the great advantage of keeping us upon ground with which we are all broadly familiar and with which all of us, man, woman, and child, are closely concerned. As bankers, manufacturers, dealers, or mechanics, we may have some inside knowledge of one or another order of industrial facts, but these special fields of experience give us no common ground. (Wicksteed [1910] 2010, I.I.8)

Household administration requires an interpersonal comparison of well-being made by the agents. Mother sees things as they really are

“I am as the centre of the circle to which all parts of the circumference bear a like relation. But thou art not such,” she says in effect to each child in turn. She may let the milk-jug pass freely round, and her vigilance will only take note of mugs full, but she will keep the cream-jug in her own immediate vicinity, and however nobly she tilts it on some occasions, there will be others on which she measures and estimates its contents by drops. But in all cases, whether she is spending money, helping the potatoes, pouring out the cream, or exercising a more general vigilance over the bread and milk, she is engaged in the same problem of the administration of resources and she is guided by the same principle. She is trying to make everything go as far as it will, or, in other words, serve the most important purpose that it can. She will consider that she has been successful if, in the end, no want which she has left unsatisfied appears, in her deliberate judgment, to have really been more important than some other want to which she attended in place of it. Otherwise there has been waste somewhere, for money, milk, potatoes, or attention have been applied to one purpose when they might better have been applied to another. (Wicksteed [1910] 2010, I.I.12)

Wicksteed stresses that mental activity is a scarce good:

Note that “attention” is included amongst the things that have to be administered and that are often wasted. *The art of life includes the art of effectively and economically distributing our vital resources of every kind, and domestic administration is a branch of this art in which it is possible to pay too dear in money for the saving of time, or too dear in time for the saving of money, or too dear in thought and energy for saving in bread, potatoes, or cream.* Whatever the nature of the alternatives before us, the question of the terms on which they are offered is always relevant. If we secure this, how much of that must we pay for it, or what shall we sacrifice to it? And is it worth it? What alternatives shall we forgo? And what would be their value to us? Wicksteed ([1910] 2010, I.I.12) [Our emphasis]

We start in equilibrium in the administration of milk consumption:

Let us examine this principle further. We have seen, in comparing the different applications of milk in an ordinary middle-class family, that if the administration is ideally carried out, the significance of the last small increments of milk are equal in all its ordinary applications. (Wicksteed [1910] 2010, 1.2.79)

We shock the equilibrium. The dog's life is in danger:

The dog may have eaten phosphorous poison, and some one may know that the proper remedy is to drench him with milk. ... The last thimblefuls will still be kept in equilibrium, but each will meet a more clamorous demand than usual, the lower or less clamorous demands not being met at all; and if the dog has been poisoned, probably the cat will get nothing, even her initial and most urgent claim not being able to compete for a place amongst the higher demands that alone can be satisfied now. (Wicksteed [1910] 2010, 1.2.79)

We have shocks in the other direction which aren't as dramatic but which illustrate that there is a pleasure which comes from solving the administrative problem. Mother is pleased by the surprising request for milk that keeps it from going to waste. Administration is a game and, winning strategies are applauded:

The reverse case to the one we have supposed may also occur. Through an ordinary miscalculation or through some unforeseen change of circumstances, such as the unexpected departure of several members of the household, or the coming on of thundery weather that threatens to turn the milk, the supply for the next few hours may become so much larger than was expected relatively to the demands made upon it, that it will be consumed at a lower marginal significance than would have justified the purchase. The cat may have as much as she chooses to lap. *A member of the household, coming in hot from a walk in the sultry air, and expressing a timid desire for a glass of milk, may be treated almost as a benefactor instead of being treated as a criminal, as he was when he last made the same suggestion under less propitious circumstances.* (Wicksteed [1910] 2010, 1.2.81) [*emphasis added*]

Perhaps it is useful to note that our economic science studies agents who are perfectly capable of doing things by common sense which we cannot do by science. Without appreciating Wicksteed's argument we cannot understand Robbins's example of a father carving a holiday turkey in his discussion of the difference between political economy and economic science (Robbins 1981). That larger discipline, formed when we remember that we are agents too, Robbins urges to call "political economy."

## 6 Conclusion

Jevons's greatest followers, Edgeworth and Wicksteed, considered agents who desires extended across others' well-being. It is one thing to be careful of the interpersonal comparisons we as outside

economists make; it is quite another to take as default a specification of the reclusive agency with which Edgeworth and Wicksteed both struggled. We noticed that Edgeworth took reciprocity as the default relationship between sympathetic agents. This is not what modern economists take as default. This disagreement, might of course, be taken to the lab.

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