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Three Dimensions of Classical Utilitarian Economic Thought —Bentham, J.S. Mill, and Sidgwick—

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1. Utilitarianism in the History of Economic Ideas

Utilitarianism is a many-sided conception, in which we can discern various aspects: hedonistic, consequentialistic, aggregation or maximization-oriented, and so forth.¹ While we see its impact in several academic fields, such as ethics, economics, and political philosophy, it is often dragged out as a problematic or negative idea. Aside from its essential and imperative nature, one reason might be in the fact that utilitarianism has been only vaguely understood, and has been given different roles, “on the one hand as a theory of personal morality, and on the other as a theory of public choice, or of the criteria applicable to public policy” (Sen and Williams 1982, 1-2).

In this context, if we turn our eyes on economics, we can find intimate but subtle connections with utilitarian ideas. In 1938, Samuelson described the formulation of utility analysis in economic theory since Jevons, Menger, and Walras, and the controversies following upon it, as follows:

First, there has been a steady tendency toward the removal of moral, utilitarian, welfare connotations from the concept. Secondly, there has been a progressive movement toward the rejection of hedonistic, introspective, psychological elements. These tendencies are evidenced by the names suggested to replace utility and satisfaction—*ophélimité*, desirability, wantability, etc. (Samuelson 1938)

Thus, Samuelson felt the need of “squeezing out of the utility analysis its empirical implications”. In any case, it is somewhat unusual for economists to regard themselves as utilitarians, even if their theories are relying on utility analysis. Instead, we face a situation where some economists express a subtle aversion against utilitarian ideas, as did Keynes in confessing his philosophical antagonism against “Benthamite calculus”

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¹ It is well known that Sen defined utilitarianism as the combination of consequentialism, welfarism and sum-ranking (Sen 1979).

(Keynes 1938 [1949]).

The situation in the eighteenth and nineteenth centuries was a bit different. It is undeniable that there were a lot of criticisms of utilitarianism, especially from such idealists as T.H. Green, who attacked “the errors arising from its Hedonistic psychology” (Green 1883, 361); however, many leading figures in the development of political economy would be recognized, by themselves and others, as utilitarians. At least in the eyes of non-economists such as Rawls, its connection with utilitarianism seemed to be quite inseparable:

[I]f we look at the more important economists in the English tradition before 1900 and the well-known utilitarian philosophers, we’ll find that they’re the same people; only Ricardo is missing. Hume and Adam Smith were both utilitarian philosophers and economists, and the same is true of Bentham and James Mill, John Stuart Mill [...] and Sidgwick; and Edgeworth, while he was known primarily as an economist, was something of a philosopher, at least a moral philosopher. (Rawls 1993, 162-3)

Thus, the purpose of this paper is to clarify the connection and reduce the ambiguity between economic and utilitarian ideas, through the examination and comparison of the nineteenth century utilitarians: Bentham, J.S. Mill, and Sidgwick.

The unique approach used here is to first characterize the classical utilitarians through the eyes of Sidgwick. In contrast to fruitful studies on Bentham and Mill, Sidgwick’s economic ideas have been comparatively overlooked or even deprecated.² However, recent research has started to cast light on his wide-ranging philosophical interests and the positive role he played in the development of political economy; Schultz explores Sidgwick’s whole intellectual life after carefully reading the vast amount of original sources (Schultz 2004); Backhouse emphasizes that Sidgwick was “also the origin of many of the ideas that drove the Cambridge school” (Backhouse 2006); Medema regards both Mill and Sidgwick as having elaborated the theory of market failure, but also the latter as having “expressed a great deal more optimism about the efficacy of government intervention” (Medema 2009, 53). Sidgwick, while strongly influenced by Bentham and Mill, tried to build his own systematic utilitarian philosophy. On the basis of these previous studies, we will explore how classical utilitarian economic ideas were finalized by Sidgwick, whom even Rawls, who sharply criticized utilitarianism, admired as having provided its “clearest and most accessible

² There have been mixed evaluations of Sidgwick’s economic idea. For example, while it has been said that “Sidgwick’s comprehensive approach to the issue of market failure was more fundamental than Mill’s observational approach” (O’Donnell 1979), he also has been regarded as just “a commentator upon Mill” (Stigler 1990).

formulation” (Rawls 1971, 22).

Second, in order to reduce the ambiguity of the utilitarian idea, we will distinguish whether it means “a theory of personal morality” or “a theory of public choice” in each context. This point has often been raised; Green regards utilitarianism as a theory applicable to both “private conduct” and “public policy” (Green 1882, 366); Rawls discusses “the principle of utility [...] usually said to hold for all kinds of subjects ranging from the conduct of individuals and personal relations to the organization of society as a whole as well as to the law of peoples” (Rawls 1993). The intricate story, in Goodin’s words, is as follows:

Perhaps it is novel nowadays to look at utilitarianism as essentially a public philosophy. If so, the novelty is itself wholly new. In earlier times it was much more of a commonplace to suggest that utilitarianism constitutes a solution to public rather than personal moral problems, to defend it as a public philosophy rather than as a personal moral code. (Goodin 1995, 11-12)

Beyond just disentangling the confusion of individuals and governmental principles, we also focus on the logical connections among them. Here again, Sidgwick and his ethical conclusion of “the dualism of practical reason” are the key to clarifying the connections.

2. Which Boosts the General Happiness: Self-Interest or Benevolence?

2.1. Egoistic-Individualistic Connection in Bentham

Bentham’s utilitarianism is well-known by the phrase “the greatest happiness of the greatest numbers”, although he was not the first person to say it. Here we shall begin by confirming “the principles of utility”:

[W]hich approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question [...]. I say of every action whatsoever; and therefore not only of every action of a private individuals, but of every measure of government. (Bentham 1789 [1996], 11-12)

For Bentham, the right action both for individual and government is to promote happiness. It might therefore be supposed that he embraces the maximization of

general happiness as the ultimate end both for private action and for government.

But with regard to the former, it is hard to conclude that Bentham recommends benevolent acts directly aiming at general happiness. The general happiness or “the happiness of the community” is the sum of individual happiness; however the right aim for each individual, Bentham assumes, is to promote “the happiness of that individual” (Bentham 1789 [1996], 12). In his other treatise, Bentham also describes “[i]n the general tenor of human life, in every human breast, self-regarding interest is predominant over all other interests put together” (Bentham 1822 [1989], 233; Sidgwick 1874, 67). From this perspective, Sidgwick suggests that “Bentham seems no less explicitly to adopt Egoistic Hedonism as the method of ‘private Ethics’, as distinct from legislation” (Sidgwick 1874 [1901], 88).³ Sidgwick, while pointing out that principles for individuals and for government were often confused in Bentham’s descriptions or that Bentham sometimes took the general happiness for the former, concludes that the normative principle Bentham assumed for the individual was at the bottom egoism⁴:

Bentham, although he puts forward the greatest happiness of the greatest number as the “true standard of right and wrong”, yet regards it as “right and proper” that each individual should aim at his own greatest happiness. (Sidgwick 1874 [1901], 119)

If so, that means Bentham assumed Egoistic Hedonism (the maximization of one’s own happiness) as the ethical principle for the individual, but Universalistic Hedonism (the maximization of general happiness) for legislation.⁵ Then, how can these be reconciled or interlaced? The answer is similar to that common among economists relying on methodological individualism; the happiness of the individual will be best promoted if he pursues his own happiness egoistically; thus, the whole social happiness—the sum of each individual’s happiness—will be most promoted by free individual actions. That is, in order to maximize the general happiness, what ought to be done by government is

³ In the first edition of *The Methods of Ethics* or in his earlier article, Sidgwick says, “[i]n the *Deontology*, and elsewhere where the composition is due to Dumont, we find a loose and vague combination of Egoistic and Universalistic Hedonism, which it is impossible to attribute to so exact and coherent a thinker as Bentham” (Sidgwick 1874, 68; Sidgwick 1872). But in the preface of the third edition of *Outlines of the History of Ethics*, he says “I am now disposed to accept the posthumously published *Deontology* of Bentham, as giving a generally trustworthy account of his view” (Sidgwick 1886 [1892], ix) and recanted his opinion implying that the problem was in Bentham himself.

⁴ Schofield describes “the distinction between public and private decision-making was expressly rejected by Bentham himself” (Schofield 2006, 41).

⁵ Rawls also says that “Utilitarianism rejects psychological egoism (except for Bentham)” (Rawls 2007).

not to intervene with individual activities; therefore, individualism is justified as basic policy.

How can we trace this stance in Bentham's economic writings? His economic ideas are systematically expanded in *Manual of Political Economy* (1793-5) and *Institute of Political Economy* (1801-4). He says political economy should be "considered as a science or as an art," then expands:

Political economy, considered as an art exercisable by those who have the government of a nation in their hands, is the art of directing the national industry to the purpose to which it may be directed with the greatest advantage. The object of this little treatise is to shew in a general way, what ought to be done in the way of political economy, and what ought not to be done. (Bentham 1793-5 [1952], 223)

Bentham tries to define the boundaries between "what ought to be done" and "what ought not to be done" by government—"agenda" and "non-agenda"—from the viewpoint of the maximization of general happiness. For this, the unique strategy he takes relies on the science/art distinction; Bentham declares that his object is to establish the art of political economy on the basis of its science, as refined by Smith: "By him [Smith] the art is touched upon incidentally only and piecemeal, and as it were without intending it, in treating of the science: by me it is treated of directly and professedly" (Bentham 1793-5 [1952], 224).

Here it is not our task to explore the details of Bentham's economic discussion, but it is certain that the maximization of general happiness is clearly settled as the ultimate criterion in his political economy. Further, we may say that the driving force he assumes to boost the general happiness is individual self-interested behaviour. That is, to put it other way around, government should intervene as little as possible:

Whatever is not sponte actum on the part of individuals, falls thereby into the class of non-agenda on the part of government. Coercion, the inseparable accompaniment, precedent, concomitant, or subsequent, of every act of government, is in itself an evil: to be anything better than a pure evil, it requires to be followed by some more than equivalent good. Spontaneous action excludes it: action, on the part of government, and by impulse from government, supposes it. (Bentham 1801-4 [1954], 341)

This should not be mistaken as the snap judgment that everything should be left in individual hands. Rather, Bentham insisted on the indispensability of certain governmental roles, such as securing the individual body or property from harm by

others.⁶ But the main thrust of Bentham's economic philosophy was its individualism; and we will see later that his distinction between science and art had a direct influence on Sidgwick.⁷

2.2. Altruistic-Socialistic Connection in Mill

Bentham's utilitarianism—or his words as such “quantity of pleasure being equal, push-pin is as good as poetry”—had often been criticized for ignoring the various senses of human moralities or virtues. In *Utilitarianism* (1861) Mill responded to these, and made the important contribution of distinguishing between pleasures of different quality into the utilitarian calculations of happiness; his stance was vividly expressed by the phrase of “[i]t is better to be a human being dissatisfied than a pig satisfied; better to be Socrates dissatisfied than a fool satisfied”⁸. This point would be important to grasp Mill's ethical view.

Not only does all strengthening of social ties, and all healthy growth of society, give to each individual a stronger personal interest in practically consulting the welfare of others; it also leads him to identify his feelings more and more with their good, or at least with an even greater degree of practical consideration for it. (Mill 1861, Chap. III)

For Mill, to maximize individual happiness, it is important to refine their moral qualifications, discerning the higher quality happiness. Mill admits that some private interests are often pursued, irrespective of harm to the interests of others. However, as individuals' moral qualification refines in accord with social progress, the impulsion for such a harmful act, Mill believes, will be removed. Private happiness will become unified perfectly with the general happiness. Consequently, the ultimate desirable act of individuals is nothing other than the act maximizing general happiness⁹. Here, the

⁶ From the viewpoint of indirect utilitarianism, which accepts consequences more flexibly, establishing certain rights in advance might be justified.

⁷ As to evaluations of Bentham's economic ideas, Hutchison points out the subtle connection with classical economics: “Only as a rather mild and elastic type of Malthusian does Bentham share in any of the main ‘classical’ doctrines” (Hutchison 1956); on the other hand, Medema admits Bentham's positive role in the later development of the subject: “Bentham's utilitarian approach to questions of social, legal, and economic policy was to have a profound effect on the evolution of political economy and, in particular, on the analysis of the relationship between self-interested action and the best interest of society” (Medema 2009, 29).

⁸ The evaluations for the work are deviated; Crisp 1997, Berger 1984, and Skorupski 1989 are unfolding different interpretations. Schneewind 1976 is exploring the criticisms and reactions for Mill's *Utilitarianism*.

⁹ Sidgwick perceives that “Mill, in his short treatise on *Utilitarianism* (1861) endeavours to induce the individual to take general happiness as his ultimate end”.

development of humanity means to overcome an egoistic mind and to cultivate altruism in the person¹⁰. The ideal humanity expressed by Mill was “moral hero” who unhesitatingly sacrifices himself for the happiness of the other’s or the whole society.

This view of humanity or individual happiness is connected directly to his notion of an ideal society and the fundamental role of government.

[F]irst, that laws and social arrangements should place the happiness, or the interest, of every individual, as nearly as possible in harmony with the interest of the whole; and secondly, that education and opinion, which have so vast a power over human character, should so use that power as to establish in the mind of every individual an indissoluble association between his own happiness and the good of the whole. (Mill 1861, Chap. II)

In order to understand the relation between Mill’s utilitarianism and public policy, it might be useful to separate his arguments into three groups; present, practicable, and ideal. For Mill propounded his practical proposals not as directions for directly creating an ideal society, but as necessary steps by which the present society would be able to guide itself to an ideal society in the future. Namely, it is important to cultivate altruistic humanity, but it could be impossible for many of us—especially for laboring class at the time in Mill’s eyes—to attain such humanity immediately. Consequently, Mill propounded his practical proposals not as directions for creating an ideal human society directly, but as necessary steps by which the present society would be able to guide itself to an ideal society in the future.

Therefore, if the expansion of altruistic humanity is a general expansion, Mill thought, we would be able to realize the socialistic scheme associated by benevolent affections of individuals. In *Principles of Political Economy*, although Mill admits that the roles of self-interest and competition are indispensable for economic development, he is also representing his ambition not for a self-interested but for an altruistic human character.

History bears witness to the success with which large bodies of human beings may be trained to feel the public interest their own. And no soil could be more favourable to the growth of such a feeling, than a Communist association, since all the ambition, and the bodily and mental activity, which are now exerted in the pursuit of separate and self-regarding interests, would require another sphere of

¹⁰ Mill’s argument on the development of humanity contains the possibility of classifying different humanities according to his criteria; in fact, we sometimes encounter Mill’s expressions such as “persons of genius” or “a fool satisfied,” which are hard to find in Sidgwick.

employment, and would naturally find it in the pursuit of the general benefit of the community. (Mill 1848 [1871], Book II chap I)

Mill's view on socialism is not a simple problem¹¹. On the one hand, he “agree and sympathize with Socialists”, on the other hand, warns against the words of socialists:

I utterly dissent from the most conspicuous and vehement part of their teaching, their declamations against competition. With moral conceptions in many respects far ahead of the existing arrangements of society, they have in general very confused and erroneous notions of its actual working; and one of their greatest errors, as I conceive, is to charge upon competition all the economical evils which at present exist. (Mill 1848 [1871], Book IV, Chap VII)

At least in the present condition of human society, Mill inferred that the role of self-interest or competition originating from self-regarded intentions of individual is indispensable for efficient economic society. We can find the similar attitude in his argument on the stationary state. Therefore, his practical argument is to recommend the active use of self-interest or competition. Simultaneously, the ideal economic society for Mill is not individualistic, but rather communistic or socialistic. If the great majority of humanity will attain altruistic characters, Mill thought, we would be able to realize communistic society from that moment.

3. A Hybrid Utilitarianism of Bentham and Mill

3.1. Dilemma between Self-Interest and Benevolence

Sidgwick was under the strong intellectual influence of Mill, however, his aim was not to defend but to correct Mill's legacy. The theme of *The Methods of Ethics*, inherited from Mill's *Utilitarianism*, is to confirm the ultimate moral principle as to what ought to be done by individual. Both Mill and Sidgwick criticized a behaviour that merely obeyed arbitrary customs, religious canons, particular virtues, and so on (dogmatic intuitionism); and declared that truly rational behavior is the act maximizing happiness or pleasure for the agent.

But, as to how individual happiness or pleasure is to be maximized, there is a fundamental opposition between them. Mill's basic stance is to stress the importance of

¹¹ For example, see Davis 1985.

difference of quality in pleasures, however Sidgwick points out the logical contradiction of Mill's reasoning: "it is hard to see in what sense a man who of two alternative pleasures chooses the less pleasant on the ground of its superiority in quality can be affirmed to take 'greatest' happiness or pleasure as his standard of preference (Sidgwick 1886 [1892], 247). Then he introduces his stance that difference of quality in pleasures can be reduced into difference of quantity¹².

The problem leads them to distinct conclusions respectively as to the ultimate moral principle. In Mill's view, in order to maximize individual happiness, it is particularly important to refine their moral qualifications; therefore to Mill, by the appropriate governmental administration of laws and education, "universal harmony of interest"—the integration between self-interest and benevolence—will be realized in each individual mind.

Then how about Sidgwick's stance? In summary, there are two different methods as to the ultimate desirable behaviour of the individual; the maximization of one's own happiness (the method of egoism) and the maximization of social happiness (the method of utilitarianism). Sidgwick concludes that the integration between egoism and altruism is impossible in the individual mind.

It would be contrary to Common Sense to deny that the distinction between any one individual and any other is real and fundamental, and that consequently "I" am concerned with the quality of my existence as an individual in a sense, fundamentally important, in which I am not concerned with the quality of the existence of other individuals: and this being so, I do not see how it can be proved that this distinction is not to be taken as fundamental in determining the ultimate end of rational action for an individual. (Sidgwick 1874 [1901], 497-8)

He could not deny that when an act derived from the method of egoism conflicts with an act from the method of utilitarianism, 'dualism of practical reason', from which one cannot decide which act one ought to choose, arises¹³. It is true that we sympathize with others and take thought for their happiness. But can we really pronounce that an act sacrificing ourselves for the happiness of others or society contributes to our own

¹² Moore points out: "Professor Sidgwick has done wisely to reject [the Mill's doctrine of difference of quality in pleasures]" (Moore 1903, chap III, § 47). On this point, Schneewind 1977 also points out: "[Sidgwick is] explicitly rejecting Mill's argument".

¹³ Such a conclusion is often assumed to be a negative assertion such that Sidgwick couldn't unify moral principles. Moore criticizes Sidgwick's egoism as follows: Sidgwick admits self-interest is a part of universal good, however, "Yet Prof. Sidgwick holds that Egoism is rational; and it will be useful briefly to consider the reasons which he gives for this absurd conclusion" (Moore 1903, chap. III, § 60).

happiness? Sidgwick thought we cannot avoid this confliction in our mind¹⁴. In any case, ‘dualism of practical reason’ is a crucial difference between Sidgwick and Mill. For instance, Sidgwick says,

[I]t cannot be said that Mill's utilitarianism includes an adequate proof that persons of all natures and temperaments will obtain even the best chance of private happiness in this life by determining always to aim at general happiness (Outlines, 274).

As to the fundamental role of government, Sidgwick places greater emphasis, not on the development of humanity like Mill, but on the direct provision of services, based on general happiness, for the actual difficulties generating from the diversity of interests, which we cannot resolve in our mind. One reason why he supported elitist “government house utilitarianism” originates from this stance.

Thus the Utilitarian conclusion, carefully stated, would seem to be this; that the opinion that secrecy may render an action right which would not otherwise be so should itself be kept comparatively secret; and similarly it seems expedient that the doctrine that esoteric morality is expedient should itself be kept esoteric. Or if this concealment be difficult to maintain, it may be desirable that Common Sense should repudiate the doctrines which it is expedient to confine to an enlightened few. And thus a Utilitarian may reasonably desire, on Utilitarian principles, that some of his conclusions should be rejected by mankind generally; or even that the vulgar should keep aloof from his system as a whole, in so far as the inevitable indefiniteness and complexity of its calculations render it likely to lead to bad results in their hands (Sidgwick 1874 [1901], 490).

But we should not pass over the strong limitation he made: if the maintenance of esoteric morality is difficult, Sidgwick thought, a political constitution confining it to a few elites is rather nonsense. Further, in *The Principles of Political Economy* or *The Elements of Politics*, he sends strong warnings against extensive governmental intervention.

Sidgwick penetrated the impossibility of integration between self-interest and benevolence in the individual mind. However it does not necessarily mean that he despaired of solving this problem. Rather it is convincing that he saw the resolution in

¹⁴ On the other, Schultz 2004 regards it as “the deepest problems of human life” to which Sidgwick perceived; and Frankena 1992, reflecting *Outlines of History of Ethics*, says “he proposes his own definition as covering both ancient [egoism] and modern [utilitarianism] views of ethics”.

the practical role of government, directly reconciling the two positions from the point of view of general happiness; and proceeded on to study economics and politics.

3.2. Promoting and Harmonizing the General Interest

Here we want to make it clear what Sidgwick's fundamental concern is in *The Principles of Political Economy* (1883), and how it relates to his ethical thought. Here the key would be the unique structure divided into science and art. Why is the division needed? The reason is that Sidgwick saw the historical development of economics, in which science (what is) and art (what ought to be) were gradually confused with each other. Since ancient Greece, economics was developed as an art of government. Then Smith greatly developed economics by introducing the viewpoint of positive science. Many economists after Smith, however, mistook "free competition" for a universal assumption dominating the art. In the end, as the economy slowed down in late 19th century England, it became clear that economics solely advocating laissez-faire could not resolve the actual difficulties, and economics fell into a state of confusion. Thus in order to eliminate the confusion, Sidgwick thought it necessary to rebuild orthodox economics with a clear distinction between science and art.

The science/art distinction was not an unprecedented concept, and was also of great concern to Bentham and Mill in the nineteenth century. Sidgwick might have taken a suggestion from Bentham. No one else had, however, formerly treated economics on the basis of a systematic distinction between them. In order to penetrate the science/art distinction, Sidgwick thought out a unique strategy, which supposes different human characters in each sphere respectively.

Economic man, which science supposes is the human character, assumes that individuals are self-interested. On the other hand, ordinary man, which art supposes, is defined as a human being who is influenced by custom and is driven not only by self-interest but also by common moral sentiments¹⁵. Sidgwick thought that when we deal with the normative problems of art we have to assume not economic man but ordinary man, on the basis of the distinction between economic man, which economics conventionally assumed as the restricted human character, and ordinary man as it actually exists.

This distinction of human personalities can be explained consistently by his ethical dualism. For a start, we can say that economic man is each economic agent who maximizes his own happiness on the basis of 'the method of egoism'. Because self-interest, the core notion of the economic man, is an essential motive of desirable

¹⁵ In Book II, Chapter XII, 'Custom', the last part of science, the difference of human character has been discussed.

behavior for individuals simultaneously, and certifies the reasonability of egoism. Then in *The Methods of Ethics*, Sidgwick also mentions on ordinary human being as follows: “we have been employed in examining three methods of determining right conduct, which are for the most part found more or less vaguely combined in the practical reasonings of ordinary men” (Sidgwick 1874 [1901], 496). While Sidgwick sought for the ultimate moral principle desired by ordinary human and rejected dogmatic intuitionism, he concluded that ordinary human beings adopt both the method of egoism and utilitarianism which sometimes are in conflict with each other.

Let us have a look at the actual discussion in *The Principles of Political Economy*. The issue of economic science is to analyze objectively an economic society consisting of selfish economic men while omitting the value judgment of ‘ought’. So, as to production, Sidgwick’s science tries to verify that the maximization of social production is supposed to be realized by the selfish behaviour of the economic man; and as to distribution and exchange, the selfish behaviour of economic man is supposed to be promoted by free competition.

The theme of the art of political economy is to show what ought to be done by government, in order to maximize the social utility derived from production, distribution and exchange of wealth. Here, we have to take notice that the science of political economy is especially the objective analysis of individual economic behavior, as compared with the art of political economy which aims at establishing the desirable role of government. The reason is thought to be as follows. If we look at the consequences of the economic behavior of individuals who pursue their own interest from the point-view of the society as a whole, the outcome is not always what they really desire for the whole society. Further, ordinary man has both ‘the method of egoism’ and ‘the method of utilitarianism’, however, he is not always conforming to either of them exactly; and even if he is conforming, they often conflict with each other. Sidgwick seems to think that, on the basis of direct reflection on the truly desirable consequences for the whole society consisting of ordinary men, government should perform the art.

As to production, it becomes the basic plan of the art that government should avoid intervention. Sidgwick thought that the selfish production of the economic man, which he examined in the science, tends to maximize social production, therefore the outcome is a desirable production for the ordinary man. But, Sidgwick says, if there are any cases in which the production of the economic man falls into monopoly or some useful goods are not provided in the market, it is possible to increase social production by governmental prohibition of monopoly or governmental supply of public goods¹⁶.

¹⁶ As such roads, railroads, conveyance, postal service, water, bank which produce universal indirect utility, Sidgwick says that governmental management or public utility charge is desirable for them

As regard distribution and exchange, Sidgwick expands the art by distinguishing it between just or fair distribution and economic distribution. Just or fair distribution is a distribution under free competition which is assumed in the science; Sidgwick thinks that the art of government has to guarantee the just remuneration and property rights in society or to establish fair market competition in order to promote each individual's selfish economic behavior and therefore the whole social production. On the other hand, economic distribution is a distribution which raises the social utility driven from the existing produce, that is, a redistribution policy based on diminishing marginal utility. It cannot, however, overlook the negative side of redistribution policy, he says. Namely, while keeping up the result of just or fair distribution by stimulating the selfish economic behavior of the economic man under market competition, realizing economic distribution which brings out the maximization of social utility by redistribution policy.

But can we say that the art of government above outlined is really indispensable? If ordinary man has both 'the method of egoism' and 'the method of utilitarianism' originally, will it be possible that desirable economic society comes to be realized by voluntary beneficence behavior of each individuals following the method of utilitarianism without governmental interferences?

[T]hus almsgiving of all kinds, and other donations to individuals or public objects, may be considered as constituting a secondary redistribution of wealth, valuable as supplementing the defects and mitigating the rigours of the primary competitive distribution... And doubtless moral sentiments and ideal aims do actually exercise this kind of influence in certain cases... I do not, however, think that the effects of these elevated sentiments in modifying the action of economic forces are of fundamental importance in modern societies as they actually exist: and to investigate systematically the probability of their becoming more important hereafter would carry us beyond the scope of the present treatise into a study of the general history of society. It appears to me, therefore, that what I have to say on the actual relations of Morality and Political Economy will be most conveniently said in connexion with the discussion...on the principles which ought to regulate the economic intervention of Government. (Sidgwick 1883 [1901], 392)

Sidgwick does not deny completely the possibility that individual moral sentiments will be elevated in the future. In such a case, the desirable economic society will be realized without governmental interferences. But it is not the task of his practical economics to investigate whether this possibility is realistic or not. The object of *The*

on the ground of their need for large-scale organization or difficulties of profit collection.

Principles of Political Economy is ‘modern societies as they actually exist’; in which, while self-interest has important functions, other moral motives in individuals have a low influence or may even hamper the social happiness at times by wrong calculations of it. Therefore, in order to realize the ideal society in modern society, it is necessary to not depend on individual morality, but on the desirable art of government based on ‘the method of egoism’ and ‘the method of utilitarianism’, with which the ordinary man is originally endowed. Certainly they are often used confusedly; however, the ordinary man has both ‘the method of egoism’ and the ‘method of utilitarianism’ as his ultimate moral principles. We can conclude that, on the basis of the recognition of this fact, Sidgwick moved on to discuss the art of government. Furthermore, in *The Elements of Politics*, Sidgwick deals, not only with the art of economics, confined to economic problems, but expand his treatment to the general art of government.

3.3. Individualism and Socialism

Although *The Elements of Politics* (1891) is paid the least attention among the three main works by Sidgwick, the work is important to comprehend Sidgwick’s economic idea in full length¹⁷. For Sidgwick explored the general art of government on the basis of the discussion in his political economy. Here we want to focus on the Part, the discussion on governmental interference (what the function of government ought to be); and the two main axis placed in it, individualism–socialism.

Sidgwick clearly states that the ultimate end of governmental interference is the realization of utilitarian idea, the maximization of social happiness.

The happiness then of the governed community will be assumed as the ultimate end of legislation, ...since we find it admitted equally by persons differing profoundly in their political aims and tendencies (Sidgwick 1891 [1908], 39-40).

We generally embrace the standard of utilitarianism and this fact is, Sidgwick thinks, the grounds for utilitarianism. Therefore, on the basis of utilitarianism, he argues about the desirable roles of government by classifying them under the three ‘subordinate principles’: individualism, paternalism, and socialism.

¹⁷ We can discern some favorable reviews, for example by F. Y. Edgeworth, however, there are a few studies examining into the intrinsic value, partly due to the difficulty for the readers to exact the essence from this voluminous and wide-ranging work; therefore it has been cynically regarded as “committee reports” (Edgeworth 1891; Collini 1983). Partly because Sidgwick himself told “my deep conviction is that it can yield as yet little fruit of practical utility--so doubt whether it is worth while to work it out in a book”(Memoir, 481), some reviewers regard the work as negative (Moggridge 1992). However, this is the pour out of feelings, darling hard struggling for it; so it is suspicious that Sidgwick still maintained the same feeling after the publication.

First, Sidgwick argues about individualistic interference because the pursuit of private happiness by the individuals is the driving force for the increase of social happiness. The governmental role desired from this view-point is the 'individualistic minimum' of governmental interference; which is the assistance for the pursuit of private happiness by the individuals: (1) to adapt the material world and to establish human relationships suitable for the pursuit of private happiness, (2) to secure the individuals from the pain or loss, caused directly or indirectly by the action of other person, (3) to throw on parents the duties of care, sustenance, and education of children¹⁸.

However, self-destructive behavior—an act that would turn out to be undesirable for the actor—is often done by individuals; since individualism sometimes caused some difficulties, there is a room for increasing social happiness. Hence, Sidgwick next discusses on paternalistic interference of government:

[S]o uncompromising an adhesion to the principle "that men are the best guardians of their own welfare" is not rationally justified by the evidence on which the principle rests. / Hence, if strong empirical grounds are brought forward for admitting a particular practical exception to this principle—if, e.g., it is proved that men are largely liable to ruin themselves by gambling or opium-smoking, or knowingly to incur easily avoided dangers in industrial processes—it would, I think, be unreasonable to allow these practices to go on without interference, merely on account of the established general presumption in favour of *laissez faire*. (Sidgwick 1891 [1908], 136-7)

But paternalistic interference interrupts the free activities of the individuals by diminishing their stimulus to self-help and extending the limits of governmental authority. Sidgwick, therefore, thinks that it is desirable to replace it to the indirect individualistic interference as far as possible. For instance, in the case of alcohol addiction, he gives priority to regulating the producer and the retail stores over the consumer.

Even if the defects in individualism are compensated by paternal interference, the maximization of social happiness may not be realized, and the direct governmental interference against for individualism may be necessary in some cases; therefore, Sidgwick goes into a discussion on socialistic interference. At first, Sidgwick mentions

¹⁸ The indirect individualistic interference, which previously prevents crimes and harms (to admit the right of self-protection, to arrest suspected criminal, to supervise or caution previously for the mischievous acts), is contrary to the individualistic minimum, however, Sidgwick says, it is justified on the account of utilitarianism.

on the relation between individualism and socialism as follows:

Now no one who, under the guidance of Adam Smith and his successors, has reflected seriously on the economic side of social life can doubt that the motive of self-interest does work powerfully and continually in the manner above indicated; and the difficulty of finding any substitute for it, either as an impulsive or as a regulating force, constitutes the chief reason for rejecting all large schemes for reconstructing social order on some other than its present individualistic basis (Sidgwick 1891 [1908], 146).

While wary against the socialistic scheme, Sidgwick embraced socialistic interference as a “subordinate element in a system of mainly individualistic”. Accordingly, he accepts socialistic interference in a wide sense—a remedy for the shortcomings of the system of natural liberty—, although it narrow the sphere of private enterprise: the regulation of the use of natural resources, the endowment of scientific research, the provision of roads and bridges, the suppression of monopolies, the security to creditors, the business of communication by letters and telegrams, the provision for the water-supply and for the lighting of towns, and so forth.

On the other hand, collectivism, arguing that industrial peace and a general diffusion of public spirit would be realised by substituting common for private ownership, and governmental for private management, came under the spotlight. However, for the reason that the public management cannot be expected to compete with private competitive management as securing an intensity of energy and inventiveness of new knowledge, Sidgwick confirms as follows:

[T]he realisation of the Collectivist idea at the present time or in the proximate future would arrest industrial progress; and that the comparative equality in incomes which it would bring about would be an equality in poverty (Sidgwick 1891 [1908], 159).

Thus he resists collectivism or “socialism in its extreme form”. In the matter of redistribution of wealth, while Sidgwick admits that “the attainment of greater equality in the distribution of the means and opportunities of enjoyment is in itself a desirable thing, if only it can be attained without any material sacrifice of the advantages of freedom”, he strongly warns against a harmful influence that a greater equality in the distribution of wealth would diminish the accumulation of capital necessary for the development of industry. Eventually, Sidgwick admits the provision for equalizing opportunities of labor and the relief for extreme indigence due to

misfortunes. Furthermore, even if laissez-faire does not lead satisfactory results, the propriety of socialistic interference, Sidgwick thinks, might be questioned due to the disadvantages such as: (1) the danger of overburdening the governmental machinery, (2) the danger of increasing the coercive power used by governing persons, (3) the danger of hampering the efficiency of government by the desire to gratify certain influential sections of the community.

As a context of Sidgwick's discussion on governmental interference, we have to recall the social problem in the late nineteenth century: the opposition between individualism and socialism. For instance, he says as follows:

In the controversy between individualism and socialism, which has been increasingly active during the last thirty years, the duty of preventing, so far as possible, undeserved poverty, has naturally become prominent. (Sidgwick 1895)

Sidgwick placed the maximization of social happiness as the ultimate principle of society or governmental interference; and tried to unite individualism and socialism as the subordinate principles contributing to it. In other words, Sidgwick tried to show that the practical problems of actual life, for example like poverty, would be solved by harmonizing individualism and socialism on the basis of utilitarianism and using both of them complementary.

4. Concluding Remarks

In this paper, we have tried to classify the three types of utilitarian economic thought by Bentham, J. S. Mill and Sidgwick, on the basis of Sidgwick's own interpretation. Here we have also focused on the connections between ethical and economic ideas.

First, Sidgwick interpreted that Bentham's fundamental ethical view was Egoistic Hedonism; and that Bentham supported individualism as the basis of economic prosperity. Second, Mill was interpreted as the person who emphasized the need for a development of altruistic humanity. Therefore, Mill anticipated the future possibility of the realization of socialistic society. Finally, we can evaluate Sidgwick as the hybrid of Bentham and Mill in both senses. Sidgwick admitted the impossibility of the integration between egoism and altruism in the individual mind, and he discussed the necessity of socialistic interference while strongly defending individualism. Because Sidgwick tried to pursue the true humanity and did not fear becoming an eclecticism, he was able to display a balanced view of governmental role in the hardest economic

conditions, and to contribute to the development of welfare economics.

Although the above classification may be too simple and slip over the many-sided and subtle implications that they had, it seems still important that the utilitarian idea has a strong connection with economic thought in many ways. While their views were different mainly due to their views on humanity, we can also find similarity in their utilitarian economic ideas and its perfection in Sidgwick. Nowadays, it is not usual to directly use words of utilitarianism in economic literature. This may also indicate that utilitarianism has already been diffused into our economic ideas. But it may still be important for us to explore both the possibilities and the impossibilities of utilitarianism and to reconsider our economic ideas and problems.

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