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"Not an Average Human Being": How Economics Succumbed to Racial Accounts of Economic Man

Sandra J. Peart

University of Richmond, speart@richmond.edu

David M. Levy

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“Not an Average Human Being”

How Economics Succumbed to Racial Accounts of Economic Man

Sandra J. Peart and David M. Levy

Our earlier contribution to this volume showed how racial theorizing was used to attack the antislavery coalition of evangelicals and economists in mid-nineteenth-century Britain. Classical economists favored race-neutral accounts of human nature, and they presumed that agents are equally competent to make economic decisions. Their opponents, such as Carlyle and Ruskin, presupposed racial hierarchy and argued that some people are incapable of making sensible economic or political decisions. They concluded that systematically poor optimizers will be victimized in either market or political transactions.

In this chapter, we shall show how the attacks on the doctrine of human homogeneity succeeded—how, late in the century, economists came to embrace accounts of racial heterogeneity entailing different capacities for optimization.¹ We attribute the demise of the classical tradition largely to the ill-understood influence of anthropologists and eugenicists² and to a popular culture that served to disseminate racial theories visually and in print. Specifically, W. R. Greg, James Hunt, and Francis Galton all attacked the analytical postulate of homogeneity that characterized classical economics from Adam Smith³ through John Stuart Mill. Greg cofounded the eugenics movement with Galton, and he persistently attacked classical political economy for its assumption that the Irishman is an “average human being,” rather than an “idiomatic” and an “idiosyn-

cratic" man, prone to "idleness," "ignorance," "jollity," and "drink" (quoted in full later in this chapter).

By 1870, two theories of race coexisted in the scientific community and the popular press. The more devastating view of the owner of the *Anthropological Review*, James Hunt, held that there were races whose physical development arrested prematurely, dead races incapable of elevation. The second theory, which we call *parametric racism*, held that the inferior race differed from the superior (Anglo-Saxons) along some parameter(s). As both sorts of racial theories entered into economics in the decades that followed, the focus moved from physical differences stressed by the anthropologists—the shape or size of the skull—to differences in economic competence. Economists argued, for instance, about whether the Irish or blacks in America were competent enough to make choices concerning labor supply or to save for their old age. We shall demonstrate how pervasively these racial accounts entered into economic thinking well into the twentieth century, in economists' characterization of choice of family size, intertemporal decision making, and consumption of "luxuries" and intoxicants.

The influence of eugenicists on economics extended to policy. As economists came to accept racial accounts of economic behavior, they allowed that some among us are "unfit," parasites who live off of the rest of society. They endorsed an elaborate "remaking" program for inferior decision makers, and for many economists, the remaking was also to be biological. A major theme in this chapter shall be how such policies were designed to reduce the level of what they called "parasitism" in society.

While eugenics is now commonly understood to have been influential, but mistaken, policy, the tension between economists who presume that agents are equally able to optimize and those who wish to improve the economic competence of various groups has never been fully resolved. Racial accounts won the day well into the twentieth century, but near the middle of the century, the classical tradition of homogeneity was revived at Chicago. Not surprisingly, given the racial characterization focused on intertemporal decision making, time preference was central in the Chicago revival. In his 1931 review of Irving Fisher's *Theory of Interest*, Frank Knight voiced his skepticism about the common link supposed in economists' accounts between time preference and race. Knight and, after him, George Stigler and Gary Becker questioned myopic accounts of intertemporal decision making. As the Chicago school revived the classi-

cal doctrine of homogeneity, it also (and by no coincidence) revived the presumption of competence even in political activity.

Eugenics Attacks Abstract Economic Man

The eugenics influence on economics has three signatures. First, the race becomes the unit of analysis. Second, ethical concerns of the sort that underscore Adam Smith's development of the sympathetic principle vanished. Materiality is all. The third signature of eugenics is the argument that the inferior race is a race without variation, unimprovable by eugenic methods of breeding from the top of the distribution of characteristics. This is Hunt's doctrine of racial heterogeneity in its most virulent form.

In the second half of the nineteenth century, theories of racial heterogeneity were much discussed in British anthropological circles, and attacks on equal competence emerged from within economics itself.⁴ In January 1869, W. R. Greg used the occasion of a discussion of W. Stewart Trench's "The Realities of Irish Life" in the *Quarterly Review* to argue against the race-blind accounts of human behavior defended by J. S. Mill. Here, Greg (1869, 78) objected specifically to the abstract accounts of human beings put forward by the classical economists, on the grounds that they abstract from race.

"Make them peasant-proprietors," says Mr. Mill. But Mr. Mill forgets that, till you change the character of the Irish cottier, peasant-proprietorship would work no miracle. He would fall behind the instalments of his purchase-money, and would be called upon to surrender his farm. He would often neglect it in idleness, ignorance, jollity and drink, get into debt, and have to sell his property to the nearest owner of a great estate. . . . In two generations Ireland would again be England's difficulty, come back upon her in an aggravated form. Mr. Mill never deigns to consider that an Irishman is an Irishman, and not an average human being—an idiomatic and idiosyncratic, not an abstract, man.

In his *Enigmas of Life* (1875)—now informed by Galton's *Hereditary Genius* ([1892] 1978)—Greg focused his attack on the homogeneity doctrine implicit in T. R. Malthus's account. Greg (1875, 129) argued that Malthus is concerned only that, on average, marriage be postponed. Greg emphasized a new law in opposition to Malthus.

. . . possibly the danger *ultimately* to be apprehended may be the very reverse of that which Malthus dreaded; that, in fact, when we have reached that point of universal plenty and universal cultivation to which human progress ought to bring us, the race will multiply too slowly rather than too fast. One such influence may be specified with considerable confidence,—namely, THE TENDENCY OF CEREBRAL DEVELOPMENT TO LESSEN FECUNDITY. (103)

Darwin's theory of natural selection profoundly influenced early eugenicists; the admiration was mutual.⁵ In 1864, A. R. Wallace had argued that the doctrine of natural selection did not apply to humans because of ethical concerns generated by human sympathy.⁶ The eugenics response attempted to counteract such ethical imperatives, to create by policy the "survival of the fittest." Greg (1875, 119) responded to Wallace:

My thesis is this: that the indisputable effect of the state of social progress and culture we have reached, of our high civilization in its present stage and actual form, is to *counteract and suspend* the operation of that righteous and salutary law of "natural selection" in virtue of which the best specimens of the race—the strongest, the finest, the worthiest—are those which survive . . . and propagate an ever improving and perfecting type of humanity.

Greg's challenge to classical economics relied on Carlyle's supposition that competence varies by race. To see this, compare the following passages from Carlyle's *Shooting Niagara* and from Greg's discussion on the survival of native races, both of which assert that the black race's survival depends on the benevolent despotism of the white.⁷

Carlyle

One always rather likes the Nigger; evidently a poor blockhead with good dispositions, with affections, attachments,—with a turn for Nigger Melodies, and the like:—he is the only Savage of all the coloured races that doesn't die out on sight of the White Man; but can actually live beside him, and work and increase and be merry. The Almighty Maker has appointed him to be a Servant. (1867, 5)

Greg

The Indians of the Antilles, the Red man of North America, the South Sea Islanders, the Australians, even the New Zealanders (the finest and most pliable and teachable of savages), are all alike dying out with rapidity—in consequence of the harshness, or in spite of the forbearance and protection, of the stronger and more capable European. The negro alone survives—and, but for the observation of what is now going

Greg (*continued*)

on in our sugar islands and in the United States we should say, seems likely to survive. He only has been able to hold his own in a fashion, and to live and flourish, side by side with masterful and mightier races.

(1868, 357)

The modern theory of statistical racism as first explained by Arrow (1973) and Phelps (1972) supposes that groups will be divided on the basis of sample means. The race α will differ from race β on the basis of an estimate of location. While we do not deny that this sort of racialization took hold in economics, we find another form of racism also of consequence. The racists we consider, Hunt first and foremost, distinguished race α from race β on the basis of an estimate of scale. "Inferior" is a judgment applied to a race β that is supposed with zero variance. The sample mean of some race, its stereotype in Arrow-Phelps terminology, is the "inferior" race. The reader who thinks that the first β that deviated from the stereotype would falsify this hypothesis has not encountered Hunt's "mixed-race" immunization strategy. The intelligent " β " is not a real " β ."⁸

For anthropologists such as Hunt, the generating mechanism for the dead-race claim is simple. Both the mean and variance of intelligence and other moral characteristics are functions of the length of time one's mind develops. Cranial development of the "lesser" races stops sooner. If this notion were localized to Hunt, in his claim that blacks use the big toe as a thumb and fail to develop language,⁹ it would be of no further consequence. This is not the case.¹⁰ Even Galton was influenced by Hunt.

Before his encounter with Hunt, Galton recognized the diversity of African peoples (Stepan 1982, 127) and pointed out the stupidity of Hunt's zero-variance assertion.

The Negro, though on average extremely base, was by no means a member of a race lying at a dead level. On the contrary, it had the capacity of frequently producing able men capable to taking an equal position with Europeans. The fact of a race being distinguished by the diversity of its members was well known to ethnologists. There were black and red subdivisions of many North African races, and the contrast between the well-fed and ill-fed classes of the same tribe of Negroes was often such as amount apparently to a specific difference.¹¹

After the encounter, Galton reads as if he were seeing the world through the theory provided by Hunt.

How is this possible? By contemporary judgment, Hunt was a "quack." Galton's integrity is beyond reproach.¹² But Galton had a weakness: there was a result that he really wanted to believe, a positive correlation between the physicality of a man and his intellect (Pearson 1924). All that has been written on Hunt pictures him with enormous vitality and energy.¹³ Galton would not be the first intellectual, nor would he be the last, to have been seduced by charisma. Nor would he be the only African explorer to learn to see the world through Hunt's eyes.¹⁴ As the following passages show, by 1865, Galton's writing on savages in general reads just like Hunt's on the Negro.¹⁵

Hunt

M. Gratiolet has also observed that in the anterior races the sutures of the cranium do not close so early as in the occipital or inferior races. From these researches it appears that in the Negro the growth of the brain is sooner arrested than in the European. The premature union of the bones of the skull may give a clue to much of the mental inferiority which is seen in the Negro race. There can be no doubt that in puberty a great change takes place in relation to physical development; but in the Negro there appears to be an arrested development of the brain, exactly harmonizing with the physical formation. Young Negro children are nearly as intelligent as European children; but the older they grow the less intelligent they become. They exhibit, when young, an animal liveliness for play and tricks, far surpassing the European child. (1864, 8)

With the Negro, as with some other races of man, it has been found

Galton

Another difference, which may either be due to natural selection or to original difference of race, is the fact that savages seem incapable of progress after the first few years of their life. The average children of all races are much on a par. Occasionally, those of the lower races are more precocious than the Anglo-Saxon; as a brute beast of a few weeks old is certainly more apt and forward than a child of the same age. But, as the years go by, the higher races continue to progress, while the lower ones gradually stop. They remain children in mind, with the passions of grown men. Eminent genius commonly asserts itself in tender years, but it continues long to develop. The highest minds in the highest races seem to have been those who had the longest boyhood. (1865, 326)

Hunt (*continued*)

that the children are precocious, but that no advance in education can be made after they arrive at the age of maturity. (1864, 12)

Popular Representations of Race

Two types of racial models parallel to the anthropologists' treatments also characterize popular representations of race, such as those in *Punch*.¹⁶ There was, first, what we call parametric racism—the theory that Irish (or blacks) are inferior to Anglo-Saxons in some respects.¹⁷ The second, more devastating racial theory holds that the Other is a race without variation, a nonhuman (and nontrading) brute. That both types of racial theories were applied to the Irish is evident from the following remarks by Thomas Huxley (1870, 197) in an address to the Anthropological Society.

If the writer means to be civil, the Celt is taken to be a charming person, full of wit and vivacity and kindness, but, unfortunately, thoughtless, impetuous, and unstable, and having standards of right and wrong so different from those of the Anglo-Saxon that it would be absurd, not to say cruel, to treat him in the same way; or, if the instructor of the public is angry, he talks of the Celt as if he were a kind of savage, out of whom no good ever has come or ever will come, and whose proper fate is to be kept as a hewer of wood and a drawer of water for his Anglo-Saxon master. This is the picture of the lion by the man.¹⁸

In the early 1860s, *Punch* published an increasing number of illustrations by John Tenniel.¹⁹ Initially, Tenniel's Irish subjects reflect some variation, and the treatment parallels the parametric treatment of race already outlined (Levy and Peart 2000). But late in 1865, *Punch*'s caricatures of the Irish (now almost always by John Tenniel) take on a strange uniformity. In "Fenians in a Fix" (October 21, 1865), two Irish Fenians sit slumped in stocks. They have Cruikshank-style faces, with misshapen jaws. They sport distinctive feathered caps that reappear in a number of subsequent caricatures of the Irish. This figure—the apelike Irish—appears again in September, in "Erin's Little Difficulty" (September 30, 1865), where a diminutive but otherwise identical Fenian rebel is receiving a whipping from his (female) master. In "Rebellion Had Bad Luck" (Decem-

ber 10, 1865), a week after *Punch* reports on cannibalism—as gross an instance of human parasitism as one might imagine—in the context of the Jamaican controversy (on which see our earlier contribution in this volume and Levy and Peart 2000) and the Fenian support for the hanged Jamaicans, John Bull again appears with an apelike Fenian.

Early in 1866, a particularly violent cartoon appears, “The Real Irish Court; Or, the Head Centre and the Dis-Senters” (January 6, 1866). Here, the uniformity of the Other is most striking: the Fenians are all dressed alike (all with the same cap as in the earlier cartoons, now minus the feather); all have apelike jaws and odd, protruding teeth. From this point, that jaw and those teeth figure prominently in all characterizations of the Irish in *Punch*. In a characterization of November 10, 1866, we have John Bright selling “medicine” to apelike Irishmen. Here, the message is particularly striking—for these Irish folks are neither violent nor evil, but they have been victimized by an unscrupulous politician. We will return to the capacity for self-government shortly.

“Characteristics” of “Lower” Races

By the mid-1860s, racial hierarchy was everywhere—in literature, anthropology, eugenics, and the popular press. In the decades that followed, the racial accounts moved economics away from Mill’s hard doctrine of homogeneity to one of racial heterogeneity. To show this, we present in table 1 evidence of how the anthropologists and eugenicists characterized race. Karl Pearson, the technically most proficient of the eugenics thinkers, a founding editor of *Biometrika*, and the founding editor of the *Annals of Eugenics*, is discussed in Peart and Levy 2003a.

Table 1 then demonstrates how these characterizations carried over to economics literature. It documents claims by economists concerning lack of differentiation among “lower” races, as well as parametric variations in work effort, improvidence, and foresight of the lower classes (especially the Irish). Despite some differences, noted shortly, the common language and themes demonstrate that the influence of the racial theorists was broad and persistent.

In Britain, economists tended to focus on the lower classes, and they argued that the working classes are creatures of passion, unable to plan for the future, and unusually susceptible to alcoholism (Peart 2000). Lurking behind the label of “labouring poor,” however, is often a racial explana-

tion. When the Irish were involved, class may signify race (as Jevons [1870] reveals; see Peart 2001b). For Marshall, the "industrial" classes are racially inferior: as conquest and the intermixture of races occurred, the inferior (yet still white) races sort themselves into the lower ranks of industrial society (Marshall [1890] 1930, 195).

Breeding Economic Man

Eugenicists urged that selective breeding be used to improve the genetic makeup of the race. The question that remains is whether economists who embraced racial theorizing also followed eugenicists on policy. They did.

Pigou (1907, 364–65) accepted that the lower classes reproduce at relatively high rates, while the "higher classes" delay marriage and have few children.²⁰ The biological question remained: "is there reason to believe that bad original properties and poverty are closely correlated?" Pigou's affirmative answer focuses on economic competence.

For, if we consider the matter, it is apparent that among the relatively rich are many persons who have risen from a poor environment, which their fellows, who have remained poor, shared with them in childhood. Among the original properties of these relatively rich presumably there are qualities which account for their rise. A relatively high reproductive rate *among those who have remained poor* implies, in a measure, the breeding out of these qualities. It implies, in fact, a form of selection that discriminates against the original properties that promote economic success. (Pigou 1907, 365)

Marshall ([1890] 1930, 201) also endorsed Greg's argument concerning differential fertility rate, writing about a "cause for anxiety," "some partial arrest of that selective influence of struggle and competition which in the earliest stages of civilization caused those who were strongest and most vigorous to leave the largest progeny behind them; and to which, more than any other single cause, the progress of the human race is due."²¹

Among British economists, the argument was often that the Irish overbreed, while Anglo-Saxons reproduce at relatively low rates. In America, the Irish were frequently offered as an example of an "inferior" race, but the "Negro problem" and the "immigration problem" formed the backdrop to discussions of eugenics policies. Waves of immigration drawn predomi-

TABLE I. Anthropologists, Eugenicians, and Neoclassical Economists on the "Lower" Races

| | Homogeneity of Race? | "Characteristics" of "Lower" Races |
|---------------------|--|--|
| Hunt 1864, 1866c | <p>"In the negro race there is a great uniformity of temperament. In every people of Europe all temperaments exist; but in the Negro race we can only discover analogies for the choleric and phlegmatic temperaments" (1864, 11).</p> <p>"We now know it to be a patent fact that there are races existing which have no history, and that the Negro is one of these races. From the most remote antiquity the Negro race seems to have been what they are now. We may be pretty sure that the Negro race have been without a progressive history; and that they have been for thousands of years the uncivilized race they are at this moment" (1864, 13).</p> | <p>Susceptible to impulse; lack willpower; improvident; cannot resist temptation (1866c, 117); "ungovernable appetite" (1866, 125); lack foresight (1866c).</p> |
| Galton 1865 | <p>"The race [American Indians] is divided into many varieties, but it has fundamentally the same character throughout the whole of America" (321)</p> <p>"Here, then, is a well-marked type of character, that formerly prevailed over a large part of the globe, with which other equally marked types of character in other regions are strongly contrasted . . . the typical</p> | <p>"The Red man has great patience, great reticence, great dignity; the Negro has strong impulsive passions, and neither patience, reticence, nor dignity. He is warm-hearted, loving towards his master's children, and idolised by the children in return. He is eminently gregarious, for he is always jabbering, quarrelling, tom-tom-ing, or dancing. He is remarkably domestic, and he is endowed with such constitutional</p> |

West African Negro" (321).

vigour, and is so prolific, that his race is irrepressible" (321).

Savages lack instinct of continuous steady labor, possess wild untamable restlessness, wild impulsive nature of Negro (325, 327).

Pearson
1924

Servile, gregarious, herdlike; undifferentiated; remain the Red Man and Negro despite environmental differences (1924, 73-74); oppression reduces differentiation (weeds out physically and mentally fit individuals) (Pearson and Moul 1925, 8).

Want of self-reliance; sexual passion; imprudent; feckless; feebleminded; high birthrates (Pearson 1924, 73, 80, 222; Pearson and Moul 1925).

Jevons*
1869, 1870, [1871] 1911

Intemperate; improvident; lacking foresight (1869, 186-87); ignorant; careless; unsubdued; vicious; want of self-reliance (1870, 196, 200).

"Questions of this kind [work effort] depend greatly upon the character of the race. Persons of an energetic disposition feel labour less painfully than their fellow-men, and, if they happen to be endowed with various and acute sensibilities, their desire of further acquisition never ceases. A man of lower race, a negro for instance, enjoys possession less, and loathes labour more; his exertions, therefore soon stop. A poor savage would be content to gather the almost gratuitous fruits of nature, if they

TABLE 1.—Continued

| | Homogeneity of Race? | "Characteristics" of "Lower" Races |
|-------------------------|--|--|
| Marshall [1890] 1930 | "Strange uniformity of general character" among savages (723). | were sufficient to give sustenance; it is only physical want which drives him to exertion" ([1871] 1911, 182-83). Savage life ruled by "custom and impulse"; "never forecasting the distant future"; "seldom providing for near future"; "servitude to custom"; fitful; "governed by the fancy of the moment"; incapable of steady work (723) (whereas Anglo-Saxon are steadfast [581]); a great mass of humanity lack patience, self-control, self-discipline (581); England peopled by the strongest members of the strongest races of northern Europe (740); capital-labor division characterizes English race/modern civilization (745); race of undertakers develops in England (749). |
| Pigou§ 1907, 1920 | | "Feckless"; high birthrates (1907, 364-65); "faulty telescopic faculty"; "propagation untrammelled by economic considerations" (123); "lack initiative and understanding" (1920, 326); overestimate chances of success (1920, 493). |
| Webb‡ 1910 | American blacks less differentiated than whites (236-37). | Maximum birthrates; thriftless; idle; drunken; profligate; feebleminded; unfit; |

lacking in self-respect and foresight (233-40).

Commons
1916

Can perform a limited range of tasks.
Unmechanical and unintelligent. Slavery
reduced differentiation.

Impulsive; strong sexual passion;
debauchery; high birthrate; lack self-
control, foresight, self-reliance, willpower,
ingenuity; ignorant; unstable; indolent;
adverse to solitude; improvident;
superstitious; contented; fail to develop
language (39, 40, 49, 60, 94, 212-13).

Fisher¶
[1909] 1976, [1930] 1986

Lack foresight and self-control;
improvident; impatience; weak wills; weak
intellect ([1909] 1976, 73, 376; [1930] 1986, 73).

Fetter
1916

Can master a limited range of occupations
(367).

Defective mentally and physically; high
birthrates (369, 375).

* 1869; laboring classes; 1870 (208 ff.); Irish explanation for mortality rates.

§ Lower classes; nonrace.

‡ The fecundity characteristic applies both to the lower classes and to American blacks, while the other characteristics are specified in terms of class.

¶ Characteristics are specified in terms of lower classes with (Irish) racial components.

nantly from genetically inferior races—Eastern European Jews—are said to have reduced the genetic quality of the nation (Commons 1916, 200 ff.). Since such immigrants multiply at high rates, the deterioration is said to be ongoing.²² Advances in public health were dysgenic.

Thus there are increasing reasons for fearing, that while the progress of medical science and sanitation is saving from death a continually increasing number of the children of those who are feeble physically and mentally . . . (Marshall [1890] 1930, 201)²³

In the eugenics context, economists concluded that laissez-faire policy meant a deteriorating stock and an increase in parasitism. For example, Sidney Webb (1910, 236–37) argued that laissez-faire in the biological sense means the “survival of the lowest parasite.”

The question, who is to survive, is determined by the conditions of the struggle, the rules of the ring. Where the rules of the ring favour a low type, the low type will survive and *vice versa*. The survivors of an unregulated epidemic of scarlet fever or typhus may owe their escape to constitutional peculiarities which are otherwise perfectly valueless, and which may even perhaps only be found amongst persons who, from every other point of view, we should call unfit. If, for example, it were possible for an epidemic of malarial fever to spread unchecked all over the United States of America it is highly probable that the whites would be eliminated and the blacks would survive. There is, indeed, always a general presumption that the unregulated, unpurposeful struggle will distinctly favour the less individually developed and more prolific organisms as against the more highly developed and less fertile. In short, the “survival of the fittest” in an environment unfavourable to progress may—as everybody knows—mean the survival of the lowest parasite.

Webb (237–38) endorsed the “social machinery” of eugenics and called for wide-ranging intervention to prevent breeding by the unfit. Irving Fisher (1909, 675) maintained that the bottom portion of the genetic pool lives off the rest, in “social degeneration and gross parasitism.”

Similarly, the “Tribe of Ishmael,” numbering 1,692 individuals in six generations, has produced 121 known prostitutes and has bred hundreds of petty thieves, vagrants, and murderers. The history of the tribe is a swiftly moving picture of social degeneration and gross parasitism,

extending from its seventeenth-century convict ancestry to the present-day horde of wandering and criminal descendants.

To reduce this sort of parasitism, economists endorsed both sets of eugenics policies to improve the genetic makeup of the economic unit (generally, in this context, the nation): measures to encourage fertility among the "superior" genetic stock and measures to reduce fertility among the "unfit."²⁴ In America, the discussion also focused on the need to select immigrants to reduce the numbers from "inferior," "defective," and "undesirable" classes of immigrants (Commons 1916, 230).²⁵ The practical measure seized upon by Commons (235) in this context was the simple device of a literacy test, to "raise the average standard" of immigrants. Fetter (1916, 378) argued for an overall reduction in immigration, as well as a eugenic selection of immigrants to "improve the racial quality of the nation by checking the multiplication of the strains defective in respect to mentality, nervous organization, and physical health, and by encouraging the more capable elements of the population to contribute in due proportion to the maintenance of a healthy, moral, and efficient population."

While many economists favored some form of eugenic remaking early in the twentieth century, they also resoundingly endorsed policies designed to reduce what they perceived as systematically mistaken decision making among the lower orders. The laboring classes were said to discount future consumption because they were overly impatient and lacking in foresight or self-control. They mistakenly neglected to lay by savings for cyclical fluctuations in labor demand, and they also saved too little for their old age; they were unable to decide correctly what investment to make in human capital or when to marry (and how many children to have). There was little presumption that these "inadequacies" would correct themselves, that agents would eventually learn how to participate in the marketplace. In fact, economists argued the opposite: well into the twentieth century, they disassociated themselves from the Smith-Macaulay position on learning by trial and error, outlined in our earlier contribution to this volume. Increasingly after 1870, they consequently called for interventions aimed at "improving" decision making, strengthening willpower, instilling prudent habits of spending, and enhancing what Pigou would call "faulty telescopic faculties" (Peart 2000). More generally, pauperism and lack of self-reliance resulting from overpopulation and undersaving are regarded as inevitable results of relying on a market

system for all consumers, including those among us who, without help, are ill equipped to deal with markets.²⁶

Return to Fixed Human Nature

In midcentury, perspectives changed again. The modern revival of the classical economists' doctrine of fixed human nature by the Chicago school is now a matter of common knowledge. However, the contrast between the Chicago view and what came earlier in terms of racial—or hierarchical—theorizing has been neglected. The most sharply questioned issue was that of time preference. When Frank Knight reviewed Fisher's theory of interest, he asserted, against the common racial imputation of time preference, a view of the primacy of culture. Whereas there may be no difference between the Teuton and Jew, these cultures differ radically from the Greek.

As previously stated, we do not know whether people generally, or the class from which savings come, would "discount" the future or the present or neither, "other things being equal." In general, there is perhaps more ground for the inverse allegation as against the modern European peoples and especially the Teutonic stock (and the West European Jews?), namely, that they "look before and after, and sigh for what is not" and neglect the present moment. Compare Faust and Rabbi ben Ezra with Marius the Epicurean, or the Puritan with the Greek view of life. (Knight 1931, 203)

Perhaps more dramatically, Knight saw no difference in the motivation of different sorts of people. Note how he explains the demand for wealth.

It seems to me indisputable in fact that people desire wealth for many reasons, of which the guaranty of the future delivery of groceries or other consumable services is sometimes the main and sometimes a quite minor consideration. It is desired for the same reasons a head-hunting hero desires a goodly collection of skulls; it is power, a source of prestige, a counter in the game, an article of fashion, and perhaps a mere something to be "collected." It is wanted to use, but also just to have, to get more, in order to get still more. (Knight 1931, 177)

There is nothing here about the "curious lack of variation" of savages or about parametric variations in behavior across races; instead, Knight

offers an illustration of economic problems across time, culture, and race.

The 1977 Stigler-Becker attack on the postulate of positive time preference continued the argument that Stigler made in his dissertation: positive time preference has no role in the making of abstract economic man.²⁷ In this stigmatization of positive time preference, Stigler remained Knight's faithful student.

Because both Chicago economics and the classical economists have been characterized with the *laissez-faire* label, it is appropriate that we close with statements in which the competence of agents in the political process is urged. The same arguments that apply to competence in a market carry over to competence in the political process. We view Cairnes and Stigler as advancing the doctrine of politics as exchange, or politics as optimization, rather than as adherents to a doctrine that there is a list, long or short as it may be, of appropriate state action. To make that list is to question the competence of the political agents who find it in their interest to lengthen or shorten it.

The first statement with which we close this discussion comes from Mill's most technically proficient disciple, J. E. Cairnes. His defense of Negro suffrage begins with an attack on anthropological argument. What does body type have to do with competence?

In approaching the question of the negro suffrage, one encounters the assumption, made with so much confidence by reasoners of a different race, of the inherent unfitness of the negro for political life. The shape of his skull, the prominence of his lower jaw, the size and hardness of his pelvis, indicate, say these reasoners, closer relationship with the chimpanzee than is consistent with the effective discharge of the duties of citizenship. *With such anatomical peculiarities, he must be incapable of understanding his own interest, or of voting for the representative best fitted to promote it.* (Cairnes 1865, 335; emphasis added)

Cairnes then emphasizes that political participation is critical to improvement.

He must therefore be excluded from the sphere of politics, and by consequence from all the opportunities of improvement which the sphere of politics opens. Montaigne thought, as we have been lately reminded, that it was assigning rather too great value to conjectures concerning witchcraft, to burn human beings alive on such grounds. Whether to consign a whole race to perpetual serfdom be as serious a step as the

burning alive of a small proportion of each successive generation, it is unnecessary to determine; but this at least we may say, that the adoption of either course on grounds no stronger than the prosecutors of witches could formerly, or the advocates of negro subjection can now, adduce, argues, to say the least, very remarkable confidence in the value of conjectural speculation. It would argue this even were there no facts to rebut such *à priori* guesses; but, in truth, such facts abound. (335–36)

Cairnes closes with a devastating implication of the consequence of the sexual usage of slaves, throwing the mixed-race assertions back at the anthropologists. What does race have to do with the discussion of suffrage?

But in truth the consideration of race is almost irrelevant to the question we are discussing. The bulk of the freedmen who are now demanding admission to citizenship in the United States have, it must never be forgotten, quite as much Anglo-Saxon as African blood in their veins. . . . The truth is, the great majority of the freedmen of the South are not negroes, but Anglo-Africans. (336–37)

Finally, Stigler (1975, x) put forward a variation on the public choice theme that policies are the result of competent pursuit of interest in the political sphere.

It seems unfruitful, I am now persuaded, to conclude from the studies of the effects of various policies that those policies which did not achieve their announced goals, or had perverse effects (as with a minimum wage law), are simply mistakes of the society. A policy adopted and followed for a long time, or followed by many different states, could not usefully be described as a mistake: eventually its real effects would become known to interested groups. *To say that such policies are mistaken is to say that one cannot explain them.* (Emphasis added)

Given a choice between *laissez-faire* policy and the doctrine of human competence, human competence holds.

NOTES

Earlier versions of this chapter were presented at the 2000 History of Economics Society meetings in Vancouver and at the Middlebury College Christian A. Johnson Economics Conference "Race, Liberalism, and Economics" in April

2001. Portions of the chapter draw on material in Peart and Levy 2003a and Levy and Peart 2001–2. We have received valuable comments from David Colander, Sandy Darity, Deirdre McCloskey, and A. M. C. Waterman.

1. Darity (1995) also gives evidence of racism in American economics early in the twentieth century. Our account attempts to provide a context and an explanation for that racism.

2. Using the JSTOR database, we found no use of the word *eugenics* in any of the literally hundreds of articles and reviews written by Joseph Schumpeter, George Stigler, or A. W. Coats. (The results of our search, conducted on May 14, 2000, are available in HTML form on request.) Phil Mirowski (1989) discusses energetics at length with a glance at eugenics. The essays in Mirowski 1994 mention eugenics once, in connection with Marshall. As far as we can determine, only J. J. Spengler has paid attention to eugenics. The eugenic involvement of the neo-classical economists is completely apparent in specialist accounts of eugenics (Soloway 1995).

3. Cf. Smith [1776] 1976, 1:28: "The difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature as from habit, custom, and education. When they came into the world, and for the first six or eight years of their existence, they were perhaps very much alike, and neither their parents nor playfellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance."

4. Perhaps the most explicit challenge to the classical economists' presumption of homogeneity is found in Hunt 1866c (122): "... principles of Mr. Mill, who will not admit that the Australian, the Andaman islander, and the Hottentot labour under any *inherent* incapacity for attaining the highest culture of ancient Greece or modern Europe!"

5. Darwin was taken with Greg's 1868 *Fraser's Magazine* article "On the Failure of 'Natural Selection' in the Case of Man" (see Darwin 1989, 138–39). He was particularly struck by Greg's characterization of the Irish: "The careless, squalid, unambitious Irishman, fed on potatoes, living in a pig-stye, doting on a superstition, multiplies like rabbits or ephemera" (Darwin 1989, 143, quoting Greg with omission 1868, 360).

6. "If a herbivorous animal is a little sick and has not fed well for a day or two, and the herd is then pursued by a beast of prey, our poor invalid inevitably falls a victim. So in a carnivorous animal the least deficiency of vigour prevents its capturing food, and it soon dies of starvation. There is, as a general rule, no mutual assistance between adults, which enables them to tide over a period of sickness. Neither is there any division of labour; each must fulfill *all* the conditions of its existence, and, therefore, 'natural selection' keeps all up to a pretty uniform standard.

"But in man, as we now behold him, this is different. He is social and sympathetic. In the rudest tribes the sick are assisted at least with food; less robust health and vigour than the average does not entail death. . . . Some division of labour takes place. . . . The action of natural selection is therefore checked" (Wallace 1864, clxii).

7. A similar link between Carlyle and Galton is demonstrated in Peart and Levy 2003a. In popular culture, the doctrine linking race survival and benevolent despotism is taught in Charles Kingsley's 1863 *Water-Babies*, in the edifying "History of the great and famous nation of the Doasyoulikes, who came away from the country of Hardwork, because they wanted to play on the Jews'-harp all day long" (Kingsley 1863, 239–40).

8. The details are provided in Young 1995 and Levy 2001. As an example of how this works, cf. Hunt 1863, 16: "The exhibitions of cases of intelligent Negroes in the salons of the fashionable world by so-called 'philanthropists,' have frequently been nothing but mere impostures. In nearly every case in which the history of these cases has been investigated, it has been found that these so-called Negroes are the offspring of European and African parents."

9. Hunt 1864, 19. The language slur resurfaced in economics in the early twentieth century, when Commons (1916, 94) asserted that the Yiddish spoken by Russian Jews "is scarcely a language—it is a jargon without syntax, conjugation, or declension." The reader will recall the importance of language noted in our earlier contribution to this volume, in terms of the ability to communicate as a requirement for trade.

10. Reade (1864, 399) claims: "the growth of the brain in the negro, as in the ape, is sooner arrested than in those of our race." Kingsley (1863, 245) notes: "a Hindoo tailor uses his toes to thread his needle."

11. The quote is from "Anthropology at the British Association" (1863, 388). We find no discussion of this essay in any report in any of the secondary literature, even though Pearson's monumental *Life* (1924) devotes an extensive section to Galton's anthropological writings.

12. At age 85, Galton found technical reasons to believe that majoritarian decision making had desirable properties. He called attention to this "unexpected" result with great clarity, choosing to title the first of a pair of articles "Vox Populi," explicitly challenging his Carlylean assertions already quoted. In Levy and Peart 2002, we reprint the articles and call attention to Pearson's judgment that Galton chose to publish his results in *Nature* to maximize their contemporary (policy?) impact. Porter (1986, 130) notes Galton's antiegalitarianism in the years before these articles were published.

13. The obituary from the *New York Weekly Day-Book* of November 6, 1869, reprinted in the *Anthropological Review* under "Anthropological News" (Death of the Best Man in England 1870), gives some flavor of contemporary opinions: "We are pained to hear of the death of Dr. James Hunt . . . beyond doubt the best, or, at all events, the most useful man in England, if not, indeed, in Europe. . . . Dr. Hunt, in his own clear knowledge and brave enthusiasm, was doing more for humanity, for the welfare of mankind, and for the glory of God, than all the philosophers, humanitarians, philanthropists, statesmen . . ." For additional texts, see Peart and Levy 2003a.

14. Cf. Reade 1864, 399: "Thus it has been proved by measurements, by microscopes, by analyses, that the typical negro is something between a child, a dotard, and a beast. I cannot struggle against these sacred facts of science."

15. Galton never—as far as we know—employed Hunt's "mixed-race" immunization strategy. Without this quackery to distinguish between the theorized "Negro" and actual people of color, Galton later assumes that variance is a constant across observed races. Peart and Levy 2003a provides details.

16. In Levy and Peart 2000, we consider *Punch's* rival, *Fun*, as well as George Cruikshank's drawings of the Irish.

17. This is the characterization Curtis describes in "The Importance of Being Paddy" (Curtis 1968, 49–65); it parallels Greg's description of the Irish alluded to earlier. Table 1 in this chapter reflects many of these characteristics as well. Cf. Kingsley 1863, 244: "when people live on poor vegetables instead of roast beef and plum-pudding, their jaws grow large, and their lips grow coarse, like the poor Paddies who eat potatoes."

18. The context of these remarks is a debate over differences between the Celts and the Anglo-Saxons, which, Huxley asserted, amounted only to linguistic differences. That position was opposed by the president of the Anthropological Society of London, John Beddoe (1870, 212–13).

19. Tenniel joined *Punch* at the invitation of its editor, Mark Lemon, in December 1850. Initially, Tenniel's contributions were limited to the decorative borders and initials of the journal, but he became *Punch's* principal artist upon the death of Leech in 1864. The *Dictionary of National Biography* article on Tenniel refers to his "delightful humour which never degenerated into coarseness nor was lacking in dignity."

20. Pigou is singled out by Leonard Darwin (1916, 311) as "as far as I know . . . almost the only economist who has paid serious attention to eugenics in connection with economics." Indeed, a JSTOR search of the term *eugenics* in the economics list finds Pigou 1907 as the earliest resource.

21. The argument is specified in the common terminology of low fertility rates among the "upper classes" and high birthrates among the poor. At least in Marshall's case, however, the racial element is quite clear. Historically, the intermixture of races that followed conquests led him to speculate that the lower races selected into the industrial classes (see Marshall [1890] 1930, 195). Elsewhere, he used the more obvious eugenic phrase, referring to the tendency of the "higher strains of the population to marry later and to have fewer children than the lower" (*ibid.*, 203).

22. In England, economists such as Marshall (1884) feared that such deterioration will occur within cities. Here, the argument is that the Irish form a relatively large and (due to high birthrates) growing constituency in cities (see Jevons 1870; Peart 2001b); cf. Ashby's statement in Reid 1906, 38: "The slums and courts of our large cities are chiefly inhabited by the unfit, who are recruited by the failures in the industrial struggle; and among these early marriages and illegitimate intercourse is more common than among the saner and more intelligent class."

23. Cf. Marshall [1890] 1930, 201 n. 1: "Again, on the Pacific Slope, there were at one time just grounds for fearing that all but highly skilled work would be left to the Chinese; and that the white men would live in an artificial way in which

a family became a great expense. In this case Chinese lives would have been substituted for American, and the average quality of the human race would have been lowered." The contention that, without sterilization or segregation, saving the "feeble" entails a reduction in genetic quality is common (see Fisher [1909] 1976; Darwin 1916; Webb 1910).

24. Webb 1910; Pigou 1907, 1920. Fisher ([1909] 1976, 673) also endorsed government "bounties" to encourage births among the "vital" classes. Proposals ranged from sterilization or segregation, to German-style marriage tests, to developing social prejudice against such reproduction. For Frank Fetter (1916, 366-68), the "Negro problem" was "insoluble": the alternatives of intermixture of races, existence in separate geographical regions, and extinction, are "repugnant," "impractical," and unrealistic. Fetter concludes with "futile expressions of regret."

25. See Cherry 1976; Commons 1916, 198 ff. Pearson also favored restrictions of immigration, arguing that immigration should be restricted to those who are at least 25 percent above the mean for natives in intelligence and physical characteristics (Pearson and Moul 1925, 127).

26. Many scholars have noted the increased calls for paternalistic legislation (Peart 2001a) without providing an explanation for the upsurge.

27. "The second ground for valuing present goods more highly is that '. . . to goods which are destined to meet the wants of the future, we ascribe a value which is really less than the true intensity of their future marginal utility.' This is a failure of perspective, an irrationality in human behavior—the only irrationality, it may be noted, that Böhm-Bawerk introduces into his 'economic man'" (Stigler 1941, 213).