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Inequality as Lack of Co-operation in Economic Thought

May 2017
Working Paper 18/2017
Department of Economics
The New School for Social Research

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Monica Hernandez*

Abstract

This paper compares the notions of co-operation by economic thinkers of the 19th century in the United Kingdom. It includes an analysis of the relationship between these notions of co-operation and economic and social inequality. Two approaches are identified from this analysis. First, an economic-centered view, found in Charles Babbage and WS Jevons, where the benefits of co-operation are linked to profit sharing, the increase of productivity and the expansion of the economic system. Second, Robert Owen’s and JS Mill’s ideas on co-operation, even though with different implications, are mainly socially-oriented. Here, it is possible to see a broader social concern that led them to suggest reforms that could have implications in terms of social (e.g., education and gender), and not only economic, inequality. We also conclude that Marx’s analysis of co-operation does not belong to any of these approaches. In his view, under capitalism, the effect of some forms of co-operation may generate or reinforce inequality.

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I am grateful to the participants at the YSI Plenary 2016 in Budapest, particularly to those on the History of Economic Thought Working Group. I am also thankful to the participants at the 2nd History of Economics Summer School in Latin America (HESSLA) in Ouro Preto. I am grateful to Alan Delozier at the Monsignor William Noé Field Archives and Special Collections Center of Seton Hall University. All mistakes are mine.
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Inequality as Lack of Co-operation in Economic Thought

1. Introduction

Classical political economists, such as David Ricardo, emphasized early in the 19th century the importance of distributional aspects among classes. An important part of the economic thought of the rest of the 19th century in the United Kingdom (UK) maintained the emphasis on the study on how to develop a society that guaranteed better conditions for the lower classes. One way of addressing workers’ material deprivation as well as the distributional issues that allowed its perpetuation was via the principle of co-operation. As seen in the next sections, the notion of co-operation would take different forms.

Generally, co-operation is understood as the instance of persons assisting each other for a common purpose, interest, or benefit. Expressions of co-operation have been constant in human civilization to overcome difficulties and to improve aspects of daily life. Tribal communities and production and consumption co-operatives around the world in different points in time are examples of activities related to the idea of co-operation as well.

The purpose of this paper is to compare the different notions of co-operation developed by five well-known economists along the 19th century in the UK. Other economists that studied co-operation and the functioning of co-operatives were John Elliot Cairnes (See Cairnes [1873] 2004), Leon Walras and Alfred Marshall (See Ros 2001).

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2. In the beginning, it was a co-operation, usually of a small scale, based on common ownership and on the tights among community members. Marx ([1867] 1992, 452).
3. Other economists that studied co-operation and the functioning of co-operatives were John Elliot Cairnes (See Cairnes [1873] 2004), Leon Walras and Alfred Marshall (See Ros 2001).
William Stanley Jevons’s in 1880s. Marx’s ideas were also published at the end of the 19th century.

It is critical to understand that even though these authors’ ideas of co-operation are different; all of them considered the issue of class in relation to the idea of co-operation. In the following sections, we analyze the notion of co-operation considering two different but related perspectives (acknowledged by all authors). First, co-operation from the perspective of the process of production. It is the unconscious, or at least not always conscious, co-operation that takes place among workers in the process of production via, for example, the division of labor. Second, co-operation from the perspective of type of economic system. It is a co-operation between classes (workers and masters in a system of competition, for example) or between persons of different classes, whom eventually become part of the same “class” (classes may fade away, for instance in a form of socialism). Both perspectives complement each other. For that reason, we study them together in order to understand their implications as expressed in their relationship to inequality.

By using primary and secondary sources of information related to each author, we show that the idea of co-operation was developed in depth by the authors mentioned above. Second, we show that the suggestions and implementation of co-operation ideas by these authors, even though differently, had social and economic implications. For instance, they aimed to reduce inequality in most cases. We also show that Marx had a different view. For him, under capitalism, the whole idea of co-operation could end up reinforcing inequality. Third, we show

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4. Even though his ideas come almost literally from the ones Babbage developed in 1832.
5. It is important to note that within the same process of production, simultaneously, there is another form of co-operation that may also be unconscious, the one between workers and masters when the process of production takes place without interference. We do not study further this idea here.
that all authors can be grouped by their views on co-operation and by the type of inequality (economic or social) their policies intended to tackle (see Table 1.1 below).

The paper is divided into four sections. In Section 2.2, we introduce the ideas on co-operation developed and, in many cases, implemented by Owen, Babbage, Mill, and Jevons. Here, we compare the author ideas and their schemes or plans of co-operation as seen in Table 1.1. In this section, we show how, in some cases, the notion of co-operation, to be effective, involved a major change regarding the economic and social order, particularly in the case of Owen and Mill. In Section 2.3, we analyze the relationship between the notions of co-operation studied in Section 2.2 and economic and social inequality. Economic inequality is income based and is linked to the ideas of co-operation as profit sharing. Social inequality, besides income, considers the improvement of the lower classes living conditions via education and the fulfillment of women and children’s rights. In Section 3.3, we introduce a discussion of the idea co-operation found in Volume I and III of Marx’s Capital, and its link to inequality in relation to the views of the four economists above. The final section includes the concluding remarks.

2. Notions of Co-operation. Collaboration between workers, profit sharing between classes, and associations for social justice

This section compares the notions and schemes of co-operation by Robert Owen, Charles Babbage, WS Jevons, and JS Mill. First we present, Owen and his principle of union and mutual co-operation. Next, we incorporate Babbage’s and Jevons’s ideas in the discussion together since they overlap in the main principles. This section concludes introducing to the discussion Mill’s

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6. And indirectly in Marx (since for him, under capitalism, class co-operation could not bring positive outcomes).
ideas on the topic. As mentioned before, all authors see co-operation from two perspectives: co-operation in the process of production and co-operation among classes within a particular economic system.

2.1 Robert Owen and the Principle of Union and Mutual Co-operation

In this section, we show that when discussing co-operation, Owen referred to both the collaboration among workers within the process of production, as well as to a co-operative system for the distribution and consumption of what is produced.

The origins of the theoretical development of the notion of co-operation in economic thought are found in Owen, and in the system he developed throughout his works. Owen’s ideas were creative and original. Yet, due his unconventional suggestions and his aspiration of an almost perfect society, he was considered a utopian and even a prophet (since his ideas appeared as if they were the preamble of a new state of society, or a superior system).

It is well known how Owen inspired others with similar ideas such as Utopian Socialists, who interpreted classical political economy notions of labor and value from a socialist perspective. It is also well known that by misinterpreting Ricardo’s theory of value, the latter concluded that the value of any commodity was determined only by the quantity of labor required to produce it. In this way, they justified their claim that the whole product obtained from the production process must belong to workers.9

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9. Having as a main reference the classical labor theory of value, William Thompson developed, for instance, Labour Rewarded. The Claims of Labour and Capital Conciliated; Or, How to Secure to Labour the Whole Product of Its Exertion ... (1827). Thompson was critical of capitalism and suggested its substitution by a cooperative communism. It is well known that he, together with other “Ricardian” Socialists such as Thomas
Even though Owen pioneered the implementation of the idea of co-operation for social change, he acknowledged that the principles of the system of co-operation he was proposing were indebted to John Bellers, a Quaker and a philanthropist. Indeed, according to Owen, the belief that the combination or co-operation of labor for the common benefit of society, supported by the proper training as well as by the appropriate social and working environment was a principle that belonged “all exclusively to John Bellers.” Nevertheless, Owen took up these ideas to a different level. For example, as seen below, he developed a proposal for a new system of communities of co-operation that he implemented. The experiment, however, did not last for a long time.

Similar to Bellers, for Owen, the idea that human beings are a product of their social circumstances was critical. For that reason, in order to understand Owen’s views on co-operation and their implications in terms of inequality, it is indispensable to understand that belief.

First of all, Owen believed that the idea of a free will and the view of human beings as having agency and complete responsibility for their actions and beliefs ought to be demystified. The idea of a free will suggested that independently of human beings’ circumstances in their life, they were the only responsible for deciding the type of life they wanted to live. For that reason, they were completely accountable for their present and future circumstances.

For Owen, such view was misleading. According to him, the environment in which human beings grew up influenced their beliefs, their decisions, and acts. Indeed, such

Hodgskin, Charles Hall, John Gray and others, believed that not only exchange value is created from labor, but also that labor should retain all that it produces.
10. See also Trincado and Santos-Redondo (2014, 266).
11. Bellers (1696) in Owen (2005 [1819-1825]).
12. Ibid., 53.
circumstances irreversibly affected their future. Human beings, then, were not completely responsible for their current and even future conditions. It was that environment, and not necessarily their will, which determined at least a great part of their life and position in society.

In other words, for Owen, circumstances were formed for the individuals and not by them. This was a major foundation of his doctrine. For this reason, he proposed to generate a system of communities that would provide the best possible environment—in terms of material conditions and education—for society and in particular for the lower classes. Only co-operation in community would guarantee the creation and maintenance of such system.

From Owen’s works, it is possible to extract the meaning of his notion of co-operation in community as the confluence of two aspects. The first aspect is the collaboration among all members of society for production and the development of a system of communities that allow their reproduction, mutual life, and happiness. The members of that society would be fellow producers collaborating with each other with the purpose of obtaining specific products for the community. This is his principle of unity and mutual co-operation.

The first stages of the development of Owen’s idea of co-operation take place within a system of competition. In the early stages of his ideas on co-operation, there was still a distinction between masters and workers. Indeed, during that period, Owen expressed to the rich that his views on co-operation were not meant to affect their current status, but that it would just provide a better environment for the lower classes. He wanted to prove to the rich that co-

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15. Ibid., 116-117, 164, 252, 279, 287, 289, 301, 305.
16. Ibid., 248.
17. It is important to note that his view about the system, in which co-operation could unfold, was not static and changed over time (see what I have called his two “moments” in Table 1.1).
19. He did not hold revolutionary views (in terms of a change of system) during the years when he developed the first part of his analysis.
20. As seen later, with the changes mentioned above, co-operation involved not only the improvement of material conditions, but the reduction of inequality.
operation would have a positive effect on them also. If workers collaborated with each other, as one force, they would have the strength to produce, to educate each other, and so forth for the benefit of society. If workers were to buy, they would do it together, so that they could afford to buy and to buy more. In other words, masters would be able to sell more and benefit from the better conditions of the lower classes.

Around 1848, however, Owen came to the conclusion that the attainment of real co-operation implied a change of economic system. He had experienced a turn in his political views and concluded that within a new system, the distinction between workers and masters would not be necessary. Even though there were different occupations in the experiments Owen was able to implement, in principle, everyone would be just a collaborator to each other and classes would eventually disappear.

In the description of the structure of Owen’s communities, there is, though, a distinction of co-operators based on age. The first generation of those entering the communities would face a transition and adaptation to the new system. However, the following generations would be used to the life in community since their childhood. This would be a system of equality in different aspects, including in the introduction of each person to stages of learning and collaboration that would advance along with their age. Even though at the beginning there were classifications based on income, there will be a period in which everybody would be part of a cooperative and communal effort. According to this, then, when referring to co-operation, Owen meant first of all, collaboration between persons that are working together within and for their

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22. As explained later, the system of competition would not be necessary forever in Owen’s view.
23. Ibid.
24. Ibid., 347-52.
community (first within a system of competition with different social classes) and later under a different, more socially oriented system, with no classes.

The second aspect in the meaning of co-operation in Owen is his *co-operative system for buying and selling*. Its purpose was to finance the communities mentioned above. In principle, the idea of a co-operative was that the combination of people, for instance the poor, would have the advantage of buying in great quantities. In this way, they would be able to afford the consumption of products, which they could not afford otherwise. Additionally, parallel to this advantage was the aim of accumulating a fund that would allow the co-operatives to rent land to produce and generate resources for the creation and maintenance of the communities.

To summarize, when referring to co-operation, Owen meant, first, the collaborative way of performing activities for the production that would satisfy the needs of the members of the new communities, and second, the co-operative stores for the distribution and consumption of what had been produced. The latter, at the same time, would serve to fund and maintain the new system of communities. Owen wanted to demonstrate that through these forms of co-operation, it was possible to reach the (social) happiness of mankind. He saw this as the central purpose of his system.
### Table 1.1 Main Characteristics of Co-operation in Economic Thought in the 19th century

| **Robert Owen (1813)** |  
| **First moment** |  
| Co-operation—co-operation in community (within system of competition); goal: to change workers’ environment and improve their living conditions |  
| ----- 1. Collaboration (between classes – workers and masters- and among those in the same class for production -workers; all members of a community) |  
| ----- 2. Cooperatives (to finance communities)//parallel to traditional business |  
| -----Expected result: educated lower classes, able to work for their own benefit and to choose a path of success; not in conflict with masters; less poverty; benefits for higher classes (to sell more, to have more educated workers) |  
| **Second moment** |  
| Co-operation—co-operation in community (in a different system (e.g., socialism) |  
| ----- 1. Collaboration (one class; all members of a community) |  
| ----- 2. Cooperatives (to finance communities) |  
| -----Expected result: educated lower classes, able to work for their own benefit and to choose a path of success; conflict with masters is present until classes disappear; less poverty and inequality |  

| **Charles Babbage (1835) & WS Jevons (1881)** |  
| Co-operation—Co-operation for production of a physical good or an intellectual result (no fundamental change is system) |  
| -----Division of -physical and mental- labor (co-operation among workers) |  
| -----Profit sharing (workers and capitalists) |  
| -----Expected Result: expansion of the system; efficiency; reduction of conflict with masters; less poverty; benefits for higher classes (to sell more); less inequality (higher and fairer compensation for workers) |  

| **JS Mill (1848)** |  
| Co-operation—co-operation in production and co-operation as association |  
| -----1. Simple and complex co-operation (under system of competition): “combination” or division of labor (workers)/first step for social improvement |  
| -----Expected result: expansion of the system; efficiency; less poverty |  
| -----2. Association (first step for social transformation) |  
| -----Profit sharing (workers and capitalists as a first step of transitional stage) |  
| -----3. Association in communities (to share the results of work/possibility of a different system) |  
| -----Expected result: economic improvement and less poverty and inequality |  

| **Karl Marx (1870)** |  
| Co-operation under capitalism—co-operation for capitalist production/division of labor |  
| -----profit sharing (mechanism of control and subjection of labor to capital) |  
| -----Result: collaboration between classes; high inequality |
2.2 Charles Babbage and WS Jevons on Co-operation as Profit Sharing

In this section, we show that the type of co-operation found in Babbage and Jevons is mainly of an economic character, income related and with direct effects on productivity and efficiency. It does not require a change of economic system as in the case of Owen.

Similar to Owen, Charles Babbage was a visionary and an implementer of his ideas. Among other aspects, he created different designs of machines that he later attempted to develop. Babbage also traveled around the world and many of his journeys involved visits to manufactures to observe production processes.\(^{25}\) This allowed him to provide detailed opinions and suggestions about those areas as well as improvements about contrivances related to them.

Like other Victorians, Babbage’s work covered a variety of topics such as mathematics and natural science.\(^{26}\) Another area of interest for Babbage was political economy, including the notion of co-operation. This section shows how Babbage played an important role in the development of ideas of co-operation as profit sharing in economics. These ideas generated an important impression in Jevons. Indeed, Jevons quoted pages of Babbage’s work when considering this topic. Due the overlap on these ideas, Babbage and Jevons are included together in this section.\(^{27}\)

Babbage’s main contribution on political economy is his *On the Economy of Machinery and Manufactures* (1832).\(^{28}\) He divided the work into two sections where he presents, first of all, the mechanical aspects of the use and advantages of tools and machines; their classification, as

27. It is important to mention that Jevons also acknowledge JS Mill’s influence on the topic. See Bowman 1997a, 204.
well as the implications of their use as a substitute or complement for human work. These chapters are full of details and descriptions of the processes involved in manufacture, the use of machinery and the savings of time result of their implementation, the economy of materials, and others. In the second section, Babbage concentrates in the political economy involved in the use of machinery and manufacture while considering their future prospects and relations to the advance of science. It is in this section where Babbage introduces his opinions about co-operation. In his case, he means profit sharing between capitalists and workers.

The physical and mental division of labor played an important role as a foundation for co-operation in Babbage. In principle, both divisions of labor allow manufacture to grow. The physical division of labor was linked to what Adam Smith had already identified in his work. Workers collaborating with each other, through different but linked activities, produce faster and in higher quantities than if they were participating in each and all stages of the production process. The increase of dexterity in every worker, as well as the saving of time and the adoption of machinery that facilitated that production, were the causes of the increase in productivity generated by the physical division of labor.

For Babbage, even though these principles had been obvious for a long time, there was still one advantage in terms of costs that had not been clarified. This was the possibility, for manufacturers, to buy the exact amount of skill necessary in each stage of the production process (the Babbage Principle). In this way, producers could reduce costs by paying only for the

_29._ However, he introduced profit sharing only until the 2nd edition of his book after being criticized for not introducing enough aspects related to the political economy of the system he was illustrating.
_30._ Also via technical change according to Babbage.
_31._ Smith 1776.
_32._ Cord 2017, 283.
amount of skill that was actually required.\textsuperscript{33} This implied a more efficient allocation of workers.\textsuperscript{34} According to Babbage,

\[\ldots\] Yet it appears to me, that any explanation of the cheapness of manufactured articles, as consequent upon the division of labour, would be incomplete if the following principle were omitted to be stated.

That the master manufacturer, by dividing the work to be executed into different processes, each requiring different degrees of skill or of force, can purchase exactly that precise quantity of both which is necessary for each process \[\ldots\]\textsuperscript{35}

The advantages identified by the physical division of labor were also present in the mental division of labor signaled by Babbage. Just as the work of laborers in a factory could be divided into different tasks for the creation of physical products, workers with different mental abilities and skills could be divided in different tasks that would lead to the production of a different type of intellectual product. The example Babbage introduces is the calculation of trigonometric and logarithmic tables in which workers were divided according to three different types of mathematical skills,\textsuperscript{36} where high skilled workers would be more expensive and difficult to replace compared to those of intermediate or low mathematical skills.

The mental division of labor enabled the hiring of only the mental skill required in each step of the process of production so that underutilization of the abilities of the most skillful

\textsuperscript{33} Babbage was careful to explain that this principle was even more important for large manufacturers. Babbage 1832, 173-174. The latter is also part of the distinction he made between being a maker and being a manufacturer, 99. The size of the manufacture would also be determinant for the promotion of technical change via the division of labor. Both Marx (in Capital Vol. I) and Mill (Principles) acknowledge knowing Babbage’s work in this regard.

\textsuperscript{34} An attempt to allocate the more suitable worker to a specific task.

\textsuperscript{35} Ibid., 137. As noted by Babbage, Melchiorre Gioia had already specified this principle in 1815.

\textsuperscript{36} The project to which Babbage referred to is the one organized by M. de Prony in which he acknowledges the implementation of Adam Smith division of labor. Note sur la publication, proposée par le gouvernement anglais des grandes tables logarithmiques et trigonométriques de M. de Prony, De l'imprimerie de F. Didot, 1 décembre 1829, p. 7. In Babbage 1832, 154-7.
workers could be avoided, and vice versa. At the same time the cost of all mental skills could be kept in that sense to a minimum necessary.\textsuperscript{37} The latter would allow time and money savings. The possibility of hiring only the necessary amount of skill in each stage of production plus a large division of labor could reduce the time of apprenticeships, among others, due the reduction of the unproductive phase of apprentices, indirectly contributing to reduce more costs.

Then, the first characteristic of co-operation in Babbage’s thought is, first of all, collaboration between workers during the division of labor while producing a physical good or an intellectual result.

The second type of co-operation identified in Babbage, and also in Jevons, is the one between capitalists and workers via profit sharing.\textsuperscript{38} This is a conscious or direct cooperation between classes with the aim of mutual participation in profits. This is Babbage’s explicit type of co-operation addressed in his \textit{On the Economy...}, the same work Jevons referenced in his own work.\textsuperscript{39}

Both Babbage and Jevons wanted to show, first of all, that workers interests were not separated from those of masters. In this way, the profit sharing aspect of what they considered a new system\textsuperscript{40} was seen as a suitable incentive for co-operation between these two classes. \textsuperscript{41} At the same time, according to Babbage this would allow workers to obtain a higher and fairer compensation for their work.

Profit sharing under Babbage’s scheme of payment, and therefore in Jevons’s, involved at least two important features. On the one hand, it would create a different atmosphere at the

\textsuperscript{37} Requisites for the success of the division of labor, according to Babbage, are the high or sufficient demand of production as well as a large amount of capital for the arts where it is implemented. Babbage 1832, 162.
\textsuperscript{38} John Bates Clark also considered the issue of profit sharing. See his Profit-Sharing, Old and New. The Harpers Monthly, April 1905, 772-776.
\textsuperscript{39} In his Primer on Political Economy (1880), 80. And in his Methods of Social Reform (1883), 118.
\textsuperscript{40} Babbage (1832). Third Ed. viii, 250-259.
\textsuperscript{41} It is important to note that when describing more specifically his system, Babbage emphasizes that it was ideal for workmen of high character and skill, Ibid., 257.
working place.\textsuperscript{42} Since workers would have a direct part in the profits, there would be an incentive to use their talents and skills towards the improvement of the business and to cooperate to guard business’ interests (which now are also their own). For the latter, and as part of their co-operation to business, they would have to collaborate with and to monitor each other. Overall, the latter would have a benefit on productivity. This suggests that unlike Owen, in the case of Babbage and Jevons, co-operation did not involve major changes in terms of the economic system. It involved improvements for its expansion.

On the other hand, this system had the particularity of making workers participate not only of the profit of the business during times of prosperity, but also of its losses during difficult periods. Every person independently of his role in the business “should receive one half of what his service is worth in fixed salary, the other part varying with the success of the undertaking.”\textsuperscript{43} “If the factory went on prosperously, the wages of the men would increase; if the sales fell off they would be diminished.”\textsuperscript{44} Hence, unified interests and class collaboration were part of the advantages derived from Babbage’s scheme of payments proposal. Yet, a potential vulnerability for workers was revealed in that total workers’ compensation could be affected either by the good or bad business periods.

The bonus system and the proposal that an important part of workers’ compensation (after wages) should come from profits are the core principles in Babbage’s (and Jevons’s) system. Its major challenge, according to Babbage, were large capitalists’ acceptance and implementation of the new scheme due to their fear that workers’ share would end up being too

\textsuperscript{42} As seen in section III, Marx also refers to this only as a ‘supposed’ advantage of co-operation since he actually saw it as part of the despotism from capitalists to workers.
\textsuperscript{43} Babbage 1832, 256.
\textsuperscript{44} Ibid.
high. For Babbage, that was not possible because the increase in total profits from co-operation would be sufficient to cover workers’ share as well as to keep a high share for masters.

Another challenging aspect in Babbage’s scheme of payment was to establish the division of profit for the use of capital and labor. The difficulty could appear when the capital supplied by each partner was different. In that case, Babbage established that “the proportion must be left to find its level” so that experience would take care of it. Laws relating to partnerships would have to change to accommodate the new system. Finally, an important difficulty identified by Babbage was the dismissal of incompetent workers unwilling to keep with the required efforts to make business succeed.

Babbage believed that the advantages related to the system would compensate these difficulties. One of the most significant advantages for him was the potential elimination of conflict between classes as represented by combinations. As Babbage explained,

The workmen and the capitalist would so shade into each other- would so evidently have a common interest, and their difficulties and distresses would be mutually so well understood that, instead of combining to oppress one another, the only combination which could exist would be a most powerful union between both parties to overcome their common difficulties.

Jevons was also knowledgeable of the importance of classes’ perception of common interest in different areas, which would potentiate the progress of the economic and social system in his view. In a Letter from Thomas E. Jevons (TEJ) to William Stanley Jevons (WSJ), the

45. Ibid.
46. It is important to note that these views may have also influenced Jevons on his ideas about labor unions, as seen in Chapter 1 of this dissertation.
47. Babbage, [1832] (1841 version), 256.
former acknowledged to WS Jevons the importance of “common object[s] of rejoicing among all classes” because that is “likely to create more sympathy between them.”

To summarize, in contrast to Owen, Babbage and Jevons’s view on co-operation are, first of all, less challenging for the economic system of the time. It is mainly co-operation for the efficient production of a physical good or an intellectual result as well as for the creation of a harmonious atmosphere between masters and workers that may facilitate the expansion of the system (i.e., capitalism). Different from Owen, for whom co-operation was in principle a form of collaboration in community that could have an effect in the social environment and the future prospects of the lower classes, the type of co-operation found in Babbage and Jevons is mainly one of an economic character related to productivity and efficiency. As seen below, when it comes to inequality, this form of co-operation can be linked to economic inequality.

2.3 John Stuart Mill and Co-operation as Association for Social Justice

In this section, we show that there are at least two forms of co-operation that stand out in the case of John Stuart Mill. One is the simple or complex co-operation that takes place as part of the process of production; and second, the association that may exist between members of society (from different classes or not) in a particular system.

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48. In the letter, TEJ uses as example of common object of rejoicing the devotion for Princess Alexandra shown among the British of all classes. TEJ to WSJ, March 21st, 1863. In the Seton Jevons family papers, 1780s-1930, Mss 0005, in the Monsignor William Noé Field Archives & Special Collections Center, Walsh Library, Seton Hall University.

49. Even when considering topics such as education, Jevons associated it to productivity. See Bowman 1997b, 455-477.

50. See also Smith 1998.
In his *Principles of Political Economy* (1848), similar to Babbage, Mill refers first to a form of co-operation between persons of the same class. It is the one between workers, a “combination” of workers in terms of the organization of production, or the work developed by different persons under the division of labor identified by Smith and Babbage previously.

According to Mill, this form of co-operation can be *simple* or *complex*. The simple one alludes to a form of collaboration and “mutual assistance” between workers laboring on the same set of operations, in the same field of work. Workers assist each other to obtain the products they need to subsist, for which they do not produce a surplus. According to Mill, this form of co-operation is “the first step in social improvement.”

On the other hand, workers collaborating with each other in order to produce a surplus product that will be used for exchange characterize the complex form of cooperation (the second step of social improvement). This one involves, as some of the cases above, an indirect, not necessarily conscious, collaboration between workers laboring in different fields; their work will eventually be used for the reproduction of workers in other fields. “Every person who took part in producing food or erecting houses for this series of producers, has, however unconsciously on his part, combined his labour with theirs.”

Moreover, complex cooperation involves the accumulation of capital for the expansion of production and employment. At the same time, complex cooperation involves a *high* division of labor and an increase of productivity as a result of the increase in workers’ dexterity, time

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52. And in some way also to Owen.
53. Marx also identified this form of co-operation as seen later. See also Mill [1848] 1909, 117.
54. Ibid., 118.
55. Which, according to Mill, can only be limited by the size of the market, workers’ indolence, or the nature of certain employments that do not allow for simultaneous operations. Ibid, 124-25.
56. This productivity, besides being influenced by time and place, is also influenced by natural advantages; the greater energy of labor; skill and knowledge; the superiority of intelligence, and the “security” or the trustworthiness in the community. Ibid. 122-30.
saving, and innovation. It also allows reducing costs -as Gioia and Babbage previously pointed out.\textsuperscript{57} From this perspective, then, the simple and complex forms of co-operation between workers are indispensable forms of co-operation for they trigger the improvement and expansion of the system.

The second form of co-operation in Mill is \textit{association}.\textsuperscript{58} This form of co-operation can also adopt two forms. On the one hand, similar to the scheme of profit sharing by Babbage and Jevons, it may take place among persons of different classes (i.e., capitalists and workers). It could take the form of a different payment system instead of traditional wages, particularly \textit{via} profit sharing. On the other hand, it could take a more advanced form if the co-operation happens among members of a more advanced state of society.\textsuperscript{59}

The second form of association could be experienced only under a different state of society. In this state, association would be among members of a society laboring with each other and sharing among themselves the product of their work.\textsuperscript{60} This form of co-operation is one “of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves.”\textsuperscript{61} This is similar to the system Owen had already popularized with his ideas and experimental communities in Europe and in the U.S. As explained below, in contrast to Owen, Mill believed

\begin{itemize}
\item \textsuperscript{57} Mill, however, also offered counterexamples of the ideas presented by Babbage in terms of the productivity of someone working in the same activity during long periods of time. Ibid, 125-26.
\item \textsuperscript{58} Different from socialists, according to Mill, co-operation or association was only the first step of a social transformation. It would take some time to arrive to a state where socialism can be fully embraced. The main factor to guarantee the success of the latter would be the increase of intelligence and reasoning by the laboring classes. If they had not reach a higher understanding, they could not be prepared to assume socialism according to him. Ibid., 772. Mill believed the second form of association would be unrealistic until the working classes reach a more mature level of education and of understanding of its implications.
\item \textsuperscript{59} In this state, there is no distinction between a productive and an idle class because all persons would be productive. Ibid, 752-753.
\item \textsuperscript{60} Ibid. 764. Before a system like this one takes place, partnerships between workers and capitalists as well as those among workers could coexist during some period of time. Ibid. 790-791.
\item \textsuperscript{61} Ibid. 773-774.
\end{itemize}
that the elimination of competition was not a requirement for the implementation of this type of cooperation.

Mill acknowledged that Babbage had already exemplified that the form of association as profit sharing between capitalist and workers had taken place more than once in the past (e.g., in fields such as mines, cotton, wool, and fishing) in France, Germany, Switzerland, and England\(^\text{62}\) and that its benefits were related to risk and costs sharing, and the increase of workers’ interest in the prosperity of the business. For Mill, the latter was a form of co-operation that even though had advantages in the past, it was only a preamble for a most advanced state of association. Similar to Owen, then, Mill thought that the second form of association was the form that would eventually predominate, though again, only in the future.

Mill perceived that disadvantages of co-operation as association in profit sharing could appear due to the potential uncertainty for capitalists when having to share profit and information on their business with workers. Moreover, there could be periods of irregular earnings in which they would have to borrow to compensate for that lack of funding during difficult years. Yet, the advantages from profit sharing would be greater that these disadvantages. The improvement of discipline, “intelligence, independence and moral elevation”\(^\text{63}\) would compensate drawbacks. A new character, dignity, and pride in workers would be generated. Besides, as also Babbage had pointed out, under this system, workers would not feel the need of combination to fight for their own interests.\(^\text{64}\)

Finally, as mentioned, in spite of the similarities in some of the ideas about co-operation between Mill and Owen, their ideas are not identical. A major point of contrast between them is

\(^{62}\) Ibid., 783.  
\(^{63}\) Ibid., 765.  
\(^{64}\) Ibid., 779.
related to the system of *competition*.\(^{65}\) Even though both agreed that changes in the system were necessary to develop association of interests, Mill did not share Owen’s and other socialists’ claims on competition -and private property- as an obstacle for the improvement of society.\(^{66}\) Indeed, for Mill the real problem was not competition but “the subjection of labor to capital and the enormous share which the possessors of the instruments of industry are able to take from the produce…”\(^{67}\)

For Mill, the potential disadvantages of competition had been overweighed. If they were true, it was also true that competition had advantages such as preventing monopoly, encouraging innovation and change via “judicious” risks, efficiency, and personal improvement,\(^{68}\) which was for the benefit of everybody.\(^{69}\) For that reason, he concluded that *all* forms of competition –with the exception of the one among workers- were beneficial for workers.\(^{70}\) Competition among associations should be encouraged because it would be for the benefit of all.\(^{71}\) For Mill, then, competition was the necessary guarantee against the natural tendency in human beings to a passivity that could prevent social improvement.\(^{72}\) Thus, unlike Owen, for Mill, co-operation and association could and should coexist with competition.\(^{73}\)

In conclusion, in this section, we saw that the economists studied here developed different notions of co-operation along the 19th century. Co-operation commonly included two

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\(^{65}\) See also Persky 2016, 2.
\(^{66}\) Owen’s view on competition is analyzed in the next section, for instance.
\(^{67}\) Mill [1848] 1909, IV,7.64.
\(^{68}\) Ibid.
\(^{69}\) Ibid., 792-794.
\(^{70}\) The elimination of competition between workers could be an option only when the principle of association became universal.
\(^{71}\) Owen., 793.
\(^{72}\) Ultimately, if wages were to be defined by competition, it was for the good of everybody according to Mill. The lack of competition could encourage the maintenance of mediocre workers just for tradition.
\(^{73}\) Ibid. Preface to the 3rd ed., xxx.
components as mentioned before. One, collaboration in the process of production; and second, a social or “economic system” in which classes (or the lack of classes) play an important role.

3. The Relationship between Co-operation and Inequality

Owen's ideas on co-operation were interconnected to ideas on inequality. His view of the importance of the social environment that surrounded people’s lives was relevant in this relationship as well. Like the poor, the rich were not independent of the circumstances that surrounded them and their ancestors. It was these circumstances, which played a crucial role in the poor’s and the rich’s decisions and in their future condition.

Changing the poor and working classes’ environment through education would be an effective strategy to deal with inequality in Owen’s view.74 Even though Owen was not religious, he reminded the government and the nation75 what the Bible said about education as a way to persuade them for a change: “Train up a child in the way he would go and when he is old, he will not depart from it.”76

In addition, according to Owen, the role of co-operation was critical to overcome the inequality that had resulted from the belief of a free will.77 As seen in the last section, only when the poor could combine to work together, they would be able to overcome the inequality, ignorance, deprivation, and the unhappiness they had been experiencing for a long time. This

74. This was a period of time in which he had not changed yet his political views in terms of the economic system. Owen [1813-16] 2007…, 265-266.
75. Ibid., 103-104.
77. Ibid., 164-167.
would be accomplished with new communities of co-operation with a different environment for the prosperity of the lower classes (this was Owen’s principles of prevention).\(^\text{78}\)

Owen also addressed workers’ poverty, lack of education, and other disadvantages related to the inequality of the time by suggesting changes in terms of labor law (e.g., elimination of child work and the reduction of working hours\(^\text{79}\)), changes in education (for children and adults), and in the economic system.

According to Owen, in a system of competition, the gains of masters were perceived as obtained at the expense of workers, which generated antagonism. A different system would create a better atmosphere since it would stimulate good feelings among people, more efficient and committed workers, and better economic conditions for the lower classes.

As mentioned previously, Owen’s political thought was not the same throughout his life. When Owen developed his first ideas on education and on the importance of people’s social circumstances for their personal development, he did not consider the possibility of a political revolution as a way to reach his objectives. He believed that the introduction of a new system of production would be accepted because of the advantages brought with the new communities of co-operation.\(^\text{80}\) If masters understood these advantages and how they would be economically beneficiated,\(^\text{81}\) changes could be expected without the need of a political revolution. Workers, by union and co-operation would obtain their own resources,\(^\text{82}\) without affecting the rich. At that time, Owen was also of the opinion that workers needed to understand that blaming masters about all bad circumstances was a great evil.\(^\text{83}\) Likewise, he expected masters to understand that

\(^{78}\) Ibid., 138.
\(^{79}\) He became particularly acquaint with this situation during his time as a manager in the Mills of Manchester.
\(^{80}\) Owen [1813-16] 2007, xxix.
\(^{81}\) Ibid., 100.
\(^{82}\) Ibid., 245, 297.
\(^{83}\) Ibid., 244, 297.
if they ignored this opportunity of change, this would only bring a dangerous state for the country and masters’ status.\textsuperscript{84}

It has been suggested by Claeys (1991)\textsuperscript{85} that it was only around 1848 that Owen would appreciate the potential that a political revolution could have for social change. Owen interpreted that the system of competition allowed the perpetuation of the circumstances, such as inequality, he considered perverse for society.

Owen considered, then, competition and the system funded in it as the root of the evils of society. In his \textit{Manifesto}\textsuperscript{86} (1840), Owen explained that competition, the one used for “producing and distributing wealth,” generated rivalry between individuals involved in the same trade. When individuals in different companies, but in the same trade, created the same type of product, they would try to sell them without any consideration of the sales of the rest of producers. When considering the system as a whole, the latter meant that, due competition, individuals were inevitably involved in a “civil warfare.”\textsuperscript{87} A system based on competition created unnecessary feelings of antipathy between individuals and those in different enterprises, which also generated the impression that individual company owners had interests that were different with respect of each other.\textsuperscript{88}

According to Owen, irrationality had permitted the system of competition to spread and prevail. Certainly, this system allowed the creation and the distribution of wealth, but for Owen it was important to show that other systems could perform better for the majority of people. Under a system of competition, improved conditions for one part of the society were being obtained at the expense of the misery of many. In Owen’s words,

\textsuperscript{84} Ibid., 98, 238-239.
\textsuperscript{85} In Owen. Ibid.
\textsuperscript{86} Owen 1840.
\textsuperscript{87} Ibid., 46.
\textsuperscript{88} Ibid., 47.
Individual and national competition and contest are the best modes that, have-been, or perhaps can be devised, under the existing irrational notions of the world, by which wealth can be created and distributed and the object desired is thereby effected, in some manner, to a certain extent. But it is obtained by creating and calling into full action, the most inferior feelings, the meanest faculties, the worst passions, and the most injurious vices, which can be cultivated in human nature; and the objects sought to be obtained by these measures, destructive as they are to the well-being and happiness of mankind, are yet most imperfectly obtained.\textsuperscript{89}

A system of competition created not only a rivalry between producers but it also encouraged the adoption of meager conditions for workers who had to sell their labor to merely survive. As mentioned, Owen knew very well this due his experience at the mills at Manchester. In his address about the employment of children in manufactures in 1818, Owen pointed out how the future of society, or children, was undermined by the prioritization conceived to immediate gain.\textsuperscript{90} Masters’ eagerness for profit had created the worst effects of the system of manufacture on children according to him.\textsuperscript{91}

Yet, children were not the only group affected by the system of competition. Owen identified three ways in which all those belonging to the working classes could be oppressed.\textsuperscript{92} First of all, they were oppressed when neglected as children as just seen.\textsuperscript{93} Second, workers were oppressed when overworked, and finally when paid low wages. These three modes of oppression that perpetuated inequality were encouraged by the system of competition according to Owen.

\textsuperscript{89} Ibid., 46.
\textsuperscript{90} Owen [1813-16] 2007, 232.
\textsuperscript{91} Owen’s plans for a new system included an increase of the required age for children to start working. It would be raised from around 5 to at least 12 years.
\textsuperscript{92} Owen [1813-16] 2007, 237.
\textsuperscript{93} He referred to the employment of children in manufacture in 1818. A year in which he still held a non-revolutionary view about the social changes he envisioned later.
In his Report to the Country of Lanark\textsuperscript{94} he also established that labor should receive ample and fair remuneration since he was aware that workers generated a surplus product of which they could have a greater participation. Owen wanted to reduce the higher classes’ anxiety about change letting them know that all changes were with the purpose of increasing the advantages of the poor as well as those of the rich. To educate workers, for instance, was also for the rich advantage. More educated workers would be more responsible, waste less, and so forth. In other words, he suggested that workers well educated and directed under a new system of co-operation would be more powerful than competition itself.\textsuperscript{95}

The system of competition generated distress to workers, and it contributed to perpetuate inequality. If workers’ environment did not change, it would create a vicious cycle from which the lower classes would not be able to escape. The gap between the low and the higher classes could not be reduced in these circumstances because there would be no stimulus for change among the lower classes and because competition and the survival of business would encourage masters to continue adopting strategies that would maintain workers in a less privilege position.

If instead of competition, the system of co-operation in communities was adopted, the opposite or at least a reduction of the gap between those classes could be attained. Owen established, for instance, that the markets of the world would not fail if workers were better paid.\textsuperscript{96} Co-operation between fellow workers, then, would be the way to bring dignifying conditions for them. Yet, he was aware of the difficulties of implementing such principle. He established that,

The markets of the world are created solely by the remuneration allowed for the industry of the working classes, and those markets are more or less extended and profitable in

\textsuperscript{94} Owen 1821.
\textsuperscript{95} Owen [1813-16] 2007, 238-239.
\textsuperscript{96} Ibid.
proportion as these classes are well or ill remunerated for their labour. But the existing arrangements of society will not permit the labourer to be remunerated for his industry, and in consequence all markets fail.97

A system that generated weak people, physically and mentally, like the one based on competition, could not bring prosperity to everybody at the same time. In this sense, a system based on co-operation, for Owen, was superior than the one based on competition (see Figure 2.1).

![Figure 2.1 Owen: Relation between Co-operation and Inequality](image)

Another example of Owen’s view on co-operation and the relation to inequality is that in order to remove any obstruction towards the amelioration of society, he proposed the change of the then current “standard of value” based on money to a natural one based on labor. He claimed to have confirmed the “theory which practice first suggested [...] that the natural standard of value is, in principle, human labour, or the combined manual and mental powers of men called into action; and that it would be highly beneficial, and has now become absolutely necessary, to reduce this principle into immediate practice.”98 With this Owen wanted to counteract what he saw as the “evils” of the technical progress obtained from the industrial revolution. He recognized that both the steam machine and the spinning machine had magnified the “productive powers” of labor not only in England, but also in other countries. However, as mentioned, Owen was convinced that different social classes did not equally enjoy all the increase of wealth obtained through these advancements. He established that,

97. Ibid., 270.
98. Owen 1821, 10.
They [innovations] have created an aggregate of wealth, and placed it in the hands of a few, who, by its aid, continue to absorb the wealth produced by the industry of the many. Thus the mass of the population are becoming mere slaves to the ignorance and caprice of these monopolists, and are far more truly helpless and wretched than they were before the names of WATT and ARKWRIGHT were known.⁹⁹

Owen believed that the current organization of society put a limit on the benefits it could achieve with the increase in wealth brought by innovation, which according to him, was contradictory to what he identified as the goal of society: not only to create wealth, but to “enjoy” it.¹⁰⁰ Only when the change from a standard of value based on metals to a standard of value based on labor was implemented, labor would be “liberally remunerated,” which in turn, would guarantee high profits for society, including current landlords and capitalists.

Owen’s view of co-operation and its relation to inequality is part of a broad social concern. His system was not intended to address isolated economic problems as separated from other social aspects related to the system of competition. His plan included the possibility of changing the circumstances of the poor, the uneducated, of women and so forth while at the same time, it considered changes in the economic system via the new organization of production and consumption.

This suggests that Owen’s view on co-operation is socially-oriented and multidimensional due its economic and social scope. In Owen’s system, economic outcomes such as profits were important insofar as they allowed the expansion of the co-operative and social system (Figure 2.2 group authors according to their view on co-operation and the relation to inequality).

⁹⁹. Ibid., 15.
¹⁰⁰. Ibid., 20, 60.
All the authors considered in this research claimed to offer recommendations to achieve a better social order. As seen here, and below with the other authors, they had different views on how to do it. For Owen, the improvement of the working classes was a starting point to generate improvements for society (as seen above, he established that “workers were more powerful than competition”). As seen next, Babbage and Jevons’s view, in contrast to Owen, was that it was necessary the improvement of the economic system first in order to bring benefits for everybody.
Figure 2.2 Authors grouped by their ideas on co-operation and their relation to inequality

Emphasis on Inequality

Social

Owen
Union and mutual co-operation (education, gender)

Mill
Co-operation as association (education and gender)

Economic

Babbage
Co-operation as profit sharing (expansion of system)

Jevons
Co-operation as profit sharing (expansion of system)

1817 1832 1848 1870 1880

Co-operation as subjugation; leads to more inequality

Marx
Similar to Owen, Babbage’s and Jevons’s notion of co-operation had a link to inequality. Their notion of co-operation was founded on the idea that even though workers had an important participation in the generation of profits, they did not enjoy a compensation proportional to their work, which in turn generated major economic and social differences between workers and masters that created an obstacle for the economic system to expand. As seen previously, they believed that a different scheme of payments for workers was necessary and that it should be based on profit sharing. The latter would allow workers to obtain a higher and fairer compensation according to them.

Nevertheless, it is important to remember that a crucial feature in Babbage’s and Jevons’s ideas in relation to co-operation was the fewer requirements in the form of changes to the economic system than the one introduced by Owen. Babbage and Jevons’s concern was that, within the capitalist system, workers receive a compensation that allowed them to enjoy a bigger part of the product of their work and feel included in the participation of profits. This feeling could contribute to the improvement of the relationship between workers and masters and to the stability of the system.

For this reason, Babbage’s and Jevons’s co-operation and related ideas were part of a co-operation plan devised for the expansion of the economic system. Babbage recognized, for instance, that there were economic differences between classes, but he did not link this to the need of a change in the economic system. The issue for Babbage was mainly how to make the same system more productive and efficient because that would ultimately benefit all classes.

In Babbage’s own words, this system “appears to me to be pregnant with the most important results, both to the class of workmen and to the country at large; and which, if acted upon, would, in my opinion, permanently raise the working classes, and greatly extend the
manufacturing system”\(^{101}\) (see Figure 2.3) This would be guaranteed by the employment of the most skillful men (only men of “high character and qualifications”\(^{102}\), which would possess a small amount of capital and which would be put together with other small manufacturers with larger portions.

![Figure 2.3 Babbage and Jevons: Relation of co-operation and inequality](image)

As mentioned, Babbage’s and Jevons’s scheme of payment is characterized by maintaining a portion of the total payment to workers in the form of wages and another in the form of a bonus (due innovation and suggestions) and profit sharing. According to Babbage, "every person employed should derive advantage from the success of the whole; and […] the profits of each individual should advance, as the factory itself produced profit, without the necessity of making any change in the wages.”\(^{103}\) His wish was to generalize the implementation of this scheme of payment. “It should become general, because no other mode of payment affords to the workmen a measure of success so directly proportioned to the industry, the integrity, and the talent, which they exert.”\(^{104}\)

The bonus mentioned above was another reason the system could contribute to the stability and expansion of the system because it would encourage workers to innovate and to inform about new discoveries in production. In order to guarantee this, Babbage believed that the compensation workers obtained from such innovations should be higher when applied to the

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102. Ibid.
103. Ibid. 251.
104. Ibid. 253.
establishment they work for than the one they could receive if they were to apply it somewhere else. This system of rewards for innovations and improved methods was inspired in the division of labor.

Finally, the system endorsed by Babbage and Jevons had an important difficulty that could paradoxically reinforce inequality. As mentioned in the first section, an important feature of co-operation in this system was the generation of a collaborative environment between workers and masters given that workers could end up perceiving themselves as businessmen and would monitor each other as a way to improve profits. Yet, the potential vulnerability for workers of a compensation affected by good or bad business periods could still raise antagonistic feelings since the economic consequences of the bad periods could affect workers more than masters.

In any case, the important difference between this system and the one by Owen, and Mill as seen below, is the preeminence of the prioritization of the economic system in order to obtain social improvement. The resulting efficiency from harmony and co-operation from workers could produce social benefits. Thus, Babbage and Jevons's view about cooperation as profit sharing dealt with economic inequality that aimed first of all for the continuation and development of the capitalist system. Only after that, social improvement could be attained.

In order to consider Mill’s ideas of co-operation and their relationship to inequality, it’s important to note the link of his ideas of co-operation with what he considered the conflicting theories of dependence and independence regarding the laboring classes.

In the “Probable Futurity of the Laboring Classes,” in Book IV of his Principles, Mill explained that the state of social relations, where some worked and others were idle, did not have

to be permanent. A more desirable state of society (one in which all persons were productive\textsuperscript{106} and in which the laboring classes were socially and morally independent due less poverty and inequality) had yet to arrive. This had created different interpretations about the more suitable way to accomplish a better situation for the laboring classes. The theories of dependence and independence were an example of this.

The \textit{theory of dependence} argued for the incapacity of workers to improve their own conditions. It is the “higher classes’” responsibility to protect them and to establish ways in which the latter could ameliorate their status. According to this theory,

The lot of the poor, in all things which affect them collectively, should be regulated \textit{for} them, not \textit{by} them. They should not be required or encouraged to think for themselves, or give to their own reflection or forecast an influential voice in the determination of their destiny. It is supposed to be the duty of the higher classes to think for them, and to take the responsibility of their lot.\textsuperscript{107}

The maintenance of the system, and indirectly of the inequality between the both classes, was warranted under such theory. If the rich, which were also the educated and powerful, were in charge of the decisions in relation to the lot of the poor and workers, the latter would not be able to emancipate.

Mill was aware that inequality had an economic dimension, but he was also aware about other dimensions. For instance, he pointed out how the situation of privilege for the rich was

\begin{flushright}
\footnotesize
\textsuperscript{106} At the time of the publication of his Principles in 1848, he considered a laboring class and a non-laboring class, which he hopes to become productive. That would require a different state of social relations. Ibid.
\textsuperscript{107} Ibid, 753. This is different from Owen’s suggestion of changes in the environment that surrounded the working classes and the poor. The latter would lead to the improvement of their condition and would allow them, at the same time, to become independent. Different from Owen, the theory of dependence implied the need for protection and guidance for workers, which at the same time, indirectly allowed the perpetuation of their dependence to masters.
\end{flushright}
replicated in terms of gender. Women\textsuperscript{108} of both the lower and higher classes were subordinated to men. Again, Mill expressed doubts about the theory of dependence as the proper way to solve the situation experienced by women and the poor. The theory of dependence responded to an idealization of the past, a romantic idea of a form of protection from a parent to a child that was not applicable in the current situation.

Besides, according to Mill, the higher classes had never assumed the role the theory of independence conferred to them. Even if there were instances in which someone from the higher classes was protective to workers, as a class, they had not played the role of an objective and protective guide to others. Instead of working to reduce the economic and social deprivation of the poor, those in charge of making decisions for them were concentrated in their own improvement. “All privileged and powerful classes, as such, have used their power in the interest of their own selfishness, and have indulged their self-importance in despising, and not in lovingly caring for, those who were, in their estimation, degraded, by being under the necessity of working for their benefit.”\textsuperscript{109} The theory of dependence helped strengthening the powerful and to maintain the status quo in this sense.

Indeed, for Mill, the selfishness that had characterized the higher classes could be eliminated only insofar as power was withdrawn from them.\textsuperscript{110} At the same time, Mill considered that by the time the higher classes were “prepared” to assume the role assigned to them by the theory of dependence, the laboring classes would be prepared to assume their own destiny so that the higher classes’ protection would not be necessary. Perhaps even more important to Mill was that there was no real danger from which the laboring classes (and women) needed to be protected against. A rude and early state of society, in which protection would have

\begin{itemize}
\item \textsuperscript{108} Ibid. 753, 755, 759.
\item \textsuperscript{109} Ibid. 754.
\item \textsuperscript{110} Ibid.
\end{itemize}
been necessary, did not represent their current reality, particularly considering that workers (as well as women) were more prepared than before to have an independent livelihood.\textsuperscript{111} The theory of dependence, therefore, had the disadvantage of the possibility of deepening the dependence and poverty of those in the lower classes (Figure 2.4).\textsuperscript{112}

![Figure 2.4 Mill: Relation between Co-operation and Inequality](https://example.com/figure2-4)

<table>
<thead>
<tr>
<th>Theory of dependence</th>
<th>Increase of inequality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory of independence based on co-operation</td>
<td>Association (profit sharing and community production); Less inequality at least</td>
</tr>
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</table>

Additionally, Mill was also aware that by the time of the writing of his Principles, workers had gained understanding about their situation and were more conscious about how their interests were opposed to those of the higher classes. The diffusion of ideas \textit{via} trade unions, better schools, and access to some forms of communication (e.g., newspapers) had increased workers’ intelligence and understanding about these aspects. As a consequence, workers became less willing to be guided by those not belonging to their own class. At least, they would not listen without questioning them. In this way, instead of reinforcing dependence, what seemed necessary for Mill was the increase of the poor’s knowledge and understanding so that they could make their own decisions.

As part of his multidimensional approach on inequality, for Mill, the increase of intelligence that was taking place among workers could help bring independence for them as well as for women. In his own words,

\begin{quote}
The same reasons which make it no longer necessary that the poor should depend on the rich, make it equally unnecessary that women should depend on men, and the least which
\end{quote}

\textsuperscript{111} Ibid, 755.  
\textsuperscript{112} Ibid., 757.
justice requires is that law and custom should not enforce dependence [...] by ordaining that a woman, who does not happen to have a provision by inheritance, shall have scarcely any means open to her of gaining a livelihood, except as a wife and mother. Let women who prefer that occupation, adopt it; but that there should be no option, no other carrière possible for the great majority of women, except in the humbler departments of life, is a flagrant social injustice. The ideas and institutions by which the accident of sex is made the groundwork of an inequality of legal rights, and a forced dissimilarity of social functions, must ere long be recognised as the greatest hindrance to moral, social, and even intellectual improvement.  

Likewise, eventually, workers would also be ready to demand a different way of payment, which as mentioned above, is one of the forms of co-operation as association in Mill. A change of payment would involve a scheme that goes beyond a mere increase of wages according to Mill. For example, industrial partnerships characterized by profit sharing would be the main feature of this new scheme of payments. This would be the logical development of a society with increased awareness about the advantages of equality and the identification of common interests.

In the present stage of human progress, when ideas of equality are daily spreading more widely among the poorer classes, [...] it is not to be expected that the division of the human race into two hereditary classes, employers and employed, can be permanently maintained. The relation is nearly as unsatisfactory to the payer of wages as to the receiver. [...] Capitalists are almost as much interested as labourers in placing the

113. Ibid., 759. Including women in working life would also have the advantage of reducing overpopulation according to Mill, 760. See also Ward and McGlynn 2016, 227-253.
operations of industry on such a footing, that those who labour for them may feel the
same interest in the work, which is felt by those who labour on their own account.\footnote{114} […]
But if public spirit, generous sentiments, or true justice and equality are desired,
association, not isolation, of interests, is the school in which these excellences are
nurtured. The aim of improvement should be not solely to place human beings in a
condition in which they will be able to do without one another, but to enable them to
work with or for one another in relations not involving dependence. […]
But the civilizing and improving influences of association, and the efficiency and
economy of production on a large scale, may be obtained without dividing the producers
into two parties with hostile interests and feelings, the many who do the work being mere
servants under the command of the one who supplies the funds, and having no interest of
their own in the enterprise except to earn their wages with as little labour as possible.\footnote{115}
With this scheme of payments, Mill considered possible to reach a state of society -
similar to the one Babbage had identified\footnote{116} in which workers and masters would become
partners and hold common interests.\footnote{117} Mill saw the same advantages of profit sharing identified
by Babbage. Similarly, he also concerned for the improvement in the distribution of production
and for obtaining a larger remuneration for workers.\footnote{118} As seen above, Babbage considered
distribution important as well, but different from Mill, his primary goal was the increase of
efficiency and productivity because, in his view, this could create better social conditions.

\footnote{114. Mill [1848] 1909, 761.}
\footnote{115. Ibid., 763.}
\footnote{116. Mill acknowledged that it was Babbage who “pointed out the advantage of extending the principle to
manufacturing industry generally.” Ibid, 766.}
\footnote{117. Similar to Jevons, Mill was not referring to joint-stock companies. Ibid., 790.}
\footnote{118. Ibid., 752.
Beyond profit sharing, Mill saw the association between workers (in an advanced state of society) as the possible way to bring equality in different dimensions (economic, gender, and so forth) as well as social justice\textsuperscript{119} because of the freedom and independence promoted with it. Also, power, or the exercise of it (e.g., managers for instance) would not be the stimulus for profit or the end of it.\textsuperscript{120} Workers would be in charge. While facing the anti-socialist reaction of the time, the police, and the government, workers would be responsible for the “brilliant” future “reserved for the principle of co-operation”\textsuperscript{121} according to Mill.

Even if this form of co-operation stayed only at the level of consumption and distribution, without involving production, a great economy of resources would take place according to Mill.\textsuperscript{122} The advance of co-operation would bring industrial order as well as the increase in the aggregate productiveness of industry by limiting the number of distributors (more workers will be available to work on production, for example), or by increasing the “stimulus given to [the] productive energies” of workers.\textsuperscript{123}

Yet, the most important aspect perhaps for Mill was the potential for the moral revolution\textsuperscript{124} that would be brought with this form of association between workers.

The healing of the standing feud between capital and labour; the transformation of human life, from a conflict of classes struggling for opposite interests, to a friendly rivalry in the pursuit of a good common to all; the elevation of the dignity of labour; a new sense of security and independence in the labouring class; and the conversion of each human

\textsuperscript{119} Ibid., 792.
\textsuperscript{120} Ibid. 781.
\textsuperscript{121} Ibid. 782.
\textsuperscript{122} Ibid., 789.
\textsuperscript{123} Ibid.
\textsuperscript{124} See also Verburg 2006, 225.
being's daily occupation into a school of the social sympathies and the practical intelligence. 125

A situation like this would take place when the second form of association explained above multiply and predominate favoring a more equal state of society. 126

4. Marx: Co-operation as despotism and inequality generator

In Chapter 13 of Capital (Vol. I), Marx introduces a definition of co-operation as well as an analysis of what it entails in capitalism. There are at least three major aspects that can be derived from his discussion on this topic. We present them in the following paragraphs considering their relation to the forms of co-operation and the ideas on inequality presented above. We include Marx separately from the authors above because his ideas add a new perspective to the discussion of co-operation. For instance, co-operation may not necessarily reduce inequality.

The first idea to note in Marx’s analysis of co-operation is that, like the authors above, he considered that co-operation was related to labor and the process of production. Co-operation happens and comes to existence 127 during such process. In his definition of co-operation, for instance, Marx explains that co-operation alludes to a form of labor that is characterized by a large quantity of workers that work together according to a plan “whether in the same process, or in different but connected processes.” 128 According to this, co-operation involves workers helping each other directly or indirectly (e.g., division of labor) for the consecution of production.

126. Ibid., 790-91.
128. Ibid., 443.
In addition, similar to the four authors above, for Marx, co-operation is not exclusive of the capitalist mode of production. Yet, in contrast to some of them, he concentrates in the characteristics of co-operation under capitalism. For instance, he associates the beginning of capitalist production, and the move from handcraft to manufacture, to a particular form of co-operation, which involves, as mentioned, a large quantity of workers employed by the same capitalist, simultaneous work with the division of labor, and large scale production. In Marx words, “A large number of workers working together, at the same time, in one place (or, if you like, in the same field of labour), in order to produce the same sort of commodity under the command of the same capitalist constitutes the starting-point of capitalist production.” From that point of view, co-operation materializes through the (unconscious) collaboration between workers of the same social class (simplest form of co-operation). However, as shown below, “co-operation” also happens and is reinforced indirectly by the conflict of interests and antagonism between workers and capitalists.

The second major aspect derived from Marx’s ideas on co-operation is that, under capitalism, co-operation marks the appearance of a revolution in production and the labor process. A major evidence of this is that value is generated under co-operation. The starting point of capitalism and the collective activities by workers in the process of production coincide with the appearance of average social labor and the collective form of labor power. This collective power and the collective production capabilities (and their unique effects such as the efficiency and effectiveness that can be generated only by collective labor power, which are the result

129. Ibid., 452-3.
130. Particularly Owen and, in some way, Mill.
131. The concentration of large amounts of the means of production under individual capitalists is a condition for co-operation. The extent of co-operation, thus, depends on the extent of such concentration. Ibid., 448.
133. Ibid., 449.
134. Ibid., 446.
of the collective body of co-operators having “more eyes and hands” than the individual worker has an “omnipresent” character\textsuperscript{136}) are the ones that count towards value and not the specific and individual ones that each worker possesses.

As noted by Marx, the collective working day, divided by the total amount of workers, generates average social labor. The labor time worked by the workers that produce value gravitates around such average. Therefore, it is the average determined under co-operation, the one that is the point of reference for minimum efficiency\textsuperscript{137} and for the generation of value under this system. Likewise, only the individual capitalist that is able to generate the type of work of a socially average character\textsuperscript{138} would be able to engage in the valorization process that could increase the value of his or her capital\textsuperscript{139}.

Furthermore, co-operation generates economies in the application of the means of production. The same tools, for instance, are used by a large amount of workers. But while those economies entail an increase in the usefulness of tools, they do not increase their value. The means of production transfer only a small amount of value to the also large amount of products that are obtained with them. According to Marx, it is as if part of the cost of the constant capital falls, which in turn generates a proportional fall in the value on the commodities. Therefore, co-operation also generates an economy in the application of the means of production. It generates an effect as if these means had cost less,\textsuperscript{140} which also generate a decrease in wages.\textsuperscript{141}

\textsuperscript{135} Ibid., 443, 445, 447.
\textsuperscript{136} Ibid., 445.
\textsuperscript{137} Ibid., 441.
\textsuperscript{138} Ibid.
\textsuperscript{139} Ibid.
\textsuperscript{140} Ibid., 442.
\textsuperscript{141} Marx explains in Vol. I of Capital that the economy of means of production also affects the rate of surplus value to the total capital advanced, a discussion he postpones for Vol. 3 of Capital. Ibid. It is important to note that in that volume, Engels refers to the rate of profit. Marx [1894] 1993.
Co-operation generates an economy in the use of the means of production,\textsuperscript{142} and by consequence an economy of time (e.g., not only shortens production time or extends the working day,\textsuperscript{143} but it also allows to complete tasks on time\textsuperscript{144}). The crucial aspect of this is that workers do not realize that it is their collective work who allows that efficiency. They see the means of production as something independent of themselves. For these reason, Marx points out that these effects of the collective labor power appear as a gift to the capitalist for the latter pays for the individual labor power that comes with each worker but not for the collective one that is generated when they work under co-operation.\textsuperscript{145}

“On entering the labor process, they [workers] are incorporated into capital. As co-operators, as members of a working organism, they merely form a particular mode of existence of capital. Hence the productive power developed by the worker socially is the productive power of capital.”\textsuperscript{146} The collective labor is then costless to the individual capitalist under which many are employed.\textsuperscript{147} Finally, and in relation to this, workers do not realize that their collective work stimulates them to work harder\textsuperscript{148} and that, given their ignorance about the effects of their collective work, the whole process of co-operation also generates and indirectly reinforces\textsuperscript{149} the inequality between workers and capitalists.

The third aspect that can be derived from Marx discussion on co-operation is that even though co-operation involves a form of harmony between workers and between them and

\textsuperscript{142} Also an economy of workers since fewer workers can be employed to generate the same amount of product, or more product with the same amount of workers. Marx, [1867] 1992, 447.
\textsuperscript{143} Ibid., 445.
\textsuperscript{144} For instance, in agriculture. Ibid.
\textsuperscript{145} Ibid., 451.
\textsuperscript{146} Ibid.
\textsuperscript{147} Ibid., 447.
\textsuperscript{148} Ibid., 443.
\textsuperscript{149} Ibid., 450.
capitalists, such harmony is based in the control of the latter over the former. 150 The collaboration between workers and their “unification into a single productive body, and the establishment of a connection between their individual functions, lies outside their competence. These things are not their own act, but the act of the capital that brings them together and maintains them in that situation.” 151 Workers are, then, subjugated by capital 152 and as long as this occurs, it is also an unconscious form of co-operation between workers and capitalists. The latter are in charge of the direction this harmonious form of co-operation. 153

Similarly, the partnerships suggested by Babbage and Jevons are seen from this point of view as mechanisms of despotism to guarantee the continuance of the system under capitalists’ control. On the one hand, as seen above, with co-operation, the number of workers employed under capitalism increases and also stimulates their “animal spirits.” 154 Yet, parallel to this process is the development of workers’ wish to organize and resist the forces of capital. If workers co-operate with masters by not organizing at all (they only co-operate with other workers in the process of production, but not with them as a class that could organize in a labor union, for example), their resistance to the control of capital would be less, and this would allow a harmonious development of capitalism.

However, on the other hand, if workers organize in trade unions and strike or demand better working conditions and so forth, the control over workers and the maintenance of the system would not be so smooth. Given the deteriorated conditions of workers around the time of the writings of all the authors discussed here, the most likely scenario would be an antagonistic

150. As seen before, this can be interpreted as capitalists’ direction of production, but also, as seen below, as despotism. Ibid. See also Tinel 2013, 255.
151. Ibid., 449-50.
152. Ibid., 448.
153. Ibid. 448-49.
154. Ibid., 443.
one with a conflictive working class. For that reason, different forms of control and exploitation of workers have to be developed by capital.\textsuperscript{155}

\begin{figure}[h]
\centering
\begin{tabular}{|c|}
\hline
Co-operation in division of labor $\rightarrow$ Costs reduction \\
Co-operation as profit sharing $\rightarrow$ Harmony to increase profit/despotism \\
Parallel resistance of workers \\
Co-operation reinforces inequality \\
\hline
\end{tabular}
\caption{Marx: Co-operation as despotism and inequality}
\end{figure}

For Marx, the industrial partnerships of the type devised by Babbage, Jevons, and even Mill could stimulate a cooperative spirit among workers, for example. The latter could create the illusion for workers of becoming owners and businessmen equal to their masters. Yet, the illusion could quickly vanish when they realize that not all can be owners and capitalists at the same time, at least not under the same system.

\section*{5. Conclusion}

This paper systematizes the notions of co-operation by economic and social thinkers in the UK along the 19\textsuperscript{th} century. We saw that Owen, Babbage, Jevons, and Mill had different ideas about the notion of co-operation and about its relation to economic and social inequality. On the one hand, it is possible to group two of these economists as tackling economic inequality with their ideas on co-operation. Babbage and Jevons believed that co-operation between capitalists and workers via profit sharing would allow decreasing material deprivation and inequality. Their ideas suggest that in order to reach such situation, it was necessary first to increase efficiency and the expansion of the capitalist system.

\footnote{155. Ibid. 443, 449.}
On the other hand, Owen and Mill, seemed to have quite similar ideas. Both had a vision of co-operation that involved the reduction of economic, and also, of social inequality.\textsuperscript{156} For instance, their ideas on co-operation included a social component (education and gender, for example). In that sense, these authors can be grouped together.

Nevertheless, their ideas regarding the system of competition revealed how separated their views were. For Owen competition generated inequality and was an evil of the capitalist system. For Mill competition had a bad side, but it was also determinant for the expansion and welfare of society. Competition and co-operation were not mutually exclusive in Mill’s view,\textsuperscript{157} but they were in Owen’s.

Finally, when Marx interpretation of co-operation is included in the analysis, it is possible to see that while for the four economists studied before, some forms of co-operation could reduce economic and social inequality even in capitalism, for Marx, they could not. For him, co-operation can only reinforce it or increase inequality. This is an important point of difference between Marx and the rest of thinkers.

In other words, for the economists above, inequality can be seen as a lack of co-operation under capitalism (because co-operation can be at least a palliative to it). In their view, co-operation could also lead to an alternative system with less inequality -as seen with Owen and Mill. However, from Marx’s point of view, under capitalism, inequality is a result of the co-operation that gives rise to the system and to its permanence.

\textsuperscript{156} See Clark and Elliott 2001, 467-490.
\textsuperscript{157} See also Whyman 2012, 837.
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