

**A Future of Socialized Property:  
Exploring the Radical Visions of John Stuart Mill and Leon Walras**

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## Introduction

John Stuart Mill and Leon Walras need no introduction to students of the history of economic thought. If we exclude Marx from consideration, Mill is the last notable Ricardian economist of the 19<sup>th</sup> century. While he introduces significant modifications and qualifications to Ricardo's framework, he still deploys class analysis and stresses that the relative costs of production are the fundamental determinants of long-run equilibrium prices. Mill also continues the Ricardian tradition by speculating on how shifts in income distribution might lead to a steady state – although his conclusions are quite different from Ricardo's.

In contrast, Leon Walras upends the Ricardian analytical tradition by stressing the importance of marginal utility and scarcity in determining both the demand-side and supply-side variables which establish equilibrium prices. Walras dispenses with class analysis completely and imagines the possibility of economic actors simultaneously being capitalists, landlords and workers if they own and market their natural resources, different types of capital equipment, and productive work capabilities. (Mill expresses similar ideas but uses a class analytic framework to understand and describe trends in income distribution and the resulting dynamics of social evolution.) Walras is quite interested in issues related to social evolution, but his theoretical framework does not allow for rigorous evolutionary analysis.

Despite these clear theoretical differences, both label themselves as socialists and propose a type of market socialism which they argue will attenuate wealth differences and permit workers to escape from the tyrannical demands of the capitalist factory system. Mill emphasizes the creation of a network of workers' and consumers' cooperatives which can compete successfully within a market system and eventually drive out traditional capitalist firms. In the 1860s, Walras expresses similar views in a series of lectures. By the 1890s, however, his emphasis shifts, and

he stresses instead the need for the state to own all natural resources and use the proceeds from this property to fund the essential activities of the state.

Both authors call their proposals socialist because they require significant changes in property relations. Further, they both believe significant reforms are necessary to confront the evils of poverty in the case of Walras, and poverty as well as tyrannical, oppressive work relations in the case of Mill. Although Walras's ideas bear some relationship to Mill's, Walras only once refers to Mill's work in his own writings.<sup>1</sup> Rather, he attributes his views as being inspired by his father, August Walras. Mill was likely unaware of Walras's work in part because his development of general equilibrium theory only appears shortly before Mill's death in 1873.

Despite this lack of connection, there are political and social circumstances which influence both theorists. French political developments are important to both. Walras considers himself a descendent of the great French Revolution.<sup>2</sup> Moreover, although Mill participates actively in British political and imperial life, it is fair to say that much of his radical political inclinations come from France. Mill tours France as a teenager and chooses to live near Aix en Provence as an adult. Mill is introduced to socialist ideas in France and is an avid reader of the works of Saint Simon as well as Fourier. From Saint Simon, he develops the view that

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<sup>1</sup> "The only time Leon Walras acknowledged explicitly his debt to Mill was in later years when in an autobiographical note he referred to Mill's fundamental distinction between the laws of production and the laws of distribution which he adopted." Renato Cirillo, "J.S. Mill's Influence on Leon Walras," *Revue europeenne des sciences sociales* 15, no. 41 (1977): 251.

<sup>2</sup> "The Revolution is a memorable date. It is the date of the end of one world and the beginning of another; but its political doctrine is only a minimal fraction of rationalist dogma, physical, moral, and metaphysical. It devolves upon us, as sons of the Revolution, to defend it against its adversaries; but, above all, it is up to us to continue it by pursuing truth and social justice along with all the other problems of philosophy and science. It will also be our concern, or that of others after us, to pursue, through all the turmoil of liberty, the fulfilment of all the promises of democracy."

Walras, Léon, and Lon Walras. *Studies in Social Economics* (Milton Park, Oxfordshire: Taylor & Francis Group, 2010): 63.

institutions of property and the market are not a product of natural law or human instincts, but a result of historical evolution. From Fourier, he analyzes with approval Fourier's attempt to model an egalitarian society that uses material incentives to allocate laboring effort while promoting solidaristic norms. Mill's interest in these thinkers is not purely academic. Throughout much of his adult life, Mill engages in intense discussions with French socialist leader Louis Blanc and others about their visions of a new political economic order.

Walras also takes note of the rise of cooperatives that emerged after 1848 and praises their potential for remaking French economic life. Although he criticizes French politicians and other theorists for their lack of understanding of the scientific breakthroughs represented by his 'pure' economics, he has deep interest in radical critiques of the social order. He comments on the ideas of politicians such as Louis Blanc and analyzes critically the attempts by Pierre Proudhon to marry his anarchism with laissez-faire principles.<sup>3</sup>

This paper explores this topic in four sections. First, I examine the critiques of capitalism of Mill and Walras that lead them to argue in favor of a socialist alternative. Second, I describe what changes in their society they advocate to create a new, more egalitarian economic order. Third, I explore the historical dynamics that they thought could possibly permit the emergence of a form of market socialism. The article concludes with a discussion of the relationship of Mill and Walras's advocacy of socialism to contemporary proposals for market socialism.

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<sup>3</sup> Leon Walras, *L'economie politique et al justice* (Paris, 1860): 44.

## Mill and Walras' Critiques of Capitalism

John Stuart Mill and Leon Walras' critiques of capitalism center on four issues – the unjust distribution of property, the poverty of much of the working class, the oppressive nature of work relations, and the distortion of social norms towards excessive, individualism. Walras emphasizes the issue of property most sharply, while Mill's critique stresses more the denial of liberty to workers enmeshed in tyrannical work relations. Both argue that the property institutions of their time are one important cause of social poverty. Further, Walras and Mill recognize that individual preferences are generated within society and thus are malleable. Mill argues that the selfishness promoted by capitalist competition could be attenuated if market competition is among cooperative rather than capitalist firms, and there are passages in Walras' writings which suggest that he might agree with this perspective.

Walras' critique of the property relations that he observes is straightforward. He believes that property rights should be determined by justice not economic 'advantageousness'. This non-utilitarian approach leads him to invoke natural law as the principal reason to advocate the communal ownership of land. More generally, Walras states that workers have an inherent right to own their human capabilities, capitalists have a right to the profits they receive from leasing their capital, but that landowners have no right to rental income from the use of nature because nature belongs to or is granted by God to the whole community. He explicitly rejects using a utilitarian calculus to legitimate a form of ownership which is inherently unjust. Thus, for example, he states that even if the ownership of enslaved humans led to more material output than a system of free labor, slavery should still be rejected. He applies the same reasoning to the ownership of land.

Let us persist, then, in wishing to set up a theory of property on the foundation of law and justice and let us refuse to believe that individual appropriation of the land is sufficiently motivated by the needs of cultivation, which is a theory, whether true or false, to which we can always raise the objection that for is devoid.<sup>4</sup>

Although one would think that Mill's utilitarianism would lead him to reject a natural law framework for analyzing the injustice of specific property institutions, his arguments resemble those of Walras.

The essential principle of property being to assure to all persons what they have produced by their labour and accumulated by their abstinence, this principle cannot apply to what is not the produce of labour, the raw material of the earth. If the land derived its productive power wholly from nature, and not at all from industry, or if there were any means of discriminating what is derived from each source, it not only would not be necessary, but it would be the height of injustice, to let the gift of nature be engrossed by individuals.<sup>5</sup>

Unlike Walras, however, Mill does allow for a utilitarian justification for land ownership in the following passage:

No man made the land. It is the original inheritance of the whole species. Its appropriation is wholly a question of general expediency.

It is also important to note that Mill extends his argument against the unjust ownership of property in general and land in particular in two ways. First, Mill notes that property is often acquired unjustly through dispossession, and this applies with force to the aristocratic ownership of land in Europe.

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<sup>4</sup> Walras, Léon, and Lon Walras. *Studies in Social Economics* (Milton Park, Oxfordshire: Taylor & Francis Group, 2010): 29.

<sup>5</sup> John Stuart Mill. 1909. *Principles of Political Economy*, 7<sup>th</sup> edition. London: Longman, Green and Company. Part II. Chapter 2. Accessed on November 8, 2023. The following quotes from Mill are from same section of *Principles*. <https://www.econlib.org/library/Mill/mIP.html>

The social arrangements of modern Europe commenced from a distribution of property which was the result, not of just partition, or acquisition by industry, but of conquest and violence.<sup>6</sup>

Second, this injustice caused by what Marx would have called primitive accumulation is compounded by the practice of inheritance. Mill states that while parents are motivated and obligated to give their children the opportunity to have a successful adult life, it is unjust to pass down large amounts of wealth to descendants who have exerted no effort to acquire this property.

The duties of parents to their children are those which are indissolubly to the fact of causing the existence of a human being. The parent owes to society to endeavour to make the child a good and valuable member of it, and owes to the children to provide, so far as depends on him, such education, and such appliances and means, as will enable them to start with a fair chance of achieving by their own exertions a successful life. To this every child has a claim; and I cannot admit, that as a child he has a claim to more.<sup>7</sup>

It is not obvious that Walras would have agreed with this perspective. Nevertheless, there is one additional feature of the Mill and Walras critique of landed property which should be noted. While both argue that receiving income from the *ownership* of land is illegitimate, receiving income by putting it to use is not. Profiting from the growing of food or the exploitation of natural resources through one's own effort or through one's ability to organize production is recognized as just by both authors. The inherent exploitation of labor or extraction of surplus value is not part of either argument, although sometimes Mill veers close to a more Marxist framework.

Granting the legitimacy of property income does not, however, imply that the ownership of the means of production by a single class is desirable. Walras, for example, argues that:

I shall certainly be accused of exaggeration and socialism if I now compare the proletariat with slavery and servitude. But I shall accept the accusation. I call myself democratic socialist because I see in

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<sup>6</sup> John Stuart Mill, *Principles of Political Economy*, Book II, Chapter 1.

<sup>7</sup> John Stuart Mill, *Principles of Political Economy*, Book II, Chapter 2.

slavery, servitude and in the proletariat three empirical phases of one and the same question, namely that of property and taxation, or the distribution of social wealth among men in society.<sup>8</sup>

Mill's own analysis of the state of the proletariat in Victorian England is more vivid.

If the institution of private property necessarily carried with it as a consequence, that the produce of labour should be apportioned as we now see it, almost in an inverse ratio to the labour—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, and so in a descending scale, the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labour cannot count with certainty on being able to earn even the necessities of life; if this or Communism were the alternative, all the difficulties, great or small, of Communism would be but as dust in the balance.<sup>9</sup>

Note that Mill suggests that alternative institutions of private property might create a more humane form of capitalism. Nevertheless, it is clear in this and other passages and in that Mill connects oppressive work conditions and unjust remuneration to the working poor as a product of Victorian institutions of capitalist property.

Unlike the standard assumptions of fixed preferences that are assumed to be attached to each individual, Mill and Walras both think that what we value is very much a product of the society in which we live. Walras makes a cogent and impassioned argument that humans are necessarily social creatures whose understandings and sources of pleasure come from our social organization.

Man survives thanks to the division of labour and lives in an economic and moral society, a lifestyle for which sympathy and a feeling for aesthetics, understanding and reason, consciousness and self-determination are requisite. The aptitude for the division of labour, sympathetic love and the aesthetic sense, reason, and free and conscious will are faculties that became apparent, and are developed in industry, art, science, and mores; all these aptitudes and their manifestations are related and reinforce one another reciprocally.<sup>10</sup>

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<sup>8</sup> Leon Walras, *Studies in Social Economics*: 144-5.

<sup>9</sup> JS Mill, *Principles of Political Economy*, Book II, Chapter 1.

<sup>10</sup> Walras, Léon, and Lon Walras. *Studies in Social Economics*, Taylor & Francis Group, 2010.



In Mill's *Autobiography*, which was published posthumously, he goes further and attributes the problematic traits of selfishness which inhibit contributing to the social good as a peculiar characteristic of capitalism.

The deep-rooted selfishness which forms the general character of the existing state of society, is so deeply rooted, only because the whole course of existing institutions tends to foster it; and modern institutions in some respects more than ancient, since the occasions on which the individual is called on to do anything for the public without receiving its pay, are far less frequent in modern life, than the smaller commonwealths of antiquity.<sup>11</sup>

Both believed that alterations in property relations could enhance solidaristic norms. For example, Walras argued that the rise of worker-owned credit unions would lead these institutions enhance solidarity amongst firms, even though they remained in competition with each other.

Sans doute, cette société est une société de travailleurs; mais ces travailleurs répondent tout ensemble pour chacun d'entre eux, et, par conséquent, les garanties de moralité, de capacité et de réussite de chacun d'eux se corroborent des mêmes garanties personnelles de tous les autres.<sup>12</sup>

The implication is that cooperative credit institutions owned by workers impose norms which ensure honesty and transparency among all worker-run enterprises. As we shall see, these characteristics of cooperatives, Walras believed at the time, could give such enterprises a competitive advantage.

Mill agrees that the rise of cooperatives could lead to a new type of competition. Helen McCabe argues in her book *John Stuart Mill: Socialist* that Mill envisaged a transformation of competition with the decline of tyrannical capitalist work conditions.<sup>13</sup> Like Walras, Mill

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<sup>11</sup> JS Mill, *Autobiography*.

<sup>12</sup> Leon Walras, *Les Associations Populaires de Consommation, de Production et de Crédit* (Paris: Dentu Librairie Editeur, 1865).

<sup>13</sup> Helen McCabe, *John Stuart Mill: Socialist* (Montreal: McGill, Queen's University Press, 2021).

describes a new form of friendly economic contests which would strip competition of its cutthroat and exploitative characteristics.

It is scarcely possible to rate too highly this material benefit, which yet is as nothing compared with the moral revolution in society that would accompany it: 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 being's daily occupation into a school of the social sympathies and the practical intelligence.<sup>14</sup>

Mill's discussion of working-class conditions is far more detailed than Walras, who tends to make cryptic pronouncements on topics both theoretical and practical and then congratulate himself for being so daringly insightful.<sup>15</sup> On the other hand, their viewpoints are surprisingly similar. They both view property relations as social creations which can be modified by conscious human action. Social norms are seen as malleable and not simply a product of human nature that is implacably selfish. Thus, Walras and Mill argue that an alternation in property relations could play a major role in alleviating the poverty and misery facing the working class as well as creating solidaristic norms distinct from those of 19<sup>th</sup> century capitalism.

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<sup>14</sup> JS Mill, *Principles of Political Economy*, Book IV, Chapter 7

<sup>15</sup> See, for example the following passage where Walras attempts to synthesize his socialist and liberal principles and congratulates himself on his daring intellectual breakthrough.

"So you see, sir, that, from the scientific point of view, I am a socialist, though not Saint-Simonian, and range myself with Mr. Guérault against your criticism. I hasten to add that from the political point of view, I am entirely liberal, and range myself with you against the despotism of Mr. Guérault. This is my position, and I congratulate myself heartily on having been able to conquer and occupy it when faced with the exaggerations to which your respective prejudices carry you both." Leon Walras, *Studies in Social Economics*.

Alternative Perspectives on the Oppression of Women. Similar Perspectives on New Regimes of Social Ownership

Mill and Walras do not have identical views on many issues. Mill remains committed to a loose formulation of the labor theory of value and argues that profits are generated through uncompensated laboring effort, while Walras called for a decisive break from that Ricardian way of explaining relative values. For the founder of general equilibrium theory, there is no potential injustice in the general of profits in a competitive capitalist system. Both also evaluate economic outcomes and social institutions through the use of different philosophical traditions. Walras holds to a natural law framework, which leads to firm pronouncements without self-doubt while Mill's utilitarianism often allow him to temporize and argue with his own conclusions in such a way that readers are often left perplexed and annoyed. (At least, this reader is.)

One of the great differences between Mill and Walras lies in their understanding of women's role in society. While Walras adopts the comforting patriarchal assumptions of 19<sup>th</sup> century Europe, Mill's uncompromising feminism makes him a radical outlier. He argues that a good or non-alienated society is one which encourages the unencumbered development of human capabilities. For that, one needs to live in institutions in which overseers do not boss and command. Mill's conclusion is that, although married women should raise their children at home, women in general should have free access to the labor market as well as enhanced control over their reproductive activity. The link between factory tyranny and household tyranny is clear to Mill. He notes in these passages from his chapter on The Futurity of the Laboring Classes in *Principles* that women are unprotected from male tyranny. Similarly, the liberation of the working poor depends on them escaping from a condition of dependency.

To be under the power of some one, instead of being as formerly the sole condition of safety, is now, speaking generally, the only situation which exposes to grievous wrong. The so-called protectors are now the only persons against whom, in any ordinary circumstances, protection is needed. The brutality and tyranny with which every police report is filled, are those of husbands to wives, of parents to children. That the law does not prevent these atrocities, that it is only now making a first timid attempt to repress and punish them, is no matter of necessity, but the deep disgrace of those by whom the laws are made and administered.

It is on a far other basis that the well-being and well-doing of the labouring people must henceforth rest. The poor have come out of leading-strings, and cannot any longer be governed or treated like children. To their own qualities must now be commended the care of their destiny.<sup>16</sup>

On the other hand, Walras – like other theorists such as Alfred Marshall and perhaps Karl Marx as well – has a more conservative view of the family. In the middle of his socialist arguments, Walras notes that the sexual division of labor is ordained by God or at least nature. Women should be in the home to raise children and care for the household.<sup>17</sup>

Let us think about it, though, for a minute. We now find that a woman has quite enough to do as a wife and mother, an effort that excuses her from any other work. Indeed, this is a great law of nature, and social infringement of it incurs sad consequences with regard to welfare and moral standards!<sup>18</sup>

This lack of attention to institutionalized oppression means that Mill is more concerned with an alternative society that provides workers more autonomy while Walras' focus is on changing property arrangements rather than what considering what goes on behind the factory gates.

Mill's perspective is more well known and is ably discussed by Joseph Persky in his important book, *The Political Economy of Progress: John Stuart Mill and Modern Radicalism*. Persky notes that while Mill's libertarianism is often celebrated by those who argue for a small

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<sup>16</sup> Mill, *Principles of Political Economy*, Book IV, Chapter 7.

<sup>17</sup> For a compelling and convincing account of the patriarchal biases of most 19<sup>th</sup> century male economists except for Mill, see Nancy Folbre, *Greed, Lust and Gender: A History of Economic Ideas* (Oxford: Oxford University Press, 2010).

<sup>18</sup> Léon Walras and Lon Walras. *Studies in Social Economics*, Taylor & Francis Group, 2010.

state, Mill does suggest that the state should provide goods and services for the general public interest. The creation of a network of cooperatives would likely increase the role of government in everyday life. As Persky argues:

The new economy is not to be guided by the narrow logic of the private ownership of the means of production. It will be an economy of abundant capital and wealth. In such an environment, taxation for public purposes will not only be allowed but also encouraged. Inheritance will be greatly curtailed. Most important, cooperative production and worker ownership will be widespread.<sup>19</sup>

The crucial importance of worker and consumer ownership in this system must be stressed. For Mill, all workers participating in an enterprise should be owners, and cooperatives violate their social ethos if they hire non-owner workers to labor within the enterprise. Thus, worker cooperatives like Mondragon fall well short of Mill's proposals for social ownership. Association based on equal social status is paramount.

The form of association, however, which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and work-people without a voice in the management, but the association 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.<sup>20</sup>

When Walras was younger, Leon Walras' enthusiasm for cooperatives was similar to Mill's. In a series of lectures published in 1865, Walras focuses less on self-actualizing activities stressed by Mill and more on the proposition that overcoming poverty requires the elimination of taxes that largely fall on workers and the establishment of cooperatives.

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<sup>19</sup> Joseph Persky, *The Political Economy of Progress: John Stuart Mill and Modern Radicalism*. Oxford: Oxford University Press, 2016. Chapter 5.

<sup>20</sup> John Stuart Mill, *Principles of Political Economy*, Book IV, Chapter 7.

Deux moyens vous sont offerts pour obtenir une juste and convenable participation au tresor de la richesse sociale. L'un est un allegement des charges qui pesent sur les salaries, par une reforme do systems des impots .... L'autre est un perfectionnement du mode de capitlisation de vos epargens par le development dur principe de l'association."<sup>21</sup>

Walras at the time clearly believes that cooperatives represent the ownership form of the future. He argues that such associations would combine the social benefits of democracy with the economic benefits of market competition.

Mais, ce que, selon moi, est un enterprise ardue et vraiment digne d'eloge, c'est de pretendre d'etre et demeurer toujours democratie radical en mem temps qu'economiste orthododoxe; c'est de prendre etenir viv-a-vis de soi-meme l'engagement de ne jamais sacrifier l'economie politique a la democratie, no plus la democratie a l'economie politique.<sup>22</sup>

Thus, he hails the spread of cooperative enterprises in England, France, and Germany and expects their growth to continue.

C'est que s'offre enfin un terrain ou l'economie politique et le democratie se recontrent, se doignent las main et unissent leur destinees. Voila le fait je tien a constater. Ce sera l'honneur des hardis pionniers de Rochdale, des intelligents cooperatuers parisiens, des vaillants selbsthulfers de Delitsch d'avoir prepare l'eclatante apparition.<sup>23</sup>

There is one important difference between Mill and Walras on cooperatives. Mill stresses the growth of workers and consumer associations but writes little about cooperative finance. However, for Walras, the rise of credit unions is the key development that will intensify the spread of cooperatives. Credit unions can use the new savings of workers to fund more cooperatives and permit a type of financing which relies on a stream of contributions for an

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<sup>21</sup>Leon Walras, *Les Associations Populaires do Consommation, de Production et de Credit* (Paris: Dentu Libarie Editeur, 1865): 32.

<sup>22</sup> *Ibid*: xii.

<sup>23</sup> *Ibid*.

enterprise from workers rather than a one-off purchase of shares by the rich. In the mid-1860s, a thirty-year-old Walras thinks that the future of democratic socialism was bright. It would emerge slowly as cooperatives continued to grow.

By the 1890s, however, his emphasis has changed if his favorable view of cooperatives has not.<sup>24</sup> Instead of focusing on the creation of cooperatives as the fundamental process necessary to construct a more humane economy, he instead argued for a radical change in property relations through the nationalization of all land and, by extension, natural resources. The connection of this proposal to Henry George's ideas is clear, but unlike George, who proposed the taxing of pure rent to fund government activities, Walras proposed that the state should own the land and then lease it to enterprises that would bid for its use.<sup>25</sup> It is unlikely that Walras would have argued that the government provide cooperatives privileged access to the bidding process, for this would have contradicted his commitment to laissez-faire competition. On the other hand, Walras assumed that cooperatives would be able to compete effectively against competitive capitalist enterprises and that the state would use regulatory powers to eliminate the exercise of monopoly power.

According to Walras, cooperatives will be an important part of a new society, but they could not and should not serve as vehicles of social reform, i.e. the more equitable distribution of wealth. The focus of worker-owned enterprises would necessarily be on competing successfully in the market and attempting to maximize value added. On the other hand, land nationalization

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<sup>24</sup> Walras does attempt to put his principles into practice. He co-founded a credit society and served as an advisor "to quite a number of other societies." Renato Cirillo, "J.S. Mill's Influence on Leon Walras," *Revue europeene des sciences sociales* 15 (41) (1977): 260.

<sup>25</sup> Renato Cirillo, "Leon Walras and Social Justice," *The American Journal of Economics and Sociology* 43:1 (January 1984): 53-60.

and the related elimination of all taxes on wages and salaries was key to the construction of his socialist ideal.

I have just precisely explained to you that cooperation was one thing and social reform was another. Cooperation is a question of individual initiative, and it has nothing to do with social reform, which is a question of collective or communal initiative. The truth is that it is the question of property and taxation, and not cooperation, that is confused with the question of social reform. Looking for social reform in cooperative association is just like looking for it in charity or philanthropy, or like looking for it in mutual insurance. At one and the same time, this demeans, if not underrates, social reform – and exaggerates cooperative association and thereby compromises it.<sup>26</sup>

We are left with the paradoxical finding that the pre-eminent laissez-faire economist of the late 19<sup>th</sup> century argues for state ownership of all natural resources. For Walras, the revenue from leasing government-owned assets to the highest bidder will permit the elimination of all taxes on wages and salaries. The increase in income would allow workers to increase their personal savings, which will, in turn, allow worker-owned credit unions to finance the expansion of cooperatives.

On the other hand, Mill identifies the rise of cooperatives as the key institution of socialism. While he remains an advocate for land reform throughout his life, he is skeptical of the state ownership of property because he fears having a single owner of land will lead to significant abuses and greater inefficiency.<sup>27</sup> In this sense, Walras' decreasing emphasis on the importance of cooperatives inadvertently connects with the general movement of socialist ideology away from models of decentralized social ownership and towards more state involvement in the management of political economic life.

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<sup>26</sup> Léon Walras and Lon Walras. *Studies in Social Economics*, Taylor & Francis Group, 2010: 47.

<sup>27</sup> Joseph Persky, *The Political Economy of Progress: John Stuart Mill and Modern Radicalism*. Oxford: Oxford University Press, 2016. Chapter 6.



## Mill and Walras' Thoughts about The Emergence of Socialism

Neither Mill nor Walras were revolutionaries. They fear the chaos and disruption of revolutionary upheaval and pin their hopes on gradual reform. In addition, both are skeptical of the ability of workers to direct social evolution through political action. Both argue that members of the working class must become better educated so that they can become more responsible citizens. This disdain for the actual capabilities of the working poor is a constant theme in all of their political writings as is the fear of social upheaval.

For example, Mill writes in his posthumously published *Chapters on Socialism* that:

The problem of management, which we have seen to be so difficult even to a select population well prepared beforehand, would be thrown down to be solved as best it could by aggregations united only by locality, or taken indiscriminately from the population, including all the malefactors, all the idlest and most vicious, the most incapable of steady industry, forethought, or self-control, and a majority who, though not equally degraded, are yet, in the opinion of Socialists themselves as far as regards the qualities essential for the success of Socialism, profoundly demoralised by the existing state of society. It is saying but little to say that the introduction of Socialism under such conditions could have no effect but disastrous failure, and its apostles could have only the consolation that the order of society as it now exists would have perished first, and all who benefit by it would be involved in the common ruin—a consolation which to some of them would probably be real, for if appearances can be trusted the animating principle of too many of the revolutionary Socialists is hate.

Given this hypothesized reality, Mill believes that capitalism will continue to survive.

The preceding considerations appear sufficient to show that an entire renovation of the social fabric, such as is contemplated by Socialism, establishing the economic constitution of society upon an entirely new basis, other than that of private property and competition, however valuable as an ideal, and even as a prophecy of ultimate possibilities, is not available as a present resource, since it requires from those who are to carry on the new order of things qualities both moral and intellectual, which require to be tested in all, and to be created in most; and this cannot be done by an Act of Parliament, but must be, on the most favorable supposition, a work of considerable time. For a long period to come the principle of individual property will be in possession of the field.<sup>28</sup>

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<sup>28</sup> John Stuart Mill, "Chapters on Socialism", first published by printed by *Fortnightly Review*, 1879.  
<https://www.gutenberg.org/files/38138/38138-h/38138-h.htm>

Walras had similar worries about the rule of uneducated socialists. In one unusually contradictory paragraph, Walras states that proper governance will get established in ‘one or two centuries’ from now (in 1890) when those well trained in social science introduce the correct social policy. But then he states that perhaps these policies (the nationalization of land and elimination of taxes on workers’ income) will come sooner if the appropriate laws are passed.

Within one or two centuries from now social science will pass from the hands of the socialists, who only are critical and negative of economics, and the official scholars, who are charged with the responsibility of not studying social science and who, in good conscience, acquit themselves admirably of this task, into the hands of men of science worthy of that name, having enough basic and specialized instruction, and enjoying complete independence and all the liberty that is necessary. It might be that, as a consequence, social progress will, in the fairly near future, take place in a well-organized and peaceful, non- violent and non- chaotic way, just as nowadays industrial progress proceeds rationally and no longer empirically. It might be that the abolition of proletarianism, xlv through the abolition of taxes on income from work, will be brought about otherwise than was the case for the abolition of slavery and serfdom.<sup>29</sup>

Unlike Mill, Walras expresses more confidence that workers will respond to the appropriate legal framework to build a more solidaristic society. On the other hand, he provides no serious analysis of how capitalism might evolve so that the laws he desires will be passed. Unlike Marx, neither Mill nor Walras takes much note of the rise of the modern large corporation and the centralization of capitalist ownership. Moreover, neither Mill nor Walras thinks that working class political parties might be the appropriate vehicle for effective socialist policies.

Persky notes that Mill’s analysis of the stationery state might provide an opening for significant socialist reform, since in Mill’s analysis the decline of profitability and the stagnation of private investment is associated with a rise in worker’s real earnings rather than declining productivity in agricultural production. The problem is that this approach ignores the way in

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<sup>29</sup> Walras, Léon, and Lon Walras. *Studies in Social Economics*, Taylor & Francis Group, 2010: 245.

which business cycles restore capital accumulation and forestall the coming of the stationery state. In any event, Mill himself throws cold water on the argument that cooperatives could grow organically through competition with capitalist enterprises. In his discussion of social ownership in *Chapters on Socialism*, Mill's institutional analysis leads him to conclude that worker-run enterprises would be less entrepreneurial and dynamic than their capitalist counterparts.

Communistic management would thus be, in all probability, less favorable than private management to that striking out of new paths and making immediate sacrifices for distant and uncertain advantages, which, though seldom unattended with risk, is generally indispensable to great improvements in the economic condition of mankind, and even to keeping up the existing state in the face of a continual increase of the number of mouths to be fed.<sup>30</sup>

If Mill's suppositions about how worker-run enterprises would operate are correct, then the gradualist evolutionary dynamic he proposes in *Principles* lies in ruins. Contrary to his caution about political upheaval, one would need a political revolution to establish mandatory profit sharing and the eventual creation of worker's cooperatives. The same could be said for Walras' land nationalization proposal. One does get the sense in some of their writings that neither Mill nor Walras really believe that socialism is a possibility. They view their visions of socialism as a more acceptable moral alternative to capitalism, but the struggle to create a new system of property might not be worth the cost. Those scholars like Renato Cirillo who are aware of Walras' and Mill's socialist inclinations and yet still insist that they fundamentally support the continuation of a capitalist order are, in this sense, correct.

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<sup>30</sup> John Stuart Mill, "Chapters on Socialism", first published by printed by *Fortnightly Review*, 1879.  
<https://www.gutenberg.org/files/38138/38138-h/38138-h.htm>

## Concluding Comments: Mill and Walras' Vision of Socialism in the Twenty-First Century

Socialism took a very different turn in the twentieth century from that envisaged by Walras and Mill. On the one hand, Soviet socialism established state ownership of all the means of production, and leaders attempted to coordinate economic activity through a central plan. On the other hand, Marx's worries about the non-socialist inclinations of Western European Social Democracy prove to be correct. While relative state expenditure grew enormously to fund institutions of social support – including a mass education system, socialized health care, some protections against unemployment, and regulation of the working day – it would be hard to call any of the countries of the advanced capitalist world socialist. Significant wealth and income inequalities remain, as does extensive private ownership of property in all countries and tyrannical work regimes facing low-income workers. Although there are vast differences between Western European Social Democracy and East European Soviet Socialism, both are premised on the increasing presence of the state in day-to-day economic life. In contrast, Mill and Walras' 19<sup>th</sup> century vision of a relatively small state regulating competitive, socially owned cooperatives seems quaint and obsolete.

And yet, there is something in both visions of socialism which is still compelling. Although Walras' theoretical work has often been criticized for being too abstract and too removed from economic realities, his actual proposals on the social ownership of natural resources have been implemented in many countries. One of the projects of many newly independent states on the mid-twentieth century was to assert national control over natural resources and land. For a time, this was resisted by the West and sometimes active destabilization campaigns reversed anti-imperialist nationalization projects.

By now, however, asserting state control over these assets is more the norm than the exception. In the Arab Gulf states, for example, the regimes have asserted their ownership over oil fields, established joint-partnership agreements with the major oil companies, used the revenues from these lucrative arrangements to eliminate most taxes (until recently) and fund a state engaged in building state of the art physical and social infrastructure while providing generous transfer payments to its citizens. This seems to follow Walras' suggestions even though he would have dismissed the notion that this was a socialist policy since the ruling families of these territories are the owners of the oil resources, not the citizens. Moreover, much of the productive labor of the Gulf economies is done by temporary immigrant workers who have no possibility of creating cooperative forms of ownership. Based on his writings, Walras would not have hesitated to label these restrictive labor relations as a form of enslavement.

Another intriguing example of natural resource ownership is the United States itself. Approximately twenty-eight percent of United States land is owned by the Federal government, and in certain states such as Nevada and Alaska, this percentage is well over 50%. In the context of the 21<sup>st</sup> century however, Walras' proposals seem hyper-capitalist. Even the two most commercially oriented Federal institutions which manage land (The Bureau of Land Management in the Department of Interior and the Forest Service in the Department of Agriculture) work under mandates which emphasize preservation as much as commercial exploitation. The Fish and Wildlife Service and National Park Service have more restrictive mandates which largely prevent the use of land for direct commercial purposes.<sup>31</sup>

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<sup>31</sup> Carol Hardy Vincent, Carla Argueta, and Laura A. Hanson, *Federal Land Ownership: Overview and Data*, Washington DC: Congressional Research Service, 2017.

The difficulties associated with the state ownership of resources in the 21<sup>st</sup> century recalls Mill's intuition that state ownership might carry with it authoritarian abuses as well as the possibility of economic self-dealing between state elites and property owners. On the other hand, his vision of a more decentralized system of social ownership through the expansion of cooperatives seems less connected to contemporary reality than Walras' nationalization proposals.

Nevertheless, the two central socialist goals that led Mill to label himself a socialist – the promotion of worker governance within enterprises and the reduction of wealth inequality – have found a new advocate in the works of Thomas Piketty. He is best known, of course, for his pathbreaking empirical work on inequality. In recent years, however, he has also called for a wealth tax to fund part of the state's operations, the related expansion of educational opportunities for all workers, the granting of a significant holdings of wealth to all citizens, and expanded legal requirements to promote worker participation in the bodies which regulate corporate actions. All these ideas can be interpreted as a 21<sup>st</sup> century version of Mill's advocacy for the radical transformation of contemporary capitalism.<sup>32</sup>

I make no claim that either Mill or Walras' socialist proposals could be implemented today. On the other hand, this study suggests that the concerns of these pathbreaking 19<sup>th</sup> century economic theorists about poverty, inequality, and working-class powerlessness remain. The socialist reform of capitalism is a dream that will not die.

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<sup>32</sup> Thomas Piketty, *Time for Socialism: Dispatches from a World on Fire, 2016-2021*. (New Haven: Yale University Press, 2021.)