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## The Flow and Ebb in Mixter's Treatment of Rae

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As is well-known to the students of John Rae (1834), C.W. Mixter (1897) (1902) played a central role in the revival of interest in Rae at the turn of the last century, around the first centenary of his birth. He had been by then relegated to oblivion for at least forty years -- since 1856 when Ferrara's sponsorship had resulted in the Italian translation of his book, that included a brief but glowing tribute by him, in a volume which could claim the distinction of including the translation of Ricardo's Principles as well. This period of oblivion was even longer in the English speaking world.

It is also now believed by many that Mixter's 1905 republication of Rae's book, in spite of the immediate attention and appreciation it received from such luminaries as Bonar (1906), Landry (1907), Böhm-Bawerk (1906), Fisher (1905) and later by Wicksell (1923, 1934) (all referred to by James 1965, I), also gave it, in Mair's (1990) words, a 'kiss of death' by renaming it A Sociological Theory of Capital (1905) -- given the attitude of the mainstream economists towards anything called 'sociological'!

Mixter not only changed the title of the book, he also subjected it to a radical rearrangement --- not only switching around the chapters, paragraphs and even sentences, but relegating half of the book to the Appendix, or even what he called the 'Residua'! Not only this, in the process he inserted his own comments, usually critical, as he went along, sometimes in the text, often as footnotes. I know of no other book in economics, and I doubt whether there are many in any other subject, that have been treated in this strangely radical fashion by an editor who correctly claims that not a word of the original has been omitted or altered, or a word added without notice, in the revised version.

Whether these changes were, as Mair implies, responsible or not, what is not in doubt is that Rae's book slid back into near-obscurety for another forty years or longer. Thus despite James' valiant efforts (1951, but much more fully 1965, I and II), even in 1968 Lord Robbins could say "John Rae's

most unjustly neglected New Principles of Political Economy". It is only in the current decade, near the second centennial of his birth, that interest has been rekindled in his work.<sup>1</sup>

It is rather odd, even if perhaps understandable, given the title and the subtitle of the book: Statement of Some New Principles on the Subject of Political Economy, Exposing the Fallacies of the System of Free trade and Some Other Doctrines Maintained in the 'Wealth of Nations', that most commentators on its new edition under the title A Sociological Theory of Capital, praised Mixter's efforts. Odd, because one would have expected that most, if not all, of them would have regarded this an editorial outrage. It seems that among the major commentators, including Fisher (1905), perhaps Rae's most fervent admirer ever, the only one with some reservation was Landry (1907) (James 1965 I). But even he came up with only one specific criticism, not of the new title, or the impertinent insertion of comments, but only of one aspect of the rearrangement of the book: Mixter's decision to relegate more than half of the book, as noted above, to the status of Appendix or Residua. Later commentators on this edition, however, were not all so forbearing, and criticized his editorial decisions more fully and severely as the quotation from Mair (1990) indicates. But even they did not ask the question why Mixter did what he did. By default then, they accepted the reason provided by Mixter himself that " ... the chief part of the undertaking [Rae's] consisted not in the strictures on the doctrines of Smith, but in an independent, elaborate, and profound treatment of the theory of capital", adding "it is the last which has brought Rae into notice with the present generation of economists in connection with the world-wide discussion of capital, upon new and fruitful lines, inaugurated by Böhm-Bawerk." (Mixter, 1905 xv).

In my view, this explanation of his editorial decisions is incomplete, and scratches only the surface of his motivation. This paper tries to go behind this explanation, to examine some internal

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<sup>1</sup> See Mair (1990), Neill (1990), Brewer (1991), Edgell and Tilman (1991), Ahmad (1996a) (1996b), Hamouda, Lee and Mair (Eds.) The Economics of John Rae (1998), a collection of 15 papers written on the occasion of the bicentennial of Rae's birth, with an Introduction by the editors. A session on Rae was arranged at the 1997 Annual Meeting of the History of Economics Society at Charleston, South Carolina. The Canadian Economic Association named its 'most prestigious' award, 'The Rae Prize', which was first awarded under that name in the bicentennial of his birth, 1996.

evidence which points to another explanation -- a change in Mixter's attitude towards the two authors he mentions in this context: Adam Smith and Böhm-Bawerk, but particularly the former. The thesis of this paper is that it is this change that led Mixter to perform his drastic editing.

In what follows we shall take examples of Mixter's views and attitude towards these authors, and see how they changed during the eight years between his first paper (1897) and his publication of A Sociological Theory of Capital (1905). The next section deals with Böhm-Bawerk, the section after that with Smith, and the final section provides a brief conclusion.

(II)

In his 1897 and 1902 papers, Mixter considered Böhm-Bawerk in relation to Rae; he did not say much about this in his comments in the Sociological Theory except for the brief one cited above. Hence in this section we shall treat his 1897 paper as 'early' Mixter and his 1902 paper as the 'late' Mixter, with of course the above quoted statement also a part of the latter.

At the time of Mixter's 1897 paper, Böhm-Bawerk's capital theory was all the rage. He had recently published two books on the subject, one a critical history (1884) and the other a constructive treatise (1889), perhaps even today the two most well-known and cited books on the subject. The immediate objective of Mixter's "A Forerunner ... " paper (1897) was to steal, or at least mute this thunder by claiming that much of what Böhm-Bawerk had written had long before been said by Rae. To quote Mixter "When in 1884 Böhm-Bawerk, in his Geschichte und Kritik der Kapitalzin-theorien, passed in review the world literature on capital and interest, he did not even mention John Rae. And yet Rae had published fifty years before not only by far the best account of the nature of capital and interest which had been written previous to Böhm-Bawerk,<sup>2</sup> but had even anticipated the essential features of that writer's theory" (1897, 161)

In support of the last part of his statement, Mixter begins by pointing out that both Rae and

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<sup>2</sup> This may give the impression that in spite of his admiration of Rae, Mixter conceded the supersession of Rae's work by Böhm-Bawerk's. Mixter's subsequent comment in the same paper, to which we come later, shows that this would not be a valid conclusion.

Böhm-Bawerk had the same "starting point", and the same view of the "nature of goods", "production", "capital", and related concepts. More importantly he finds similarities between them regarding the forces, both on the side of production and of consumption that determine the rate of interest --- the working of diminishing marginal productivity on the side of production and time preference on that of consumption. He goes on to give other examples of similarities which need not detain us here<sup>3</sup>. However, before we proceed to consider the differences, there is one claim of similarity which is too important to be ignored; it is where Mixter claims that Rae's statement "Between the formation and exhaustion of instruments a space of time intervenes" is "the same thing as saying that capitalistic process is a roundabout process" (ibid. p. 169) in the... Böhm-Bawerk sense. This is not getting Böhm-Bawerk quite right. His treatment of time, and its role in the process of production, whether one agrees with it or not, has much more substance to it than is explicitly covered by the above reference to 'space of time' by Rae.<sup>4</sup>

Given the title of Mixter's first paper one would obviously expect to find the discussion of similarities between the two, but he also goes into a fairly lengthy discussion of the differences. Most of these are minor ones, but relating to production two are of particular interest, -- one where the knowledge of the technique of production is given, the other where it is not, or alternatively what he respectively calls 'static' and 'dynamic' situations. (1897, pp. 182-83)

The topic he discusses under "static" is "diminishing returns". He does not claim that Rae and Böhm-Bawerk sharply differ on this in any essential way, but only that Rae's conception is superior to Böhm-Bawerk's. The reason, Mixter says, he considers Böhm-Bawerk's treatment inferior is that he simply assumes the existence of diminishing returns, while Rae gives a substantive reason: 'the working up of material to a greater degree of fineness and employing of more refractory material'

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<sup>3</sup> For a discussion of some of these, see Ahmad (1998).

<sup>4</sup> Schumpeter's (1954 p. 469) statement that one who reads all of Böhm-Bawerk in Rae has not fully appreciated Böhm-Bawerk, is at least partly based on this difference. Böhm-Bawerk himself, however, seems at least partly to agree with Mixter when he says that Rae considered 'time' as the third factor. (1900, p. 212).

(1897, p. 181)

On the other hand, in case of the 'dynamic', "when we consider what takes place under the progressive state of the art" (1897, 181), the difference he sees between them is very sharp indeed. This case, of course, refers to Rae's highly regarded contribution to the theory of invention, and its role in economic growth.<sup>5</sup> Mixter justifiably claims that Böhm-Bawerk has little to say about invention and growth, while Rae's main objective has been to study their causes, their process and their consequences.

It is thus clear that even in his first paper Mixter had gone much beyond merely trying to prove that Rae was a forerunner of Böhm-Bawerk.

We now turn to his second paper (1902) and the last work in which he has anything to say directly about Böhm-Bawerk (except for the quotation from Mixter (1905) cited at the beginning of this section.). While Mixter's first paper was motivated by Böhm-Bawerk's neglect of Rae, the second by just the opposite. Böhm-Bawerk had reacted to Mixter's first paper, by adding a thirty-three page Chapter (that is, in the English translation) in his Critique and History of Capital Theory (1884, 1900), an edition in which only two other authors were assigned individual chapters, Smith and Turgot, and between the two they commanded only thirteen pages. Böhm-Bawerk expressed great admiration of Rae's contribution saying "It was on the subject of the theory of capital ... that Rae held a number of exceedingly original and remarkable views, and those views exhibit unmistakable similarity to views which were developed about half a century later by Jevons and myself" (1900, p. 208).

At the same time he was critical of his treatment of some specific issues. Here we shall deal only with those parts of his comments which are directly relevant for studying the change in Mixter's attitude on the relationship between the two authors and examine whether this had any bearing on Mixter's editorial decisions.

At the very beginning of his second paper (1902), Mixter apologizes for reading too much of

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<sup>5</sup> See Brewer (1991) for its discussion in the present decade, and also Ahmad (1996a).

Böhm-Bawerk in Rae in his first paper, suggesting that for this reason its title was misleading.

Somewhat unexplainably, he also says that the title of his current paper was also misleading, raising the obvious unanswered question, why did he then use it? His preoccupation with the suitability or otherwise of the title of his own papers is intriguing in the light of his decision three years later to change the title of Rae's book. From this, it is perhaps reasonable to conclude that at least till 1902 he was not dissatisfied with the title of Rae's book, otherwise he would have very likely used this occasion to mention his dissatisfaction.

The main theme of his second paper, although he seems to claim otherwise, was not really new. It was simply an amplification of his argument based on the distinction between the 'static' and the 'dynamic' he had made in his first. As in that paper, but now more forcefully, he argues that since Böhm-Bawerk's preoccupation was with the 'static' while Rae's was mainly with the 'dynamic', the latter's contribution was more advanced and superior. His assignation of the static approach to Böhm-Bawerk and the dynamic to Rae is indirectly supported by Böhm-Bawerk himself (1900, 1959, p. 224-25) when he criticizes Rae for his preoccupation with growth (Mixer's 'dynamic'), which prevented him, according to Böhm-Bawerk from giving a fuller treatment to the theory of interest (Mixer's 'static').

Evaluating Rae's contributions, Mixer places 'invention', the basis of this "dynamics" at the top of the list (1902, p. 386-87). He goes on to use the distinction between the 'static' and the 'dynamic' in various contexts -- at least one of which is historical and institutional. After claiming "The one [Böhm-Bawerk] emphasizes the passive forces --- the condition of interest and existing business; the other the active factors --- the creation of profit and progress", he goes on to conclude "The one presents, in short, a philosophy of capital which is mercantile; the other, one which is industrial" (1902, 386).

Mixer concedes that Böhm-Bawerk had not left out invention altogether (although, as we have noted, Böhm-Bawerk himself conceded greater interest in this to Rae), but criticizes him for his inability to separate it from his static concept of the 'period of production' "... he [Böhm-Bawerk] had irretrievably cut himself off from the appreciation of 'invention' at the start by certain fundamental

concepts respecting the capitalistic process of production." (ibid p. 399). For Böhm-Bawerk, Mixter argues, invention involved merely an extension of the period of production, and that he did not fully appreciate that an invention, beside economizing on the use of other factors, could also economize on the period of production<sup>6</sup> "The constant effort of the capitalist, therefore, is to integrate and simplify industry and to introduce new methods which make saving of time. These aims are being attained .. by ... inventions" (1902, p. 401 Emphasis added).

So far we have considered what we now, and Mixter then, called the demand for capital<sup>7</sup> , but Mixter compares Böhm-Bawerk to Rae unfavourably also in regards to its supply. Specifically, he criticizes Böhm-Bawerk for not providing the reasons for savers to be paid for their act of saving --- why pay interest or profit? It is not, Mixter says " ... the compensation for any sort of cost to the capitalist [saver]. Senior has been answered by substituting for the abstinence theory the socialist exploitation [that is, as conceived by the socialists] of labour theory modified" (1902, 395)<sup>8</sup>

It may seem odd, and so it appeared even to Mixter that in a paper entitled "Böhm-Bawerk on Rae" he says little on what Böhm-Bawerk had actually to say about Rae. Near the end of the paper, Mixter does however, discuss one major criticism of Rae by Böhm-Bawerk who although agreeing with Rae that the marginal physical product of capital goes up with an invention, and down with capital accumulation without any invention, claimed that due to the inadequacy of Rae's theory of value, he assumes, rather than proves that even in value terms profit [rate of] increases with invention and declines with accumulation without invention. (Böhm-Bawerk, 1900, 1957, p. 228). Mixter gives a

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<sup>6</sup> Although, in general the thrust of Mixter's criticism is well-placed, we should note as did Mixter that Böhm-Bawerk did concede this possibility (1888, 1957, p. 399), but treated the case as a rarity and unimportant.

<sup>7</sup> Rae himself did not designate it in this way. For further clarification, see the Appendix in Ahmad (1998).

<sup>8</sup> The class basis of distribution in Böhm-Bawerk has since then been also noticed by Schumpeter who calls him somewhat ironically, "bourgeois Marx" (1954, 846), and more recently, by Dorfman (1995). Mixter's general claim of the superiority of Rae's treatment of the "effective desire of accumulation" is not surprising since it was this part of his contribution that was highly praised not only by Mill (1848), but also by Böhm-Bawerk (1900, p. 239) himself.



detailed numerical illustration, which purports to show what was proved later more concisely by Wicksell (1923, 1934). Briefly, the argument is that if the real wage rate remains constant (a legitimate assumption according to Wicksell, *ibid*, pp. 258-59), or at least does not rise very much, a feasible invention will lead to increase in the rate of profit.<sup>9</sup>

A parallel argument applies, in reverse, to Böhm-Bawerk's criticism of the reduction in the rate of profit through diminishing returns, with increase in accumulation without invention.

This completes, for our purposes, the highlights of the changes in Mixter's position between his first paper and later works regarding the relationship between Rae and Böhm-Bawerk, since except for the brief reference noted above, Mixter says nothing directly about Böhm-Bawerk after 1902. What we find from the above then is that although Mixter does attempt to strengthen his argument, as compared to his earlier paper, the change in his position in this regard does not seem to provide any clue to the drastic editorial decisions he made. In the next section we turn to the change in his position regarding the relationship between Rae and Smith. To anticipate, in this case we find evidence that strongly suggests the opposite conclusion.

### (III)

For the purpose of discussing the change in Mixter's attitude towards the relative positions of Smith and Rae between the period of his 'early' and 'late' writings, I shall take his first paper (1897) and his unpublished thesis (1897a) to represent his early attitude, and his 'commentaries'<sup>10</sup> in, and the form of, the Sociological Theory of Capital (1905) to represent his late attitude; he does not say anything of significance in this regard in his 1902 paper.

Mixter's comments on the relationship between Smith and Rae are both direct and indirect, sometimes the latter even more telling than the former. But among all these statements, the contrast in his attitude presented by the following two excerpts from his early and late writings is the most

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<sup>9</sup> A similar argument is the basis of the Okishio Theorem (1961) regarding the Marxian claim of the falling rate of profit.

<sup>10</sup> In what follows 'commentaries' without qualification refers to these.

dramatic, and also the most revealing illustration of this change. In fact this by itself makes the main point of the paper; the rest of what follows may simply be treated as supporting evidence.

In 1897 Mixter writes " ... the first seventy-seven pages of Rae's book [his Book I, consisting of the first two chapters] are devoted almost exclusively to such a thorough going exposition of the true relation between capital and progress as should have won for it in the science at least attention, if not acceptance" (1897, p. 171). Against this resounding praise of Book I in 1897, in the "Editorial Preface" of A Sociological Theory of Capital he writes "Of the several defects of book-making which seriously handicapped this work, the most considerable was putting first of all of two chapters [precisely Book I], highly controversial in nature, and by far the most difficult in the whole. It must be that the reader never got beyond or even through them" (1905, p. xv). Thus what in 1897 was an outstanding part of the book, singled out as worthy of the attention of 'the science', becomes in 1905 'the most considerable' 'handicap'!. Consequently, in his edition of the book he deletes it from the text, and throws it into the Appendix. To follow the drift of the argument fully, one should note that in most of Book I, Rae criticizes directly or indirectly Smith's position on various issues. For instance he criticizes Smith for giving 'saving' the lead role in economic development and claims that this role should go to invention. Again he criticizes Smith for opposing the government's role in the promotion of invention, either directly, or through various policies that help in importing new technology from abroad. This latter may require protection to home production during the initial period. In fact Rae makes a list of the ways in which the government may encourage and contribute to the development of new techniques (1834, p. 15). All this goes against Smith's by and large laissez faire position. As the above indicates, and as we shall see in other examples in what follows, the "early" Mixter endorses Rae's position against Smith, the "late" Mixter does the reverse.

Near the beginning of his 1897 paper he says "His [Rae's] aim was to overturn Adam Smith's System root and branch -- its principles, its precepts and its philosophical method" (1897, p. 163). He makes this statement without expressing any objection to this 'aim' --- , perhaps because he believed

this was justified, since Adam Smith himself "was essentially, a politician of the closet." (1897, p. 167). About Rae on the other hand, he says "The defense of protection was ... the practical objective of the book. But for this he had laid his foundation deep. He conducts a most vigorous siege of the citadel of free trade philosophy; and in so doing devotes more than half his book to the elaboration of a new theory of capital and interest" (1897, pp. 167-8, Emphasis added). Thus beside clearly supporting Rae's position in relation to Smith's, as he sees it, Mixter also implies in 1897, contrary to his 1905 statement quoted at the beginning of this section, that Rae's capital theory, whatever its brilliance, was designed primarily as an instrument of siege of the 'citadel of free trade philosophy'.

Mixter's partiality towards Rae in relation to Smith is even more pronounced in his thesis (1897a), in spite his writing it under Taussig, a well-known advocate of the free-trade philosophy (who had also encouraged him to write his 1897 paper). In his thesis, Mixter says "Indeed Rae may be regarded as having continued and fulfilled the enlightened counter movement to Adam Smith, begun by Lauderdale" (1897a, 128). The comparison is later made again in the following statement "Rae is perfectly right in maintaining that Adam Smith was in error when he said 'whether the advantage one country has over the other be national (sic., read 'natural') or acquired, is in this respect [regarding whether special measures be taken to promote it] is of no consequence' " " (1897a, p. 312). At another point, Mixter appears to endorse the relevant part of the subtitle of Rae's book critical of Smith, brushing aside Fisher's disapproval (1897, Fisher's review was published in February, Mixter's thesis is dated June) when he says "But to clear the way for a thorough exposure of the 'Fallacies of free trade', Rae launches at once in the first chapter in the subject of capital ... " (1897a. 129). (Note again, the subsidiary, even if important, status of the subject of capital.)

Finally, we turn to Mixter's view on the followers of the 'politician of the closet'. He requires that the " ... followers of Smith must show that invention and improvement is best fostered by the laissez faire method" (1897a., 132). In his view, the reason that in spite of their failure to do so they stick to their guns is that " ... English classical economics was developed by the members of a political

party, the free trade party; any one differing from them in this matter, was certain not to get a fair and impartial hearing" (ibid). This in his view was why Rae had been ignored by them.

When we come to his later writings, mostly as insertions in his edited version of Rae's book (1905), his entire position is reversed; it appears that by then he had himself joined the "free trade Party"! Besides changing the title of Rae's book and rearranging its material, he indulges in incessant nit-picking in Rae's work, finding little faults here and there, usually mere semantics as on (1905) pp. 14, 16, 18, 20, 23-24, 32, 40, 201,<sup>11</sup> and 303. At one point his exclusive preoccupation with the semantics leads him to say that he had wanted to rename the book not A Sociological Theory of Capital, but A Sociological Theory of Stocks since 'stock' was a more clearly defined term in Rae than 'capital'! (1905, p. 110).

This is not to say that his criticism of Rae and support of Smith directly or indirectly are necessarily invalid, or even weak. In fact even if they were fully justified, which they are not either, the claim that he changed his position could still hold. For instance, we have noted his earlier support of Rae's position on protection (1897), but in his commentaries, he first suggests that a better means of achieving the same result would be through helping the home industry by other means (1905, pp. 367, 438), then goes on to criticize protection outright, using Rae's own language against him, so to say, by asserting that protection had not been a basis of 'creation', but of 'acquisition'. (1905, pp. 444-5). One does not have to disagree with his views to see that he did change his position.

Again, Rae was inclined in general to give the government a greater role in the economy than Smith was. Mixer also seems to support Rae's position in his earlier works, but repeatedly criticizes this in the commentaries. For example, to Rae's point, and in my view the main one (Ahmad 1996a), that the state should intervene to promote invention because it has the characteristic of a public good, Mixer says, rather lamely, "Rae goes too far here and gives improperly a collectivist bias to the whole

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<sup>11</sup> Here he criticizes Rae for his wrong usage of the expressions "absolute capital" and "relative capital", claiming that they should have been reversed. Leaving this aside and keeping to the Rae usage, one could interpret the ratio of the two as Tobin's 'q'.

discussion ... After all, it is the individual who invents and not society" (1905, p. 105), as if the public-good argument assumed the reverse.

After conceding to Rae that the state is no less 'natural' than any other institution, he goes on to say that this "brings us no nearer to answering the question --- how much beside maintaining simple law and order [as if the appropriate expenditure on this was known and fixed] had the state in general better undertake to do? This is mainly not a question of economics, but of politics" (1905, 363). The 'in general' and 'mainly' indicate Mixter's awareness of the limitations of his statements --- since at least theoretically a public good problem can have an economically "optimal" solution, without any necessary reference to politics.

In his earlier work, Mixter had implicitly followed Rae and the traditional public finance literature in assuming, that the state acts in the interest of its people. Smith is, of course, known not always to agree with this. But in the commentaries Mixter directly challenges this presumption and comes down heavily on Smith's side, blaming Rae for his political naiveté (considering this again a political issue) and comparing him very unfavourably with "the upholder of laissez faire" (1905, pp 375-6), the citadel of which he had in earlier period considered a suitable target of attack!

These are just a few examples; Mixter criticizes the government in his commentaries whenever any occasion arises, and at times seems to be carried away with the enthusiasm of a new convert -- and goes beyond what perhaps even Smith would have allowed. For instance he baldly pronounces "... it is the prohibition and violence of states which constitute the chief preventable cause of pure economic loss" (1905, p. 217)

Mixter's criticism of Rae's position in his commentaries does not stop at the role of the government; it extends to many areas where in Mixter's view Rae is explicitly or implicitly at odds with Smith. To counter Rae's assessment of selflessness and the desire to do public good as positive factors in inventive activity, (which at least apparently is at odds with Smith's assignment of beneficial role to selfishness), Mixter (1905, p. 148) gives examples of how hugely profitable have inventions

been to many inventors. Rae's point, whatever its empirical validity is somewhat different. It is not whether some inventors have not earned spectacular amounts through invention, it is that on the average inventors with the same general ability as the 'imitators', earn less. Hence their persistence in inventing can be attributed to their relative selflessness.

Mixer's criticism of Rae's position that expenditure on 'luxury' is a pure waste, is borrowed (1905, p. 276) from Bagehot, although he also cites Hume. The argument is that the expectation to be able to indulge in luxury acts as an incentive to harder work, and hence to greater productivity. The argument has no doubt some validity on its own grounds, even though Mixer was not able to get Rae's very precise meaning of the term 'luxury', which is significantly different from its general usage, which is also Mixer's. (Ahmad 1996b). It should be noted that Mixer's criticism is in line with his new found admiration of selfishness, even though Smith himself would not have been completely averse to Rae's views on luxuries. (See Mill (1848)).

The point here is that even in matters not directly related to the role of government as, of course, in matters relating to this role, in A Sociological Theory of Capital, Mixer is very critical of Rae and supportive of Smith, a clear reversal of his earlier position. By 1905, he had not only joined the 'free trade party' that he had scoffed at in his earlier writings, he had become its ardent member, finding faults with Rae whenever he felt that Rae had gone against its platform.

In my view this change in his attitude played a considerable role in the editorial decisions he took in 1905, which gave us A Sociological Theory of Capital.

#### (IV)

What were the reasons for this change? Here we enter into almost a pure realm of speculation. In fact since the arguments in the previous section were also at least partly speculative, one may consider the present section a speculation about speculations! Hence the question, even if worth raising, warrants only a brief and tentative treatment.

The answer that first comes to mind is that his later position was the result of a deeper reading,

by a more mature mind, of the New Principles as well as of Smith's and Böhm-Bawerk's works. Mixter had himself attributed what he considered a change in his views between 1897 and 1902 regarding the relationship between Rae and Böhm-Bawerk to his deeper reading of their works (1902, p. 385). There is also some internal evidence to support the view of his less than perfect reading of the texts the first time round. For instance, at one point he says that "Rae seems to be indebted to Lauderdale", (1897, p. 171 emphasis added) when Rae directly cites Lauderdale's work for anybody to see. Another example of deeper reading at the later date is perhaps his most telling criticism of Rae (1905, p. 64), which he had not made in his earlier writings, and which was later missed by even Böhm-Bawerk and Fisher. It was that the "benevolent disposition towards others" can increase 'savings', as Rae had claimed, only when this benevolence is directed exclusively towards the future generation. On the other hand, if it is directed towards the present one, saving will decrease; hence the net effect of "benevolence" on saving is not unambiguous. In any case, there cannot be any doubt that by 1905 Mixter had read Rae more thoroughly than perhaps anybody before or since, as he would have needed to for the kind of editing he did. Thus one quite plausible explanation of the change in Mixter's attitude between 1897 and 1905 could simply be his greater understanding of Rae and Smith in the later period.

On the other hand, another reason, and not completely in contradiction to the first could be his greater political maturity --- in the politics of the profession (See e.g. Katouzian 1980), of which he had shown a great deal of awareness in his first paper (1897) and in his thesis (1897a). In the latter he had suggested such a reason for the neglect of Rae when he said, as quoted above " ... anybody differing from them [i.e. the 'establishment' of that time] in this matter, was certain not to get a fair and impartial hearing" (1897a, p. 132). It seems that in his two early works, a somewhat rebellious graduate student did not have much hesitation in confronting the establishment, but as a more mature and established economist, now a full professor, he chose to respond favourably to 'numerous demands' (1905, xvi), perhaps including Taussig's, but even most likely Fisher's who had expressed

his disapproval for the subtitle (but not the title, hence cannot be held responsible for the whole bit), and was in fact greatly pleased (1905) with Mixer's edition of the book. Thus Mixer may have finally decided to join the establishment through siding with Smith against Rae, and at the same time do the best he thought he could for Rae by redoing his book to minimize the importance of its anti-Smithian parts. The rebel of the graduate years had become a conformist, and if this needed a running criticism of Rae so be it, for his own good! His expectations turned out to be right for the academic environment of his time; the reviewers, mostly established professors themselves, not only praised Rae's book, which it richly deserved, but also went along with the manner and the contents of Mixer's outrageous revision.



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