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The Professionalization of Economics
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THE PROFESSIONALIZATION OF ECONOMICS

Alfred Marshall and the Dominance of Orthodoxy

John Maloney
With a New Introduction by the Author
To my mother and
in memory of my father
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to the Transaction Edition</td>
<td>ix</td>
</tr>
<tr>
<td>Preface</td>
<td>xi</td>
</tr>
<tr>
<td>Introduction to the First Edition</td>
<td>1</td>
</tr>
</tbody>
</table>

**PART 1  MARSHALL'S PLANS**

1 Economics in the 1870s                                              7
2 Marshall's objectives and Marshallian orthodoxy                       22
3 John Neville Keynes, a reluctant lieutenant                           57

**PART 2  MARSHALL'S PEERS?**

4 Cannan and Nicholson                                                 69
5 Cunningham and historicism                                            91
6 Two economic outsiders: Macleod and Crozier                          120
7 Hobson's choice                                                       142

**PART 3  MARSHALLIAN PREJUDICES**

8 Orthodox welfare economics                                           165
9 Economists and ethics                                                 186
10 The ideology of marginalism                                          203
11 The Marshallians and the Pigouve                        223

*Biographical notes*                                                     238
*Notes*                                                                 242
*Select bibliography*                                                    262
*Index*                                                                 271
Introduction to the
Transaction Edition

1990 sees the centenary of the first publication of Marshall's *Principles of Economics*. It also ends a decade in which Marshall's reputation steadily rose. In the 1980s mathematical competence became more essential than ever for an economist's professional standing. (Compare the contents of the *American Economic Review* for 1969 and 1989). And yet, perhaps as a reaction, mathematical virtuosity for its own sake found fewer and fewer defenders. Marshall—who saw mathematical proficiency as a habit of thought and an emblem of sharp thinking but never as an end in itself—would have approved. The rising generation of economists is one that ought to approve of Marshall.

Distorted perspectives on the man and his economics have also gone into eclipse. To attribute this to the decline of the radical left would be unjust to those radicals who pointed out, all along, that Marshall was very much more than another "bourgeois apologist." Nonetheless, the army of those only interested in the great economists of the past for the "apologetic intent" that could be blown into their work has largely trooped off the stage, and scholarship and historical justice alike are the better for it.

Thirdly, it is possible at the time of writing to discern Marshall as a patron of today's environmental fashions. Externalities had to wait for Marshall for rigorous analysis, and insofar as economics is entitled to cast itself as a green science and not a dismal one, that right comes from a tradition that is Marshallian.

Certainly there has been far more Marshalliana in the five years since this book was first published than in any comparable previous period. Pride of place must go to David Reisman's trilogy, *The Economics of Alfred Marshall* (1986), *Alfred Marshall: Progress and Politics* (1987) and *Alfred Marshall's Mission* (1990). The last of these stands out especially as the most shrewd and sympathetic portrait of the man and his goals yet to have been drawn. Yet some of the most original insights into the entire Marshall era have come from Alon Kadish's *Historians, Economists and Economic History* (1989) with its focus on the partition of political economy into (Marshall-
economic analysis on the one hand and economic history on the other. Marshall, in fact, possessed exactly those personal and intellectual qualities needed to keep nineteenth-century political economy intact—assuming it were possible for anyone to do so. Dr Kadish’s book, however, starts with the fact that Marshall used his power divisively, and charts his long and (in every sense) devious march through the institutions of Cambridge in quest of an independent and—by the standards of the day—narrowly analytical Cambridge Economics Tripos.

After the reviews of the first edition of Principles, Marshall characteristically thanked, for their “goodwill, fairness and generosity of interpretation,” those who “on the whole condemned the book” as well as those who on the whole approved of it. The most common criticism of Marshall, Orthodoxy and the Professionalisation of Economics has concerned its perhaps excessive fascination with welfare economics as the alleged touchstone of professionalisation. One critic went so far as to say that to make welfare economics the criterion of the subject’s maturity is like making physicists’ ethical reactions to the atomic bomb the criterion of their professionalisation as physicists. But the entire point about the “professional” welfare economics developed by Marshall and Pigou is that it exempted economists from having to reflect on the ethical consequences of changes in what they defined as economic welfare (even if Marshall, for one, did not press his claim to such exemption).

There have also, however, been criticisms of excessive deference towards, or failure to evaluate explicitly enough, the work of Marshall’s historicist adversaries and of Hobson. Any such omission arose from my assumption that the two “camps” would be seen on all sides to have had very different objectives regarding the development of economics, and that a comparison of abilities was to that extent beside the point. Nonetheless, I am quite happy to proclaim my own opinion that one Marshall is worth ten Hobsons, thirty Cunninghams and fifty Ashleys! Sententious moralist, devious adversary and frequently infuriating colleague he may have been, but Marshall the economist is what matters, and Marshall the economist for fifty years put his analytical genius to the service of humanity in general and its least fortunate members in particular. What is humanity that it should ask for more?

University of Exeter
Preface

This book is mainly about the years 1885–1908, the period of Marshall’s professorship in political economy at Cambridge. The first chapter, however, sets the scene as it stood a few years previously, while the last focuses on the succession of Pigou and developments up to 1914. It also had to be decided how far to consider the post-1914 work of the main economists discussed. In the case of Hobson, in particular, some later work does express important lifelong attitudes more fully and/or unambiguously than anything he wrote before 1914. Consequently it would be wrong to insist on a neat cut-off point here.

I should like to thank Professor A. W. Coats, who supervised the Ph.D. thesis on which this book is based, for his endless enthusiasm, kindness and patience with a sometimes wayward student. So basic and pervasive is his contribution to this book that it would be hard to single out anything of mine within it untouched by his influence. (The faults remain mine.) I should also like to thank Maurice Cowling, both as a source of valuable comments and suggestions on the original draft of this book and, more fundamentally, as one of the great teachers of history; I would never have wished to be other than a Peterhouse man. The staff of Cambridge University Library, the Marshall Library of Economics, Nottingham University Library, the British Library of Economic and Political Science (London School of Economics), the Bodleian Library and Hull University Library have been unfailingly efficient and hospitable. The staff of Cambridge University Press have been most helpful and long-suffering. I have had illuminating conversations with Professor R. D. Collison Black, Dr David Cannadine, the late Professor Philip Sargent Florence, Dr Alon Kadish, Professor Joseph Lee, Professor Austin Robinson, Roy Trinder and Allan Ward. Plymouth Polytechnic gave me a sabbatical term to complete the thesis on which this book is based, and my
Preface

Economist colleagues between them took over my teaching while I was away. Grace Maloney compiled the index for me, and Mary Beard saved me a last-minute journey to London by volunteering to copy out some of Cannan's correspondence for me. To all of these I owe a debt of gratitude.

Tideford, Cornwall

J. M.
Two notable events took place in Cambridge in November 1884. The first was the premature death of Henry Fawcett, the blind postmaster-general whose simultaneous tenure of the Cambridge chair of political economy had aroused admiration even in an age much less specialised than our own. The second was the even more premature death of the contest to succeed to Fawcett's chair, once it became known that Alfred Marshall of Balliol College, Oxford, was a candidate.

Marshall’s qualifications were unequalled in England. His intellectual excellence had been proved in 1865 when, in a distinguished year for the Mathematical Tripos, he had come second only to the future Lord Rayleigh. His energy and enthusiasm as a young Cambridge lecturer in the 1870s was well remembered. His administrative ability was guaranteed by six years as principal of University College, Bristol. His published work was not only of high quality and originality in itself, but was widely known to be little more than an hors d’œuvre to a massive, slowly gestating work of general principles, much of which had already been disseminated informally to pupils. At forty-two, he was about the right age. He was even married to a former Cambridge economics don of some reputation in her own right.

The initial uncertainty about Fawcett's vacant post, then, was largely uncertainty as to whether Marshall would want it. It was by no means obvious that he would. He had only been a year at Balliol under his 'beloved Master' Benjamin Jowett. He liked Balliol's values, its distinctive mixture of moral earnestness and worldly ambition; he liked being successor to the college lectureship held by Arnold Toynbee; and, in the wider Oxford context, it was a good omen to have taught three outstanding young economists in the first year there. Nevertheless, Balliol was in the business of training
missionaries, sacred and secular, and a missionary, in Marshall’s eyes, was what Cambridge economics needed.

Marshall disbelieved in a division of labour between different universities. It followed that his main objectives for Cambridge economics were also his objectives when he turned his thoughts to the national scene. First, he wanted economists to be trained in a body of theory which—without excessive grief—he recognised would be inaccessible to laymen. Secondly he sought, via the development of welfare economics, to give the economist a specialist voice in the art of policy-making. Thirdly, he wanted to enhance the scientific authority of his subject by keeping it clear of political partisanship.

Marshall, we shall see, had varying degrees of success in achieving these objectives, both within the Cambridge and the national contexts. But he had a sufficiently sweeping success in propagating them as objectives to create a new orthodoxy which spread rapidly across English political economy in the years after 1885. It was, it must be repeated, an orthodoxy of aim. But it was more than a mere aim at an orthodoxy. Marshall spoke freely (though not in public) of ‘economic insiders’ and ‘economic outsiders’; and the status of professional insider depended more than anything else on whether the economist’s intentions seemed to be helping or hindering the transformation of economics into a science. To have the right aims counted for more than success in achieving them.

Consequently, the first part of this book, ‘Marshall’s plans’ is, in the main, an extended statement of Marshall’s objectives for political economy and an analysis of the technical and ideological orthodoxy which their pursuit imposed. And the successful pursuit of these objectives defines a process of professionalisation as the term is often understood. Hence the title of the book, and hence the preoccupations of Parts 2 and 3, to which we now turn.

A profession has been succinctly defined as a vocabulary, an organisation, a journal and a conference. Only the vocabulary mattered very much in Marshall’s day. The organisations, the journals and the conferences were—by deliberate design—wide open to people with little training or knowledge. If one imagines hospital orderlies writing in The Lancet or village churchwardens addressing the Synod, that hardly conveys an exaggerated picture of the Economic Journal in its early days, or the economic section of the British Association for the Advancement of Science throughout the Marshall era.

Why did the majority of academic specialists endorse this demo-
cratic approach? It may have been a half-proud, half-embarrassed awareness of how very curious their own activities were. Most emerging academic disciplines need a period of partial retreat from the world. But in economics the gap between academic and public preoccupations was especially glaring. The cause of this will be discussed in the main body of the book. But the consequence was that all economists, with the exception of the uncomplicated Edgeworth, tried in their different ways to court the general public. And, in turn, the consequence of this was that political economy’s ‘professional’ institutions failed to demarcate any important boundaries. A primarily institutional focus would therefore be inappropriate. What we have rather tried to do is to trace the rise of a self-conscious sense of profession among economists and to explain why, intellectually and ideologically, it was dominated by the Marshallian ‘paradigm’.

This approach makes much of the sociology of the professions redundant for our purpose. Nevertheless, Marshall’s objectives for economics can usefully be correlated with three of the criteria of professionalisation laid down by sociologists, and this provides a framework for parts 2 and 3 of this book.

(1) The professional is trained in a specialised body of theory. This was Marshall’s first and paramount objective. How, and how far, it penetrated the ranks of his contemporaries is the principal concern of part 2, ‘Marshall’s peers’.

(2) He has an effective monopoly of a defined specialist function or functions. This corresponds to Marshall’s second objective. As already mentioned, he looked to an advanced conception of welfare economics to give the economist an authoritative voice in policy discussions. How he, his Oxford ‘opposite number’ Edgeworth and his Cambridge successor Pigou fared in this quest is described in the first chapter of part 3.

(3) He observes professional ethics which either institutional sanctions or the force of colleagues’ opinions impel him to maintain. This corresponds to Marshall’s third objective, in the sense that political neutrality, and indeed ethical neutrality itself, were the principal professional ethics which Marshall enjoined on his colleagues. How they treated these ideals – and how far Marshall himself lived up to them – is discussed in the second and third chapters of part 3.

It has been suggested in this introduction that success for Marshall
in achieving his main aims would have been a sufficient condition for professionalisation as we have defined it. But should it also be seen as a necessary condition? That is to say, given (as we shall see) that Marshall fell far short of complete success in what he was trying to do, how far did this make professionalisation impossible?

To answer this question requires that we distinguish between and relate to one another the objective and subjective determinants of professionalisation. Whatever the occupation we are considering, we need to know how the different subjective assessments, of who is and who is not competent to do what, relate to the reality. And we need to know this primarily because today's assessment, if made convincingly enough, may become reality tomorrow. A group of specialists who announce their monopoly of occupational competence may thus achieve a real monopoly if they can secure, on the basis of their claims, the right to decide whom to train and not to train for the occupation, and in what to train them.

The thesis of this book is that this is what happened in economics between 1880 and 1914; that economic orthodoxy, accused on all sides in the 1870s and 80s of both theoretical inadequacy and social irrelevance, resolved this position not by a successful answer to these criticisms, but by capturing a dominant position in which it could largely ignore its critics. At the same time, however, it will be stressed that the nature of economic theory objectively and qualitatively changed during our period, and that this change was indispensable to professionalisation. No amount of power politics, of ideological claims, specialist jargon and academic prestige could have compensated for it.
Biographical notes


Chapman, Sir Sydney John (1871–1951). Educ. London University. Lecturer, University College, Cardiff, 1899–1901; Professor of Economics, University College, Manchester, 1901–17; Board of Trade 1918–27; Chief Economic Adviser to the government, 1927–32; Chairman of British Arc Lamp Carbon (War Emergency) Pool and Controller of Matches, 1939–44.

Biographical notes


Foxwell, Herbert Somerton (1849–1936). Educ. Queen's College, Taunton and St John's College, Cambridge. Fellow of St John's College, Cambridge, 1872–1936; Professor of Political Economy, University College, London, 1881–1928. Described his own library as 'the most important library of works on political economy in Europe'.


Ingram, John Kells (1823–1907). Educ. Newry School and Trinity College, Dublin. Fellow of Trinity College, Dublin, 1846; Professor of Oratory and English Literature, 1852; Regius Professor of Greek, 1866.


Pigou, Arthur Cecil (1877–1959). Educ. Harrow and King’s College, Cambridge. Fellow of King’s, 1900; University Lecturer in Economics, 1904–8; Professor of Political Economy, 1908–43.

Biographical notes


Smart, William (1853–1915). Educ. Glasgow High School, Glasgow University. In business until 1884. Lecturer in Political Economy, Glasgow University, 1892–6; Professor of Political Economy, Glasgow University, 1896–1915.


Notes

1. Economics in the 1870s

2 ibid., p. 3.
6 ibid., p. 46.
8 The exclusion was proposed by Francis Galton. See F. Galton, ‘Economic Science and the British Association’, Journal of the Royal Statistical Society, September 1877.
9 L. Stephen, Life of Henry Fawcett (London, 1885), p. 123. Fawcett, according to Stephen, believed that ‘the leading principles of political economy and those which were really valuable were few, simple and therefore capable of an exposition on the level of average intelligence’ (ibid., p. 124). We would not claim that Fawcett was wholly wrong about what does and does not matter in economics. (His views are certainly less eccentric than what we can presume to be the views of, let us say, the present editorial board of the Review of Economic Studies.) Indubitably, though, his was an attitude unhelpful to the professionalisation of the subject.
11 ibid., p. 10.
13 ibid., p. 16.
Notes to pages 11–17

15 ibid., p. 186.
16 By a liberal, we simply mean a libertarian who is not a socialist. It has been argued that some ‘liberals’ are not particularly libertarian; see Kenneth Minogue’s The Liberal Mind (London, 1963) and, especially, Maurice Cowling’s Mill and Liberalism (Cambridge, 1963). While agreeing, as to Mill, that anyone who believed so strongly that ‘society’ should create so definite a pattern of citizen cannot be called a true libertarian, we would extend this to saying that, to the extent he cannot, he should not be called a liberal either. One reason why covert semi-authoritarians like Mill, and overt ones like Hobson (see chapter 7) have been allowed to keep their ‘liberal’ labels is that there is no convenient word to describe the non-conservative non-socialist reformer. Now if some conservatives and Marxists, annoyed that such reformers not only dominate English public life but also often seem to think that they alone are above ideology, choose to inveigh against a ‘liberal consensus’, let them do so. But the price of using the word ‘liberal’ in this way is to lump Hobson in with Hayek. To the historian of economics, at least, the price is surely too high.
17 Some may feel that ‘in practice’ is too weak here, and that it is inconceivable, even theoretically, that the ‘greatest happiness’ principle can provide specific guidance about anything. We do not agree with this, but since, if it is insisted on, the remarks to follow in the main text about the vacuity of utilitarianism are true a fortiori, perhaps we may be excused from getting into a long and complicated argument.
18 In terms of the kind of mentality it appealed to, it was surely the nineteenth century’s equivalent of logical positivism.
24 Said to be Green’s fundamental belief by his biographer, R. L. Nettleship; and quoted by Dewey, “Cambridge Idealism”, p. 63.
26 A. Toynbee, second of two lectures on Henry George and land nationalisation, St Andrew’s Hall, Newman St, London, 18 January 1883. Published as Progress and Poverty: A Criticism of Mr. Henry George (London, 1883), pp. 53–4. Toynbee had six weeks to live.
27 Essays and Reviews (London, 1860), Preface.
28 Justly neglected as an economist; less justly so as a sociologist. Mallock’s strange career began as an undergraduate with The New Republic, in which he poked fun at Matthew Arnold, Pater, Jowett (a very severe portrait), Huxley and other luminaries, all assembled under thin disguise
at an endlessly discursive weekend party. He then went on to write several works of religious and political thought (Social Equality, Is Life Worth Living?, etc.) and ended up compiling facts and figures about income distribution and wartime finance. It is rather as if Evelyn Waugh had gradually retreated into the pages of Lloyds Bank Review.


30 See p. 10.


32 Thus Lord O'Hagan, president for 1874, described economic studies as 'vital to our wellbeing and progress in the world', 'fruitful in precise and enduring results', and entitled to be called scientific 'if science be needed to deal with subjects and educate results of the last importance to our race, and to accomplish this by drawing, from facts rightly ascertained, lucidly classified, and profoundly considered, conclusions of permanent truth and wide application for the government of human conduct and the increase of human happiness'. W. E. Forster (1873) spoke of the laws of economics with the uncritical reverence professional economists are supposed to, but do not, have; while Sir George Campbell (1876) equated political economy with political sense where the governing of India was concerned (though his speech also had strongly historicist overtones).

2. Marshall's objectives and Marshallian orthodoxy

1 See p. 3.

2 The Rise of the Marginal Utility School (Kansas, 1960).

3 Essays in the History of Economics (Chicago, 1965).

4 Manuscript in Marshall Papers: Mrs Marshall has written at the top 'Saved from the Waste Paper Basket, intended for Preface to Money, Credit and Commerce.'


8 Motto on first page of Industry and Trade (London, 1919) and a phrase used very often elsewhere by Marshall.

9 'Mechanical and Biological Analogies in Economics', Economic Journal, March 1898, p. 43.

10 'The Old Generation of Economists and the New', Quarterly Journal of Economics, January 1897.


13 'The Old Generation of Economists and the New', reprinted in Memorials, p. 310.

Notes to pages 29-49

15 'The Old Generation of Economists and the New', reprinted in Memorials, p. 302.
16 'Some Aspects of Competition' (1890), reprinted in Memorials, p. 281.
21 Although the Oxford founders of the Economic Review, though broadly distinct from the Marshall tradition, saw economics (properly interpreted) as a positive moral force.
22 See p. 168.
27 See Economic Teaching at the Universities in Relation to Public Well-being (Cambridge, 1902).
28 With one very important exception – the support which marginal utility theory lent to the case for progressive taxation. See chapter 10.
29 See appendix, pp. 55-6, for examples of these.
30 Marshall to Foxwell, 14 February 1902.
31 ibid.
33 Marshall to Keynes, 16 August 1897.
35 Marshall to Keynes, 16 August 1897.
36 It was in connection with this dispute that Marshall said that Hobson was 'perhaps apt to underrate the difficulty of the problems which he discusses'. See p. 49.
37 Marshall to Bowley, 3 March 1901.
38 Marshall to Keynes, 16 August 1897.
40 Marshall to Keynes, 17 October 1897.
41 Marshall to Keynes, 28 October 1888.
42 Marshall to Keynes, 30 January 1902.
43 Though not, perhaps, the ideal ally.
44 Marshall to Foxwell, 29 January 1902.
45 Marshall to Foxwell, 12 February 1906.
46 See his letters to Keynes about the latter’s Scope and Method of Political Economy.
47 See chapter 5.
48 First of three lectures on Henry George, Bristol, 20 February 1883, printed in Western Daily Press.
50 Marshall to unidentified recipient, 2 December 1889, Marshall Papers.
52 Marshall to unidentified recipient, 2 December 1889.
54 The Present Position of Economics (1885), reprinted in Memorials, p. 156. In some cases this was fair comment. On the other hand Marshall, like any economist, was liable to judge his rivals’ displayed skills in terms of their relevance to his own objectives. Thus he risked translating all differences of intention into simple differences of competence, hence into the presumption that he was being more ‘economic’ than they were. Therefore ideological and technical orthodoxies tended to be linked.
57 Marshall to Foxwell, 22 July 1883.
59 Though Parsons much exaggerates the resulting inconsistencies in Marshall’s work. See chapter 9.
60 See Marshall to Foxwell, 25 January 1897; also Marshall to Cannan, 22 September 1902, Cannan Papers, L.S.E.
61 However, earlier editions of the Principles say the exact reverse. The second edition (1891), p. 73, having doubted whether Mill gave economics exactly the right scope, continues: ‘what is wanted is a general principle which shall determine the point in the widening of the scope of economics, at which the growing loss of scientific precision would begin to outweigh the gain of increasing reality and philosophical completeness’. This remained in the next two editions, but was deleted in the fifth.

3. John Neville Keynes, a reluctant lieutenant

2 Keynes diaries (Cambridge University Library, Add. Manuscripts 7827–7867), 18 January 1873.
3 ibid., 20 February 1873.
4 ibid., 2 June 1873.
5 ibid., 16 August 1873.
6 ibid., 13 December 1875.
7 Whole paragraph based on Keynes diaries, 18 December 1884–31 January 1885.
8 ibid., 15 February 1887.
9 ibid., 13 January 1888. However, Foxwell, in one of the most inaccurate
prophetic passages of all time, pressed Keynes to stay. 'Think of the effect your move may have on your son. He may grow up flippantly epigrammatical and end by becoming the proprietor of a Gutter Gazette, or the hero of a popular party; instead of emulating his father's noble example, becoming an accurate clearheaded Cambridge man, spending his life in valuable unpretentious service to his kind, dying beloved by his friends, venerated by the wise and as unknown to the masses as true merit and worth mostly are' (recorded in Keynes diaries, 16 January 1888).

10 See p. 46.
11 Keynes diaries, 14 December 1884, 24 March 1892, 12 July 1888, 2 July 1886, 26 November 1884, 19 October 1892.
12 ibid., 20 August 1903.
13 ibid., 8 December 1909.
14 ibid., 11 May 1886, 25 May 1888, 24 October 1894, 2 November 1894, 11 December 1899, 15 October 1902.
15 The diaries give a full picture of the Keyneses' domestic life. We are in a world of three hundred presents for a middle-class wedding, pained inquiries into the chastity of servants, hair restorers and bicycle lessons. Keynes found getting off his mount so difficult that, in learning it, he unfortunately lost the knack of getting on. Eventually he turned to Maynard for tuition. We also learn that Maynard (aged 5) became the youngest economist to endorse Marshall's definition of economics as the science of measurable motives. 'He says he thinks he shall call his Mother pounds because he values her so much.' Also entertaining (though not, apparently, to Keynes) are the visits of Keynes' vulgar friend Spokes, who sounds more like Mr Pooter's vulgar friend Gowing than any real-life character has the right to be.

4. Cannan and Nicholson

5 ibid., p. 10.
6 ibid., p. 23.
7 Cannan, lecture notes for 1907–8, p. 25, Cannan Papers.
8 ibid., p. 4.
9 Cannan to Fay, 17–30 December 1908, Cannan Papers.
10 Cannan, lecture notes, 1907–8, p. 63, Cannan Papers.
11 Fay's letter is not in the Cannan Papers, but Cannan's 'capitulation' took place in his reply of 30 December 1908.
12 Cannan, lecture notes, 1907–8, supplement for 1909–10, p. 186, Cannan Papers.
13 Cannan to Fay, 28 October 1913.
14 ibid.
Notes to pages 74–84

15 16 May 1914.
16 February 1915.
17 'Godfrey' was a cough mixture, containing laudanum, much used for keeping babies quiet.
18 Adding, however, 'Of course, individual "Socialists" are, many of them, idiots, demagogues, or artists!' Webb to Cannan, 1 April 1889, Cannan Papers.
20 Keynes diaries, 28 March 1900.
22 Nicholson to Cannan, 27 December 1918, Cannan Papers.
23 Nicholson to Keynes, 18 January 1892, Keynes Papers, Marshall Library.
24 Marshall's home in Madingley Road, Cambridge.
28 Nicholson's Presidential Address to Section F in 1893 drew a distinction between Marshall, a first-rate mathematician with a sure enough grasp of the subject to translate his findings into prose and relegate the mathematics to appendices and footnotes, and Jevons, who 'struggles with the differential calculus as a good man struggles with adversity', and whose mathematical theory of utility 'savours too much of the domestic hearth and the desert island' (Strikes and Social Problems), p. 178.
29 Nicholson to Keynes, 27 July 1890, Keynes Papers, Marshall Library.
30 The letter also indicates the reason why: 'I sent Marshall a copy of my book. Generally he sends me in return a printed form with his comments. Judge of my amazement when I receive almost by return a letter in which he says "it will be of exceptional interest and assistance to me as well as a public benefit". What do you think of that? He then goes on to say that there is a lot of Adam Smith in his coming book — in the modern part. Generally Marshall only favours me with the most vague intimations of his labours. What has happened? This change of attitude is at any rate pleasing personally.' The book of Nicholson's was A Project of Empire.
31 Nicholson to Keynes; copied into Keynes' diary, 28 July 1885. Nicholson was commenting on Ingram's article 'Political Economy' in the Encyclopaedia Britannica.
32 Keynes diaries, 2 June 1885.
33 The Effect of Machinery on Wages, London, 1892, p. 132.
34 Principles, vol. 1, p. 16.
36 ibid., p. 30.
37 ibid., p. 33.
38 ‘A Plea for Industrial Liberty’, lecture presented at Edinburgh University, October 1892. Published in Strikes and Social Problems, p. 147.
39 ibid., p. 147.
40 Political Economy as a Branch of Education (Edinburgh, 1881), p. 12.
41 Historical Progress and Ideal Socialism (London, 1896), p. 27.
44 ibid., p. 185.
49 For what appears to be Nicholson’s idea of ‘natural justice’, see p. 209.
50 The Effect of Machinery on Wages, p. 100.
51 Nicholson, A Dreamer of Dreams, p. 87.
52 The Times, 13 May 1927.

5. Cunningham and historicism

2 ibid., p. 128. Cunningham had been a liberal in his youth but, after engrossing himself in Gladstone’s Midlothian campaign in 1879–80, characteristically announced his conversion to the conservative cause.
6 Christianity and Social Questions, p. 99.
7 Political Economy Treated as an Empirical Science (Cambridge, 1887); Modern Civilisation in its Economic Aspects.
8 Political Economy Treated as an Empirical Science, p. 10.
9 ibid., p. 20.
12 ibid., p. 8.
emphasis in his position. The Economics of Industry (1879, jointly with Mrs Marshall), had said: ‘In backward countries competition exerts but little influence; men do not forecast the future, and deliberately shape their course by a calculation of distant advantages. They rather drift along under the influence of custom, doing the same work in the same way, and for the same remuneration as their fathers did it’ (p. 65).

Cunningham to Keynes, recorded in Keynes’ diary, 27 April 1885.


Keynes’ diaries, 21 April 1885.

Audrey Cunningham, William Cunningham, p. 64.


ibid., p. 470n.


ibid., p. 723.


See p. 62.


29 September 1892.


Published by the Cambridge University Press, 26 May 1903.

A typed copy of the Board’s statement is in the Marshall Papers.

Christianity and Socialism (London, 1909) p. 5. Cunningham had been extremely upset at the way Foxwell had been passed over in favour of Pigou on 30 May 1908, and mentioned the affair from the pulpit the following Sunday. See R. H. Coase, ‘The Appointment of Pigou as Marshall’s Successor’, Journal of Law and Economics, October 1972.


Even in ‘A Plea for Pure Theory’ Cunningham did not deny the necessity for causal generalisations; he merely said that they should be confined to economic history and excluded from ‘economic theory’ as he redefined it.


The best summary of Cunningham’s position on this issue is not in Politics and Economics but in Modern Civilisation in its Economic Aspects, pp. 183–8.


Christianity and Social Questions, p. 75.


ibid., p. 16.

Audrey Cunningham, William Cunningham, p. 63.
43 Christianity and Social Questions, p. 74.
44 ibid., p. 13.
45 ibid., p. 5.
46 Augustine Birrell, liberal politician.
48 See the last line of quotation from Christianity and Economic Science on p. 110 here.
51 ibid., p. 3.
53 Cunningham, 'A New Contribution to Economic History: Ashley’s English Economic History', Political Science Quarterly, 1891.
54 Ashley went to America a liberal and came back a unionist; but in private conversation he called himself an 'evolutionary socialist' to the end of his life (see Anne Ashley, William James Ashley (London, 1932). Of the other historicists, the closest to Cunningham in political outlook was Ingram, who saw the connection between religion and politics in terms very similar to Cunningham’s (see Ingram’s History of Political Economy (1st publ. 1888), 2nd edn, 1915, p. 299). But, politics aside, no two historicists were further removed in viewpoint. Remarks by Ingram such as the following must have been anathema to Cunningham: 'The variations depending on difference of race, as affecting bodily and mental endowment, or on diversity of external situations, are secondary phenomena only; they must be postponed in studying the general theory of social development' (ibid., p. 199).
57 ibid., p. 10.
58 ibid., p. 6.
59 ibid., p. 8.
60 ibid., p. 4.
62 ibid., pp. 484–5.

6. Two economic outsiders: Macleod and Crozier
2 ibid., p. 142.
Notes to pages 122–31

3 ibid., p. 142.
4 ibid., p. 148.
6 The History of Economics, p. 166.
7 Elements of Economics, vol. 1, p. ix.
8 ibid., p. x.
9 The History of Economics, p. 166.
10 ibid., p. 164.
11 Elements of Economics vol. 1, pp. 130–1.
12 Address to the Electors (Cambridge, 1884), p. 18. As an afterthought Macleod adds that economics also requires ‘a thorough investigation of the history of every country in the world’. This modest proposal sits ill with his dismissals of geographical relativism.
13 Thoughts on the Forthcoming Election of a Professor of Political Economy in the University of Cambridge (Cambridge, 1863).
15 ibid., p. 108. Compare Marshall, recorded by Neville Keynes: ‘Amongst other things he said he would give his right arm never to have learnt any classics; the time that he wasted on classics might so much more profitably have been spent on music, drawing, sculpture, a few modern languages, biology and general culture.’ J. N. Keynes diaries, 26 April 1877.
16 ibid., pp. 100–1.
17 ibid., p. 123.
18 ‘Handloom weavers study geometry; shoemakers are proficient in polemics; tailors especially affect politics... If a man being compelled to earn his own livelihood would study, or indulge the imagination, he should seek for the purpose a peculiarly simple subdivision of labour’ Elements of Economics, vol. 2, p. 176.
19 ibid., pp. 142–52.
20 ibid., p. 194.
21 ibid., p. 100.
22 ibid.
23 History of Economics, p. 135.
26 History of Economics, p. 135.
28 On p. 158, Jevons’ ‘sunspot’ theory of the trade cycle is dismissed as a ‘Bedlamite craze’.
30 Elements of Economics, vol. 1, p. 298.
31 Economics for Beginners, p. 35.
32 ibid., p. 32.
34 History of Economics, p. 164.
35 Elements of Economics, vol. 1, p. viii. The History of Economics also
Notes to pages 131–60

claimed (p. 78) that 'there is not much difference in the ideas involved in protection and the slave trade'.

36 *Elements of Economics*, vol. 2, p. 211.
38 *History of Economics*, p. 81.
39 *ibid.*, p. 98.
41 *ibid.*, vol. 2, p. 140.
42 *ibid.*, p. 33.
45 *ibid.*, p. 17.
46 *ibid.*, p. 478.
47 *ibid.*, p. 396.
48 *ibid.*, p. 391.
49 *ibid.*, p. 483.
50 See, for instance, Crozier's 'refutation' of Mill's belief that a general glut was impossible. *The Wheel of Wealth*, p. 38.
51 *ibid.*, pp. 479–80.
52 *ibid.*, p. 441.
53 *ibid.*, p. 442.
54 *ibid.*, p. 494.
55 *ibid.*, p. 498.

7. Hobson's choice

7 *ibid.*, p. 103.
8 *ibid.*, p. 104.
9 *ibid.*, p. 102.
12 See pp. 49–50.
14 This information is from Joan Robinson, quoted in Peter Clarke, *Liberals and Social Democrats*, p. 48.
15 5 May 1900.
Notes to pages 161–77


8. Orthodox welfare economics

4 Marshall to Acland, 26 February 1886, Marshall Papers.
7 From some jottings on Bernoulli, dated 1907, Marshall Papers.
8 'Economics and Utilitarianism', ms. dated 20 August (no year), Marshall Papers.
11 ibid., p. 114.
12 ibid., p. 117.
13 ibid., p. 117.
14 ibid., p. 119.
15 Bastable, 'Ireland's Place in the Financial System of the United Kingdom', Economic Journal, June 1896. By 'free' income, Bastable meant income above the minimum of subsistence—an amount which, like everyone else before and since, he completely failed to define. Bastable thought this minimum, whatever it was, should be exempted from taxation, which should otherwise be proportional. Edgeworth disagreed. Applied utilitarianism, he told Bastable, should not by its gaps frighten economists into safe choices, but by its egalitarian spirit give them the courage to make radical ones. 'The golden mean is not to be attained by creeping cautiously close to the limiting extreme—nimum premendo litus inquam. The guiding star of Utilitarianism shines in a direction away from that hard coastline and gilds the bolder course with the light of pure theory' (Edgeworth, quoted from Papers Relating to Political Economy, p. 119).
16 Thus Sidgwick, for example, included among the economic consequences of unfettered enterprise cases where an entrepreneur appropriated more than the whole net gain to the community of his enterprise, as when B, by building a better railway than A's existing one, got paid for a large part of the utility that A before supplied (Principles of Political Economy, p. 408). Pigou's reply was that the inequality between the increase in B's profits and the increase in total profits was irrelevant; the total product was maximised when one unit of investment was equally productive in either use and, ceteris paribus, total private product was
maximised with the same allocation of investment as was total social product (Wealth and Welfare (London, 1912), p. 161).

17 Official papers, pp. 91–2.
18 Wealth and Welfare, p. 393.
19 Pigou, Socialism versus Capitalism (London, 1937), makes the suggestion that cutting 'investment in the health, intelligence and character of the people be made a criminal offence.'

9. Economists and ethics

1 J. N. Keynes, The Scope and Method of Political Economy.
7 This point is discussed at greater length in chapter 2.
11 ibid., p. 53.
12 ibid., p. 53.
13 Devas, Political Economy.
15 ibid., p. 320.
16 ibid., p. 263.
18 L. Robbins, 'Mr Hawtrey on the Scope of Economics', Economica, June 1927.
19 This information comes from the late Professor Philip Sargant Florence (pers. comm., 29 May 1981).
21 'W.J.A.' Oxford Magazine, 1 February 1887, quoted by A. Kadish in The Oxford Economists in the Late Nineteenth Century (Oxford, 1983). It is also worth noting that Ashley, alone among his contemporaries, argued that even the economist's ability to make value-judgements was historically relative, claiming that the idea of the just price made sense in the thirteenth century (when a fair recompense which would allow a craftsman to live 'a decent life' was fairly readily identifiable),
but not in the twentieth (when value was 'something entirely subjective; it is what each individual cares to give for a thing') An Introduction to English Economic History and Theory, vol. 1, pp. 138–40.


24 ibid., p. 16.

25 ibid., p. 232.

26 ibid., p. 233.


28 E. Cannan, Political Economy and Socialism, entry for Cobden Essay Prize, 1886, p. 86, Cannan Papers, L.S.E.

29 ibid., p. 87n.

30 ibid., p. 87.


32 See chapter 3.

33 Dundee Advertiser, 14 July 1914.

34 Church Gazette, 23 June 1900.

35 Economic Review, October 1894, p. 533.

36 Chiozza Money to Cannan, 27 May 1903, Cannan Papers, L.S.E. It is to be hoped Cannan did not reply to Chiozza Money in the vein he used on Fay: 'Equity ... is a silly childish question, and the Americans ask it for that reason, they being in their infancy. Equitable! Why, if I had a lion's tail and a donkey's ears, I could make thousands a year and see the world by sitting in a show for an hour in the evening, what has equity to do with that?' Cannan to Fay, 7 February 1909, Cannan Papers, L.S.E.


Notes to pages 197–206

41 A. Marshall, 'The Province of Political Economy', Beehive, 2 May 1874.
42 Third lecture on Henry George, reported in Western Daily Press, 6 March 1883.
43 Cannan, notes on Marshall's lectures, 11 November 1891. Cannan Papers, L.S.E.
44 ibid., 11 November 1891.
45 ibid., 18 November 1891.
47 15 February 1886.
50 Principles, 1st edn, p. 81n.
51 Principles, 8th edn, p. 531.
55 E. Cannan, lecture notes, 1907–8, p. 9, Cannan Papers, L.S.E.
57 ibid., p. 6.

10. The ideology of marginalism

1 E. Cannan, Political Economy and Socialism, Cobden Essay Prize, 1886, p. 114. Cannan Papers, L.S.E.
3 (i) competition secured for workers the gains of all technical progress. (ii) Rich entrepreneurs, capitalists and shareholders were only receiving the rewards of ingenuity, industry and thrift. (iii) Capital (the product of thrift) was so mixed up with land values that even rent had no certain element of unearned increment. (iv) Workers as a class could only get higher wages by becoming more efficient. (v) Capital's and labour's interest coincided. (vi) Taxing the rich recoiled on the worker by reducing the demand for labour. (vii) Nationalisation was unjust and uneconomic. (viii) The remedy for all ills was improved individual character.
Notes to pages 206–12

10 Quoted by G. M. Koot in an unpublished article.
11 Cannan, Theories of Production and Distribution 1776–1848, p. 310.
12 Cannan, 'The use of estimates of aggregate capital and income as measures of the economic welfare of nations', ms. of conference papers. B.A.A.S. Section F, 1890, pp. 15–16. Cannan Papers, L.S.E.
13 ibid., p. 17.
16 See above, chapter 2.
19 See chapters 4 and 6 respectively.
20 And that Saint-Simon had more claim to be called a man of genius than Marx. H. Sidgwick 'The Economic Lessons of Socialism', Economic Journal, September 1895, pp. 337 and 338.
21 See chapters 2, 4 and 6 respectively.
22 'Nor could the impartial bystander, whether he were more dissatisfied with the economists or with the socialists, deny the sinister pertinence of much of Mr. Hobson's shrewd suggestive indication of defects crying for reform ...' L. L. Price, review of Hobson's Work and Wealth (paper unidentified; the review is in Hobson's press-cuttings book, now in Hull University Library).
30 Edgeworth, review of J. B. Clark's The Distribution of Wealth (London and New York, 1900), Economic Journal, December 1900, p. 537.
32 ibid., pp. 334–5.
33 P. H. Wicksteed, 'The Scope and Method of Political Economy in the
Notes to pages 212–24

34 *ibid.*, p. 10.
38 Most of what we have said about paradigms applies also to the specific theories within those paradigms. Indeed in one respect it applies more strongly. Theories, unlike paradigms, are always consciously articulated so as to be understood and accepted. This leads economists into expository devices with a selective emphasis of their own. If Marx had simply listed the different factors affecting the rate of profit, his theory on the subject would be much harder to grasp. By picking out one of these factors—the rising organic composition of capital—and elevating its effect into a ‘law’ ruling among mere ‘tendencies’ (the effects of the other factors), he turned an amorphous set of hypotheses into an orderly skeleton with a backbone and five ribs. Yet who can deny that, had the tendency of the rate of surplus value to rise been given pride of place, many opinions about capitalism’s life expectancy would have been altered?
41 *ibid.*, p. 105.

II. The Marshallians and the Pigouese

1 Cannan Papers, L.S.E.
4 *ibid.*
7 This information came from the late Professor Philip Sargent Florence (pers. comm., 29 May 1981). Pigou's appeal had been preceded by an ugly exchange of letters in the Morning Post. It was started by Macleod's son, R.H. Macleod (a Fellow of Christ's College, though not in economics), who, in connection with Pigou's forthcoming appeal, asked whether the teaching of economics, 'at least of the particular brand in favour in Cambridge' was 'desirable, let alone indispensable' in wartime. Macleod quoted a Section F paper by Cunningham which had said there was 'some reason for believing' that Pigou's style of economics had helped prevent effective conduct of the war. Pigou angrily replied that Macleod had attacked not just him but the entire Faculty, all of whom but himself were in government departments or in the army. Pigou's letter mentioned neither Cunningham nor his paper, either directly or by implication; but this minor detail did not bother Cunningham, who promptly claimed that if Pigou had come across his paper 'he would have known that it does not consist of wholesale "insinuations" but that it is discriminating'. (This remarkable rejoinder to something Pigou had not said aroused even the placid Neville Keynes to write in his diary that Cunningham was 'beneath contempt'.) Pigou replied that he did not have to defend his abilities either against 'Dr Cunningham, who is an eminent authority on the economic history of England prior to 1846' or against 'Mr Macleod, of the subject-matter of whose eminence I am unfortunately unaware'. Cunningham leapt to the defence of 'the son of my old friend'; meanwhile 'a Member of the Senate' informed everyone that he had once been to a lecture of Pigou's and not thought much of it, and so was quite ready to let him 'use his talents in a wider sphere'. Pigou did not bother to reply to any of this, so a disappointed Macleod tried to start things up again. 'May I call the next witness?' The next witness was G.G. Coulton, who had apparently said Pigou had said the nation was 'morally bound' to try out his 'untested theories' etc. etc. etc. (Morning Post, 26 April–6 May 1916). Perhaps Macleod can be excused by heredity and Cunningham by failing health.
8 Foxwell to Keynes, 5 April 1881. Keynes Papers, Marshall Library.
9 Foxwell to Keynes, 25 January 1892. The 'guide' was a students' guide to economics teaching in Cambridge.
10 See p. 57n.
11 Foxwell to Keynes, 6 February 191.
12 See C. E. Collet, 'Professor Foxwell and University College', Economic Journal, December 1936.
13 See chapter 2.
16 ibid., p. 386.
17 ibid., p. 386.
18 See p. 74.
19 Smith’s article appeared in two parts: October 1913 and January 1914. Florence’s reply was published in the Review in April 1914.
20 Except, of course, for the supremely important consideration that monetary instability threatens the social order – a fact which, however, is too big and uncontentious to generate the kind of intricate non-economic penumbra around monetary questions needed for specifically economic and less specifically economic styles of discourse to emerge and compete with one another.
21 Fraser to Cannan, 10 October 1896, Cannan Papers, L.S.E.
22 See p. 62.
24 Strictly speaking, theories can only be brought face to face with other theories. By ‘uncontested evidence’ we mean theories which have been relegated to ‘unproblematic background knowledge’.
25 A brief rebuke from the depths of a tent, it seems, was the nearest to an audience that even Fay (a cousin by marriage as well as a colleague) could expect (see p. 223). And Professor Sargent Florence, who was in Cambridge, either as an undergraduate or as a don, for most of Marshall’s retirement, never met Marshall at all, seeing him but once – at King’s Cross railway station.
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