

A Soaring Eagle

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Peter Groenewegen, *A Soaring Eagle: Alfred Marshall 1842-1924*. Edward Elgar, Aldershot, 1995. Pp. xiv + 874. ISBN 185898 151 4.

Alfred Marshall remains one of the most influential twentieth century economists. Yet until now an exhaustive biography of Marshall has not been available - we have had to contend with Keynes's brief essay. This gap has now been remedied with the publication of Peter Groenewegen's "A Soaring Eagle: Alfred Marshall 1842-1924". The book not only explores Marshall's intriguing life, but deals in considerable detail with the economic and social environment and controversies of the late nineteenth and early twentieth centuries. The biography has already won critical acclaim and will certainly become one of the more highly regarded contributions to economic literature by an Australian.

First launched in Cambridge UK in late April 1995, the NSW Branch of the Economic Society, in conjunction with the Department of Economics and the Centre for the Study of the History of Economic Thought at the University of Sydney, launched the book on the 27th June. Alex Millmow recorded this event in the *Campus Review*, August 3-9, 1995 p.12. The book was also the subject of a special launch, sponsored by Edward Elgar Publishing, on July 12th at the Eighth HETSA Conference. In what follows, four commentators offer their reflections on the biography.

It is a very great honour, in many different ways, to be participating in the launching of this important work. It seems to me extremely appropriate that the Australian launching was jointly sponsored by both the Centre for the Study of the History of Economic Thought, and the Economic Society of Australia, given the important contribution which Australian economists have made in helping our understanding of the key developments of modern economics. Peter Groenewegen's book not only represents a watershed in our understanding of the life of one of the most important, yet enigmatic, developers of modern economics, but it also continues a tradition of Australians writing path breaking works in the understanding of the most important English economists of the late 19th and early 20th centuries. So far Australians have contributed major works on Jevons, Edgeworth, Keynes, D.H. Robertson and the Cambridge school. Now Marshall has been added to that list.

In Marshall's case, the Australian connection played an important role in his being able to pursue an academic career, in an episode which well illustrates the nature of the contribution of the biography. Though Marshall never visited Australia, his uncle, Charles Henry, made his fortune in Australia as a pastoralist in a manner mythologised by Keynes. According to Keynes, Charles Henry eschewed sound economic principles for the sake of either altruism or eccentricity and only employed on his farm labourers who suffered from physical disabilities; including the blind or the maim. When the gold rush came, all able bodied workers migrated to the gold mines,

so Marshall's uncle was the only farmer able to carry on. As it was through the generosity of this uncle that Marshall was able to go to Cambridge, the irony of the founder of modern economics being able to pursue his chosen career through fortunes gained by ignoring sound economic principles should not be lost on anyone. Unfortunately, like many good stories, this one is apocryphal, as the biography makes clear. Rather, it appears that Marshall's uncle relied on more dubious sources for his labour.

The importance of Marshall to the development of modern economics cannot be emphasised enough. I will assume there is no need to go over his contributions to economics. These are further demonstrated in the contributions of his students. Two of the better known of these are Pigou, who was the founder of much of modern welfare analysis, and Keynes, whose own contributions are amongst the most important and most controversial in economics. Marshall himself has been called "one of the most perplexing of all great economists", and certainly his life has been the most enigmatic.

Marshall was a mass of contradictions. To give you some randomly chosen examples, he met his wife while lecturing economics to women in Cambridge, but subsequently took a strong view that university education was not appropriate for women; he invented the metaphor of the scissors of supply and demand, but insisted that this had been understood by the economists who preceded him, it was just that they chose to stress different blades; he stressed the importance of history and historical analysis but is best known for his contributions to static equilibrium analysis. Finally, he wanted economics to solve practical problems, but would always modify any policy advice with an almost infinite list of qualifications. This last characteristic led to Marshall being known as the great qualifier. Keynes, in comparing Jevons to Marshall notes that, whereas Jevons "chiselled in stone... Marshall knits in wool" precisely because of all the qualifications which prevented him from stating any principles in a simple way. Of course, when subsequent problems were uncovered in his analysis, this wool began to unravel.

It is part of the contribution of the Marshall biography to help us to understand the reasons for these contradictions. This is important in understanding a number of particularly puzzling questions such as the reasons behind Marshall's decision to pursue a career as an economist, after starting life as a mathematician; why he did an about turn on the question of women's education; in understanding his vision of economics, which was to shape the face of contemporary economics, as it was Marshall more than any other individual who was responsible for the professionalisation of economics. This pointed to the fact that as well as being an important academic, and the writer of a book which was regarded as the "bible" of British economics for over a generation, he also was the professional leader of British economists. If I may quote from the penultimate chapter of the book, which outlines Marshall's legacy:

Such enduring features in Marshall's work give it its classical quality, that of continually influencing in various ways the manner of thinking about today's economic problems. This methodological legacy from Marshall's work has various dimensions which remain vibrant. ...

First is the requirement that economics needs to be in constant touch with the facts, if only because its contents itself change with the facts. This is the feature of economics as a moral and social science differentiating it in general from the 'natural sciences' and which, for Marshall made economic biology the mecca of good economists. ...

Second, there is Marshall's emphasis on *useful* abstraction, so visible in his emphasis on the utility of partial equilibrium. ... To put this in another way, precision in economics on Marshall's terms is only achieved by over-simplification, which either negates any importance a proposition may have for application, or turns it into banal trivia. ...

Third, Marshall's views on the objectives of economics were never constrained by a positivist agenda of normative/positive economics. ... For Marshall, economists do not

only have to explain their world, they have an unambiguous duty to assist in changing it for the better. ...

Finally, economics is conceived by Marshall as a 'box of tools', a method of thinking. It is not a system of ready-made propositions by which economists can turn the world into the image of their textbooks. The toolbox enables systematic classification of relevant factors, as well as selecting appropriate methods of analysis. [pp. 760-761]

Contemporary economics could certainly benefit from revisiting these principles.

Until the biography, very little was known about Marshall's life or his family. Partly this was a result of Marshall deliberately throwing up smoke screens. Up till now, the main biographical statement of Marshall's life came from Keynes' essay. It is not, therefore inappropriate that I steal a line from Keynes in describing Professor Groenewegen as "he from whom nothing is hidden". In writing this fascinating biography he has demonstrated investigative prowess which would make Sherlock Holmes envious. In doing so he has penetrated Marshall's smoke screen and revealed much about the man and his background. The end product is a book about one of the most important, and misunderstood of modern economists which while being a good read, also provides significant insights into the life of the man, helping us understand what made him "tick".

The task that Professor Groenewegen undertook was enormous. The magnitude of that task is reflected in the fact that, although Marshall's importance has been acknowledged by all economists, and that he died over 70 years ago, this is the first biography. The size of the job has been immense, in no small part, due to Marshall himself covering many of the tracks, by giving deliberately false leads. That this monumental endeavour has been achieved in such a palatable manner is a credit to Peter. His painstaking labours in pursuing archives, interviewing people, tracing down clues and then putting it all together is rewarded by the manuscript which will stand the test of time. It is a work chiselled in stone, which will throw light for a long time to come.

Peter Kriesler
University of New South Wales

I am delighted to launch a major, indeed a monumental, work by my friend Peter Groenewegen, his biography of the great English economist Alfred Marshall. Peter and I have been friends for nearly forty years, since we first met as undergraduates at Sydney University; we had at that time and have retained many common interests, not least in the history of economics, even as our careers have diverged. Peter is of course now a respectable professor of economics at Australia's leading university; I am now merely a rather disreputable scribbler in the daily newspapers.

Perhaps this is one reason why I have less sympathy with his subject than he has, as any good biographer must have. I would not deny Alfred Marshall's very great importance in the development of the discipline of economics, and not just in the English-speaking countries. Peter Groenewegen is one of the few people in our universities who has sufficient breadth of knowledge and depth of training to have undertaken such a work, and he has produced a volume which not only tells us everything that can reasonably be known about Marshall's personal and professional life, but he has set it in a context of understanding of Marshall's intellectual concerns which few could match anywhere.

Peter is a genuine scholar of the old school, an academic in the best sense, of a kind which it is difficult to find in the universities these days.

At the same time, he is much more. His professional concerns and publications in economics and the history of economics range widely. He is the author of the best single text in Australia on public finance. He has written widely on the intricate areas of federal-state financial relations in Australia. He has acted as an adviser to governments of all kinds - but he will not be heartbroken if I mention that his sympathies are and always have been with the Labor Party, notwithstanding a certain amount of slumming around the Sydney Push in his youth. He is a genuine expert on the real intellectual content of Marx's economics, not a mere captive of now defunct ideological fashion. And his knowledge of the history of economics over the last 300 years is immense. He is respected for his work especially in this field throughout the world. He has never strayed from a commitment to intellectual integrity and to democratic socialist reformism, to liberal humanism, and to democracy. It is a rare academic who can boast of such a combination of practical concerns and thorough scholarly work as is exemplified by the Marshall biography.

Let me turn to the book itself. I shall certainly not attempt to summarise it, or give you selected readings, but will just make a few remarks about aspects which struck me as I read it.

First of all, there is the matter of Alfred Marshall's character. This is a matter which first attracted both our attention when we read Joan Robinson's brilliant little pamphlet "On Re-reading Marx", when she remarked "the more I read of Marshall the more I admire his intellect and the less I like his character". She was referring here to Marshall's intellectual character - the way in which he used to dress up very difficult issues in platitudes, so as to make them seem simple, while hiding the complexities in footnotes and appendices. He was intellectually sneaky. But the issue of his character goes far beyond this. To me he seems best described as a nasty little sh--. He treated his highly intelligent wife Mary Paley Marshall as a servant all her life, ensuring that she would never be anything but a home-maker. This was not for the sake of motherhood, since they never had any children, but for his own personal convenience. Only in old age, when speaking to the American economist Seligman, did she ever confess in a way which could be later reported how bitter she felt about Marshall's treatment of her.

Why they never had children we don't know - Peter suggests that Marshall might have been impotent, and indulges in a little unseemly parlour psychoanalysis on the subject - the only time he strays into the modern mode of biography. Perhaps he could have speculated on Marshall's sexual orientation, which if he was purely hetero was clearly out of step with the rest of Cambridge economics, where it is still known as the Gay Science. Marshall was duplicitous towards those he conceived of as his rivals, and certainly ungenerous towards those who might have claimed prior discovery of some of the concepts he thought of as his own. He never admitted the worth of Jevons's theorising, and while himself claiming to great empirical knowledge never showed any of Jevons's talent for applied economics. Peter refers only glancingly to his (and Maynard Keynes') relations with Wicksell, the great Swedish economist, but does not refer to the claim by Per Jacobsson, the first managing director of the IMF, that Marshall owed a great debt to Wicksell's monetary theory as Keynes was to do later. He clearly detested most women, and though Peter calls him a feminist manqué he does not really make out a convincing case. The great exception in his treatment of women was perhaps the sparkling young Beatrice Potter, later to become the dragon lady of British socialism as Beatrice Webb. Incidentally Peter relates the story of Sidney Webb reading the whole of Marshall's *Principles* on its first publication in an afternoon - which perhaps sums up Webb's value as an economist. Beatrice at least took weeks, and probably understood a fair amount.

As to politics, Marshall was a milk and water reformist with nevertheless a genuine concern for the poor, and a fair understanding of the inimical effect of public ownership on the poor. His work on the Royal Commission on Labour in the 1890s led to a mutual respect and

correspondence between him and the socialist trade unionist, Tom Mann. Again, typically, Peter has read the whole forty-odd volumes of the evidence given to this commission.

Perhaps the most interesting thing about Marshall intellectually apart from this theoretical skill - the quintessence of which is expressed in his early papers on value and foreign trade, where he invented the concept of reciprocal demand and much of the apparatus of geometrical analysis - is that he thought of the direction of progress in economics not so much in terms of barren economic dynamics, nor even in terms of classical growth economics, but in terms of biology.

Here he may prove to have been prescient, as we once again return to concepts of evolutionary selection, of self-organising systems, of chaotic processes which nevertheless produce stable equilibrium points. Marshall may one day be reread in the light of these hints.

Perhaps I can say that as I finished this immense volume I came away with a renewed respect for Marshall's intellect, and a greatly fortified dislike of his character. But my friendship and respect for Peter Groenewegen has only been strengthened, while my admiration for his industry, knowledge and productivity has been greatly enhanced.

Padraic McGuinness

Educated for the most part, but not completely so - if one can disallow a PhD at the University of London - Peter Groenewegen is a University of Sydney man. After heading its Department of Economics he is currently Professor of Economics and Director at the Centre for the "Study of the History of Economic Thought" at the University of Sydney. Sortieing out of Sydney, he spent time at the London School of Economics, the University of Florence, ANU, Cambridge, Macquarie and again at Cambridge. He worked with me as a Member of the Humanities and Social Sciences Panel with the ARC many years ago - a time I still very much value for the association I had with him. He is an acknowledged expert in the history of economics, particularly English economics in the last century, and in research into public finance here in Australia and has produced a third edition text on *Public Finance in Australia: Theory and Practice*.

I have been asked to write this not by virtue of being an economist, but because I worked with Peter at a time when the project was maturing, and taking shape. It is a tremendous product for the ARC to be associated with and it does so with much pride. The work was funded originally in part by the ARC but later Peter was awarded a Senior Research Fellowship in 1990 which allowed him to devote himself fully to the project from 1991. It is a rich tribute from him to that granting agency to say the book might never have been finished without that Fellowship assistance.

Peter to me was always an esteemed and highly respected colleague. He brought to my working with him the kind of attributes that are recognised in this book by Professor A. W. Coats from the Duke University, North Carolina. Let me quote him to you:

"Given his worldwide reputation and immense influence on twentieth century economics, the absence of a scholarly biography of Alfred Marshall is shocking. Now, at last, Peter Groenewegen has filled this yawning gap, and his book is a major event for economists, intellectual historians and students of the social sciences. Groenewegen's research, extending over many years, has been exhaustive; his contribution to our knowledge of the man and his works is immense; his analysis of Marshall's writing is comprehensive; and throughout his judgement is balanced and insightful. This is truly a landmark achievement."

The opening line of this book established the meaning of Professor Coats remarks: "Alfred Marshall, the father of modern British Economics and founder of its Cambridge school, was born on Tuesday 26th. July, 1842, a fairly normal, London summer's day in the mid-Nineteenth century."

In perfectly routine fashion, Peter Groenewegen checked out ahead for this biography with someone who might have written it - John Whitaker. After hearing the answer "no," from Whitaker, he then in self-determined way set out on the project and devoted a major part of his important academic and professional life on bringing it to its fruition. Using his vast network of international colleagues in Britain, the US, and Continental Europe he has produced a scholarly, accurate and insightful text which notably deals with Alfred Marshall's life and work, but importantly incorporates it into what the book describes as "the rich institutional setting of later nineteenth century and early twentieth century Britain."

It is a book that is rich in understanding the man as well as illuminating what he wrote and as a psychologist I can safely give testimony to the fact that the book gives a thoroughly idiosyncratic view of Marshall's living (not just life) and his work.

Let me illustrate from the conclusion of the book to give a flavour of how it draws the threads together, expressing not only a profound knowledge of the History of Economics but emergent insights in the History of Ideas.

I am privileged to write on behalf of this book's author and to recognise this significant achievement.

Peter Sheehan
Pro-Vice Chancellor
University of Queensland

"It's all in Marshall." Well, not quite. But even a century after the publication of Marshall's *Principles*, there is more than a grain of truth in D.H. Robertson's confession: "When one discovers that one did not know beforehand everything that Marshall has to say, one has taken the first step towards becoming an economist." The range of Marshall's contributions to economic theory is astonishing. Gerald Shove listed "the equilibrium of demand and supply as the all-pervasive element in the pricing process, the balancing of small increments of costs and receipts, 'marginal productivity', 'elasticity', 'substitution', the distinction between long and short periods, 'quasi-rent', 'prime' and 'supplementary' cost, the elegant and serviceable expository device of plane curves". If we add Marshall's contributions to the theory of international trade, such as offer curves, and to monetary theory, such as the Cambridge equation of exchange, we have almost the whole corpus of what came to be called "neo-classical" economics. Marshall had precursors, especially Jevons. But it was the *Principles*, supplemented by *Industry and Trade* and *Money, Credit and Commerce*, that brought it all together - theory enriched by a vast array of historical and empirical evidence and thoughtful discussion of most of the issues of political economy and social reform that agitated late Victorian England.

What have the last hundred years added? Four major developments come to mind. First, Marshall's partial equilibrium analysis, with its *ceteris paribus* simplifications has been broadened into general equilibrium analysis. This has undoubtedly greatly enhanced the rigour of positive economic theory. But it is by no means obvious that it has increased the usefulness of economics as a guide to policy. Marshall thought that, for many purposes, partial equilibrium was a *useful* abstraction.

Much the same applies to the second major development, the overwhelming mathematicisation of economics since his days, with its empirical corollary of econometric modelling. Marshall studied mathematics before he turned to economics, and he took great pains to give his theory mathematical foundations. He once claimed that he had "worked out the whole skeleton of my present system in mathematics though not in English" before 1871, adding that he preferred geometry ("curves") to analysis. But he warned about the dangers of letting mathematics run away from "the actual facts of economics", doubtful "whether it is profitable to apply mathematical reasonings in the moral sciences". One sometimes wishes his warning had been heeded.

A third major development in economics since Marshall is no doubt the addition of dynamic analysis. Hicks called the decades after 1870 the "static epic". He was less than fair to Marshall when he referred to two "really rather perfunctory" chapters on economic progress in the *Principles*. The relations between capital accumulation, technical progress and rising living standards were a theme in Marshall's earliest writings, and "The Conditions of Economic Progress" was the title (later borrowed by Colin Clark) which he had intended for the fourth volume that never got written. Growth theory and development economics are certainly branches of the subject which, partly on the foundations laid by the classical school, represent an important extension of Marshall's neo-classical edifice.

Finally, of course, there is Keynesian macroeconomics. Marshall never developed a theory of income and employment. In all his writings about economic fluctuations, he had his eyes on changes in the value of money and on price stability as the prime objective of policy. There is just one passing reference to unemployment in the *Principles*, to the effect of "irregularity of employment" on wages in particular occupations. The Keynesian Revolution has unquestionably been the most important innovation in economic theory since Marshall. But even this change looks less decisive now than it seemed fifty years ago. Friedman's monetarism has restored to money supply some of the significance that Marshall accorded to it. After some decades of full employment and elastic inflationary expectations, price stability has again become a dominant policy objective. And the rate of interest is again seen as the price of capital, tending to equate saving and investment, rather than as the reward for parting with liquidity.

It is not all in Marshall. But a great deal of it is.

So conspicuous in the history of economic thought is the magisterial figure of Alfred Marshall that the lack of a biography, apart from Keynes's *Memoir*, has been a surprising gap in the literature. The gap has now been filled by Peter Groenewegen. The monumental volume, the fruit of ten years of hard labour, research and writing, is remarkable for the assiduity of its scholarship, its comprehensiveness, its many insights, its balanced judgment. Groenewegen has aimed to place Marshall in the history of economic thought, to present and analyse his views on every aspect of economics, to trace the antecedents and influence of his ideas, to explain how each of Marshall's books, articles and memoranda came to be written. But he is just as much concerned with Marshall the man, his virtues and failings. As he announces in the Introduction, his object has been to portray Marshall, "warts and all".

This is a huge book, nearly 900 pages, including over 2,000 footnotes and an index of 74 pages. It is difficult to believe that anyone will ever read it from cover to cover. Indeed, one wonders whether it need have been so long. Every event in Marshall's life, and every person, provide the occasion for lengthy digressions giving relevant and not so relevant background information. Groenewegen tracks down, and presents to the reader, thousands of facts - about Marshall's father's "two years in the Cash Book Office" of the Bank of England, about Marshall's birthplace, Bermondsey, about the Marshalls' Cambridge house ("an entrance hall and small privacy foyer... to the right of this was a pantry"), about the roof of their small hotel in Palermo "flat of course and covered with paved tiles" - which surely no one wants to know. Pages are

devoted to a list of the mathematics texts Marshall used at his school, to a ground plan of St. John's College (Marshall's room was "E6 in Third Court"), to the time table of the Cambridge Maths Tripos, to the Cambridge political economy syllabus. A reader who wants to inform himself about Marshall the economist will have difficulty seeing the wood for the trees.

The organisation of the book is also unusual for a biography, not chronological, but by themes. Thus, chapters on family, childhood, student and apprenticeship years are followed by two on Marshall's lifetime travels and lifetime marriage to Mary Paley, accounts of his career as a Professor by chapters on Marshall as a controversialist and a "feminist *manqué*", chapters on the *Principles* and on the New Tripos by chapters on Marshall's politics and friends. This works quite well, but it makes it hard to locate specific facts one may be looking for. The reader is not helped by the fact that the immense index gives page references in a useless alphabetical order (under "Marshall", for example, there are four pages of hundreds of entries running alphabetically from "his account" to "his youthful constitution") and by the lack of a bibliography or list of References (names in footnotes are not indexed at all).

These are regrettable blemishes. But they do not seriously diminish one's gratitude to Peter Groenewegen for the immense contribution he has made to our knowledge of Marshall, his life and work. The flavour of Groenewegen's assessment of Marshall, warts and all, is best indicated by quoting in full the peroration in the last paragraph of the book:

"This was the mixture which made Marshall. It produced a great economist and a cautious reformer. It created a scientist diligently seeking after truth but capable of hiding both his parental antecedents and his embarrassing place of birth. It created the moralist who unashamedly preached the worth, as aids to character building, of good consumption habits and general standards for living but who feared the social consequences of 'modern woman' being given the vote or a Cambridge degree. They showed the educationist who battled valiantly and persistently for a greater place in the sun for his beloved economics 'men' but who, with equal vehemence and persistence, deplored the unresearched consequences of women teaching to mixed university classes and showed annoyance when two women topped his last Economics and Political Tripos. It formed the leader of a profession who laid down generous rules for the treatment of predecessors, but who, if need be, was willing to hurl himself into the controversy to protect both his own good name and his principles and who preserved an open door for the *Economic Journal* to combat notions of orthodox Science as a contradiction of terms. Often humourless, pedantic, vain, selfish, ungenerous, even egotistical, he could at the same time be sensitive to the needs of others, courageous in his support of unpopular causes, generous of both time and money to advance teaching and students in the subject he professed and to which he made a lasting contribution in his writing. Much can still be learned in what to adopt and what to reject from the man and his life. In this sense, Marshall remains a soaring eagle."

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