

# A Book That Never Was: Marshall's Final Volume on Progress and His System of Ethical and Political Beliefs<sup>1</sup>

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**Abstract:** For Marshall, the possibilities of economic and social progress with their prospects for the elimination of human poverty, had been one of the motives which took him from philosophical studies during the second half of the 1860s to the pursuit of economic studies. This emphasis on progress and ideals stayed in his thoughts and plans for study for the whole of the good half-century which remained of his life at the start of the 1870s. The projected volume on economic progress he especially contemplated from the start of the 1920s marks the final episode in this life-long endeavour. This paper reflects on material preserved on the intended 'final volume' on economic progress as a book that never was, guided by the political, social and ethical ideas that had originally driven Marshall to economics and which, in brief, were encapsulated in the chapter added for the final editions of his most famous work. The first part of the paper examines the fragments preserved on that intended companion volume on progress, filling out detail, where possible, from Book VI chapter XIII of the *Principles*. Part II then links these contents to Marshall's political and social beliefs visible in what he later described as his youthful tendency to socialism, which was gradually transformed to a New Liberal position of his long lifetime. A final section presents some conclusions.

Economics was then not utilitarian, not intuitional: she left such questions to be decided by her mistress, Ethics. In early times, Ethics did all her own work. But as she got on in the world, she delegated much of the drudgery to various servants; of whom Economics was one of the most busy. Ethics now gave herself mainly to the higher problems of the ultimate basis of duty and the correlation between its various aspects. Ethics was raising her standard; and setting ever higher and higher ideals, as tasks up to which her servants had to work. (Marshall 1893, p. 389)

The average level of human nature in the western world has risen rapidly during the last fifty years. But it has seemed to me that those have made most real progress towards the distant goal of ideally perfect social organisation, who have concentrated their energies on some particular difficulties in the way, and not spent strength on endeavouring to rush past them. (Marshall 1919, p. viii)

For Marshall, the possibilities of economic and social progress, with their prospects for the elimination of human poverty, had been one of the motives which took him from philosophical studies during the second half of the 1860s to the pursuit of economic studies. This emphasis on progress and ideals stayed in his thoughts and plans for study for the whole of the good half-century which remained of his life at the start of the 1870s. The projected volume on economic progress he especially

contemplated from the start of the 1920s marks the final episode in this life-long endeavour, even though the actual construction of his second companion volume to the *Principles*, that is, *Money, Credit and Commerce*, ought to have given him the clue that such a project was no longer feasible. It seems not to have done so. Its preface, after all, expressed the hope 'that some of the notions, which I have formed as to the possibilities of social advance, may yet be published'. (Marshall 1923, p. vi) The consequences of progress in the economic sphere had of course been part of the conclusions of the first volume of the *Principles* from the first edition; just as it had been the topic for the concluding book of the planned second volume of the *Principles*. By the time that second volume was formally abandoned during the preparation of the fifth edition in the first decade of the twentieth century, the emphasis on progress in his first, major book was further enhanced by the addition of a new concluding chapter XIII, which looked at progress in relation to the standard of life, hence ending what by then had become 'a volume of foundations' on a higher, ethical note.

This paper reflects on material preserved on the intended 'final volume' on economic progress as a book that never was, guided by the political, social and ethical ideas that had originally driven Marshall to economics and which, in brief, were encapsulated in the chapter added for the final editions of his most famous work. The first part of the paper examines the fragments preserved on that intended companion volume on progress, filling out detail, where possible, from Book VI chapter XIII of the *Principles*. Part II then links these contents to Marshall's political and social beliefs visible in what he later described as his youthful tendency to socialism, which was gradually transformed to a New Liberal position over his long lifetime. A final section presents some conclusions.

A terminological matter ought to be briefly clarified here. Part of the paper comments on aspects of the third companion volume on economic progress, which Marshall planned during the final decades of his life as comparable to the two other companion volumes to the *Principles* he published in 1919 and 1923, that is, *Industry and Trade* and *Money, Credit and Commerce*. Its subject matter is therefore only very indirectly concerned with the projected second volume of the *Principles*, abandoned in the first decade of the twentieth century, because the projected volume on progress as a third companion volume to the *Principles* did fit in with one of the various table of contents prepared for the second volume of the *Principles*. The argument thereby supplements Whitaker (1990), devoted to discussing the fate of the second volume of the *Principles*, which Marshall had initially promised to his publishers, Macmillan, during the 1880s.

## **1 The Book on Social Progress That Never Was**

As indicated in the brief introduction to this paper, the study of economic progress was always part and parcel of the system of economics Marshall wanted to construct in book form, just as it had been invariably included as a topic in his teaching of economics at Cambridge and elsewhere. In the projected table of contents for Volume II of the *Principles* Marshall had drafted in 1887, its planned six parts or books were to end with Book XII, 'Aims for the Future' (Whitaker 1975, I, pp. 89-90), a topic which would have included Marshall's prognostications on what the future ought to contain as well as some issues of 'applied economics'. These plans for the second volume were, however, never mentioned in the preface to the first edition of the *Principles* when it appeared as Volume I of that book in

1890. Progress, in so far as it was discussed there, was identified with economic growth or 'the growth of the national dividend' and examined for its consequences on value, concentrating on the value of labour or the earnings of the various types of workers. However, the opening chapter of the work mentioned progress of the working class specifically as follows:

This progress has done more than anything else to give practical interest to the question whether it is really impossible that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty and from the stagnating influences of excessive mechanical toil; and this question is being pressed by the growing earnestness of the age. (Marshall 1890, p. 4)

The earlier *Economics of Industry* Marshall wrote with his wife did not explicitly deal with progress, but its final chapters on socialism, cooperation and labour issues can easily be described as what the Marshalls then would have considered as important aims for the future. The '1903' outline for the proposed second volume of the *Principles* avoided any direct reference to economic progress, but in its planned section 8 promised to deal with the distribution of national income on the lines 'of Book VI...of my first volume'. Hence it presumably would have included further examination of the growth of income and wealth (economic progress?) on that distribution and on the living standards as well as standards of life of the various groups of wage earners and other income recipients whose incomes Marshall had analysed in the other chapters of that Book.

When, by 1907, Volume II was explicitly abandoned as no longer feasible, it was replaced by the notion of companion volumes intended to cover the topics of that volume in greater depth. The first of these, *Industry and Trade*, appeared in 1919 to great acclaim. The second, *Money, Credit and Commerce*, was not published until 1923, and then in a form not really parallel to its predecessors, since it was less than half their length and consisted largely of excerpts from previously published, or unpublished, material, some of it dating back to the late 1860s. These two volumes, however, covered the first three intended Books of Volume II in the 1887 scheme, that is, foreign trade, money and banking and trade fluctuations and virtually all of the first seven topics of the 1903 plan. In addition, they provided much material on 'produce markets, business combinations, monopolies, transport problems, labour associations and combinations', all topics which featured strongly in *Industry and Trade*. When these contents are compared to the 1903 scheme for Volume II, the only topics left for a fourth and final volume were distributional issues supplementary to the treatment of the final Book of the 'first volume' of the *Principles*, and public finance. Under the 1887 plan, the final volume needed to cover the topics of the remaining half of its projected six Books, that is, taxation, collectivism and aims for the future.

An early outline of the contents for this proposed final volume dating from the 1920s was described as for a book on economic progress or, alternatively, as a volume dealing with the 'economic future'. It more or less matches the requirements for the final volume implied by the 1887 and 1903 outlines for the 'second volume' of the *Principles* and needs therefore to be reproduced. It contains the titles for three Books, with either topics to be included or requisite chapter headings for each of them:

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Book	I	The Nature of E[conomic] P[rogress]
	I	Introductory conditions of E.P.
	II	Various tendencies of E.P.
	III	Interactions among the tendencies of E.P. Note on diagrams in lower type
	IV	Sectional interests in E.P.
Book	II	Functions & Resources of Government in regard to E.P.
		Introductor[y]
		Currency
		Stability of Credit
		Taxes
		I[nternational] T[rade] competition
		Commercial Policy
Book	III	The Economic Future
		Influences of E.P. on the quality of life
		Retrospect & Prospect
		Ideal & Attainable. Poverty

(reproduced from Whitaker 1990, p. 217)

Book I of this outline covers economic progress and, presumably in its final chapter, the distributional consequence of that progress; Book II looks at the role of government, including public finance and what now would be called economic policy; while Book III deals at length with the economic future in terms of the effects of economic progress on the quality of life, the ideal and the attainable in this context and the implications for poverty, as influenced by the past and the foreseeable future.

However, deductions of this nature, based on plans for a second volume of at least two decades previously when a final volume could have been started, need to keep in mind that their author by this time was unable to focus clearly on his writing and had confessed that he had ‘consumed nearly a ream of paper on myriad drafts of the table of contents of my book [on economic progress]’.

The neat logic of the outline just reproduced disappears somewhat when compared with the other preserved ‘outlines’ from that ream of paper Marshall claimed to have devoted to this purpose. One of these notes indicated that Book I of the final volume was to include ‘I the study of economic tendencies, II influences of character on economic progress, III sectional interests in national economic progress’, while another note suggests it was to cover the range of topics Marshall had raised in his 1907 address on ‘The Social Possibilities for Economic Chivalry’ (Marshall 1907, 1925). These included such issues as the ‘convergence [in economic writings] as to social ideals and ultimate aims of economic effort’, ‘the temporary suspension of diminishing returns as giving special opportunities for social reform’, the potential for delaying progress in the long run by exaggerating the evils inherent in present economic conditions, chivalry in business, increased state activity for social amelioration but not the vast extension of state activities desired by collectivists which would be far less efficient than anything private enterprise could achieve and lead to social disaster, and finally, the role of the rich and of wealth in advancing genuine social progress.

Other notes and fragments, dating largely from the 1920s, dealt with attainable ideals, utopias, the relationships between economics and ethics, the requirements of economic progress, and the true meaning of human progress as Marshall tended to see it. Some of this material is epigrammatic, some of it fairly

structured, some of it comments on specific literature and some was produced without the benefit of any source material whatsoever. Only the framework Marshall gave in the draft outlines of his projected final book provides some coherence to this miscellaneous material. Marshall's disjointed reflections on progress and ideals provide a kaleidoscopic overview of his past aims and ideals, coloured with the impressions of contemporary events. Some of these fragments reflect his life-long ambiguity on the virtues of socialism and his constant devotion to lifting the standard of life as the ultimate end of economic study. They reveal continuing 'hard thinking' on the cultural, educational, ethical, psychological and economic forces eventually generating an evolutionary process of the character improvement which, for Marshall, was the essence of human progress. They refer to current events like the 1917 Bolshevik Revolution, the horrors of war as particularly revealed by the 1914-18 world conflict, and new schemes for guild socialism and workers' control, as well as to recent inventions of the gramophone and the cinema. They also recount old policies and dreams of good housing, fresh air and access to the pleasures of the countryside for all.

The extent of the proposed final inquiry is encapsulated by a fragment entitled, 'Ye Route to orderly progress towards Utopia', written in 1922. This stressed provision of 'a cultured life for all who care for it', 'education for everyone, youth men and women, and saving by the state' (Marshall Archive, Red Box (1) fragment dated 27 April 1922). The last aspect was clearly utopian, since Marshall's economics invariably stressed the reality of the state as borrower. An introductory fragment on economic progress listed development of moral and mental faculties as the wider part of the topic, increasing man's command over material requisites for moral and mental well-being as the narrower part. Economic progress was deemed essential for providing the crucial difference between the minimum necessary and the standard of comfort required for a high standard of life, and relied not only on business and its proclivities for capital accumulation, risk-taking and enterprise, but on the opportunities given to members of the working classes to supply the best genius for business.

Other fragments on ideals from the 1920s draw out other dimensions. In 1922, the ultimate aims of society for the future were conceived to include:

- a) health, physical and moral. This implies adequate food and warmth, interest in the well being of relations and friends and the exercise of affectionate [faculties];
- b) opportunity for (I) healthy exercise of faculties (he should be able to say with quiet pride – I have done a good day's work;
- c) scope for initiative;
- d) recreation of a kind adapted to his faculties – beginning with skittles (under cover) rising to cricket and football, and the simplest and yet almost fullest pleasures: walks by daylight or artificial light;
- e) creative work that exercises rare higher faculties.

(Marshall Library, Red Box 1(5), ultimate aims, dated 16 February 1922; point (b) contained no II in the original)

Aims (d) and (e) were explored somewhat further in the following preserved fragment:

Art for the sake of art is a most worthy purpose of human endeavour and literature and is perhaps the highest form of art. Art of all kind needs to be enlarged without stint. But, on quite a different plane, knowledge of nature is becoming a dominant power in the world. Knowledge of human nature is a most important pursuit for its own sake...

Thus our ideals are: work for all intelligent [people] but not carried to the length to exhaust the strength and energies (unless of course under the pressure of exceptional emergency). This is not a rule for the student or the artist, where a divine frenzy is on him, he must let it have its head...Comic and even coarse picture palace entertainment (or even advance on them by which the automatic reproduction of highly skilled speech and song are made accessible at low charge) are likely to have greater value than purely intellectual delight. But still real progress will be made if the coarser (and most socially expensive) pleasures of eating and drinking fall into the background to those which exercise faculties of intelligence and thought....

(Marshall Library, Red Box 1(5), 'The Possible Future of Industry and Trade')

Here, among other things, are the implications of the new inventions of 'moving pictures' and the gramophone, mentioned earlier as some of the recent phenomena on which Marshall's 'Notes on Progress' had commented. Marshall's personal involvement with these new forms of entertainment is not known, but it is unlikely that the Marshalls owned a gramophone, given his enjoyment of his 'autopiano', Blackbird, in the last decade of his life (Groenewegen 1995, p. 738).

Government for such an ideal world was to be meritocratic on lines resembling Plato's *Republic*, long a favoured book for Marshall. It was to consist of a council of medical men and women, and men and women drawn from business, appointed for six years, with one-sixth of its members retiring annually. Salaries were to be paid only to those who genuinely needed them; the others were 'to be encouraged to direct his or her salary to be paid to an institution which he or she elects' (Marshall Library, Red Box 5, dated 27 November 1921).

Other fragments show Marshall reappraising the importance of economics relative to other social and moral sciences, with special reference to psychology and ethics. This very detailed account of the relationship between ethics and economics can be reproduced in full:

1. Underselling.
2. Consumer League: should the consumer insist on standard wages being paid. If so, how is the standard to be set. By the Trade Unions?
3. How much of his income may a person spend on (i) his own gratification (other than necessities for efficiency) (ii) those of his family. Is the above affected by the question whether his income is inherited or earned by himself.
4. Ought the community to interfere to secure (i) steadiness of work (ii) comfort in old age (iii) comfort and necessities for children (training, e.g. free meals) (iv) fresh air (v) good homes for all or good and cheap homes.
5. What rules with respect to the consumption of alcohol and stimulants should be enforced by public opinion and law (cf. economic aspects of liquor problem).
6. Is it right to diminish the death rate among the children of improvident and worthless parents, while leaving those children to be educated in vice, account being taken of the extent to which it may be necessary to levy for the purpose taxes which retard the

- age of marriage and otherwise diminish the birthrate among those classes whose children are likely to become good citizens.
7. Given that specialisation of tasks increases the resources available for living a full life by the community at large and that in some case unspecialised work is more educative for the individual, what is in practice the comparative strength of these two tendencies and how ought opinion and law to be governed thereby.
  8. To what extent is gambling wrong? Would it be right to boycott newspapers that give much space to betting news? What forms of risk taking in business are necessary for society; which are doubtful, which are to be condemned as gambling?
  9. The morality of competition generally.
  10. The morality of the axiom *caveat emptor*, considered with reference to judicial and private standards; also with [respect] to dealings in which (a) both sides are experts (b) one side is not expert. The duties of shopkeepers in setting forth the disadvantages of their wares; of joint stock company directors; auditors, etc.
  11. Adulteration. Should we use none but linen paper? Where is the line to be drawn between that and paper made of rags?  
(Marshall Library, Red Box 1(5) undated, but possibly from turn of the century given that some of its contents resemble Marshall's letter to Bishop Westcott, 23 July 1898).

This substantial list of moral quandaries in economics continues to give food for thought, and the ethical issues raised therein by Marshall have not been really resolved a century later. His points 2, 3, 5, 6, 8, 9, 10 and 11 provide good examples. They likewise inform the 'high theme of economic progress' by indicating the type of questions which ought to concern the elevated character of persons living in a superior form of society.

Many of these eleven issues were also raised in Marshall's chapter on 'Progress in Relation to the Standard of Life' (Book VI Chapter XIII of the *Principles*, added to the fifth edition and therefore written not very long after this fragment on ethical-economic conundrums may have been drafted). Although much of this chapter is devoted to relating progress in wage growth to prospects for raising the standard of life, it also examines broader issues of increasing welfare through the redistribution of income and wealth, and through the provision of services for ameliorating the hardship of the poor by improvements to their housing, education and social environment, with special reference to the young. The last echoes point (4) from the eleven points just quoted, while references to the 'moral stamina' of the workers (Marshall 1961, p. 716), the 'abandonment... of the least worthy methods of consumption' and the good spending of 'leisure' (Marshall 1961, p. 720) indirectly reflect its points 3, 5 and 6. It need not be stated that the sentiments expressed in all eleven points can be discovered within the pages of the *Principles*, particularly in its later editions.

What the fragment on progress lacks relative to the *Principles* is the emphasis of the latter on the gains from specialisation and from the more efficient organisation of labour more generally, with their implications for decreasing costs, raising output per head and growth in income per head. (Point 7 in fact reduces the net benefits to be derived from specialisation from the adverse effects on workers labouring in a highly specialised occupation). Diminishing returns, by contrast,

plays only a minor role in Marshall's scheme of things with respect to economic progress. Free trade and the importation of cheap food from the new worlds of America, South Africa and Australasia had enabled significant increases in standards of nutrition while at the same time freeing a part of the income of workers for other 'necessary' expenditure, enabling them to raise their standard of life. A book on progress, as outlined in the three-part scheme reproduced earlier, had to end for Marshall with an optimistic picture of the future, where the 'ideal and attainable' seems to have included the hope of a successful onslaught on poverty from the material benefits offered by economic progress. That book outline, as did the contents of the final chapter of the *Principles* and the lessons from economic chivalry, likewise drew on the necessary assistance from government to achieve such outcomes. This government aid for a better future came through its redistributive tax policies. More positively and potentially less damaging to wealth generation, it also came through directing its spending to services of special benefit to the poor and disadvantaged. Marshall emphasised the activity of the state as an important part of his strategy for achieving genuine progress. This was the case even if it meant appealing occasionally to German 'paternalistic discipline' when absolutely necessary (and despite it being alien to British traditions of freedom) for facilitating the social improvement Marshall so ardently wished for even the most disadvantaged segments of the 'residuum' (Marshall 1961, p. 714). Hence politics, as well as ethics and psychology, came to the aid of economics in sketching the social opportunities offered by economic progress which characterised the ultimate aims of Marshall's economic system. A final book on progress, had it come into existence during Marshall's senior years when he was still capable of serious composition and fresh thought, would have been an interesting book indeed.

## **2 From Socialism to New Liberalism: The Evolution of Marshall's Social and Political Beliefs**

Marshall's remark in the preface of *Industry and Trade* that he 'developed a tendency to socialism...fortified later on by Mill's essays [on this topic] in the *Fortnightly Review*' from his earlier belief in 'equality of conditions' and the possibilities for better use of the 'products of human effort for the benefit of humanity' (Marshall 1919, p. vii) is well known. Marshall in fact had arrived at such views during the period in his youth when he had shifted from mathematics to the moral sciences, under the guidance of 'older and wiser' Cambridge men who were themselves frequently imbued with the principles and ideals of Christian socialism. These focussed on social justice for all, aid for the poor through providing them with the resources and opportunities for their advancement, a modest life style for the well-to-do and privileged sections of the community, and elimination of class conflict such as strike action through improved industrial relations involving cooperative ventures, profit-sharing and other stratagems for advancing industrial democracy. These early views also greatly resemble the essence of Marshall's position on progress, outlined in the previous section of this paper.

As Marshall also recognised in these 1919 reminiscences on his flirtations with socialism, although he had initially been convinced that the issues associated with the word 'socialism' were the most important objectives of study, at least for him, he had never been greatly taken with the writings of the socialists. As a

consequence of prolonged economic study, he had therefore rejected most socialist schemes as out of touch with reality, particularly with regard to the mainsprings of 'high enterprise'. In the mean time, the character of workers had made much progress and was greatly improved, partly through learning from such ideals. Yet real understanding of how to reach 'the distant goal of ideally perfect social organisation' had come more from critical appreciation of the difficulties than from enthusiastic endorsement of the socialist end (Marshall 1919, pp. vii-viii).

Marshall's political position is best appreciated from his shifting stance on 'socialism', inspired, as he had put it himself late in life, by greater understanding of the difficulties inherent in applying the socialist solution of nationalising business enterprise and a too vigorous redistribution of income and wealth by means of taxation and government spending. As I have done elsewhere (Groenewegen 1995, chapter 16), examination of Marshall's political views therefore involves study of his engagement with socialist ideas over his lifetime, and evaluating his various pronouncements on social and economic policy in the light of both the contemporary thought and political beliefs of other social reformers. This procedure shows how easily Marshall's 'tendency to socialism' was transformed at the outset into that of a radical liberal reformist, and subsequently a New Liberal stance (see also Whitaker 2004).

The latter combined strong faith in the beneficial consequences for economic progress of free enterprise and free trade with social assistance to the poor. Emphasis in such assistance was on self-help through widening the opportunities for self-improvement by increased access for workers to better types of employment and to the other trappings of a better life. Marshall's view was therefore closer to the conservative philosophy of the Charity Organisation Society (of which both Marshall and his wife were supporters) than to any tendency even to a small 's' socialism, let alone socialism writ large. As Groenewegen (1995, pp. 570-2) points out, small 's' socialism can be defined as support for state regulation of the distribution of wealth and amelioration of the worst horrors of the competitive system.

It is not difficult to show that Marshall's familiarity with socialist thought was always rather limited, and seldom profound. Although he had looked at the socialist writings from at least three countries (that is, from France and Germany as well as from Britain), little of this literature appears ever to have been studied in very great depth.

Take first the British socialist literature. As Rita McWilliams-Tullberg (1975, 1982, I, pp. 381-2) has shown, even Marshall's embrace of Mill's socialism as posthumously published in 1879 was never very complete, despite the remarks he made in 1919 in the preface to *Industry and Trade* already quoted, and the reverence with which Marshall had treated Mill in his 1873 talk on 'The Future of the Working Class' (McWilliams-Tullberg 1975, 1982, I, p. 377). It is easier to conclude that Marshall learnt more from Mill's negative glosses on socialism. This attitude is well captured in his remark in a letter to Helen Bosanquet (28 September 1902) late in life, which indicated that Mill on liberty was far more important to him than Mill on socialism. Marshall's lack of first-hand acquaintance with the work of Robert Owen, all the more surprising given that Owen was the spiritual father of the cooperative movement, is a further indication that his study of the English classics of socialist literature was very limited indeed. Nor is it easy to say what actual impact the Christian Socialism of Cambridge contemporaries such as F.D. Maurice may have had on Marshall, given the lack of evidence on this subject.

Only Marshall's enduring hostility to their highly critical perspectives on competition can be noted, as he had confided to Bishop Westcott many years later (Marshall to Bishop Westcott, 20 January 1901).

French socialism, despite Marshall's allusions in his 1886 lectures on socialism (Marshall Library, Box 5, item 1C) to its valuable contributions as made by 'Fourier, Saint-Simon, Proudhon and Louis Blanc', was likewise largely studied from secondary sources (particularly, Schäffle's *Quintessence of Socialism*). Louis Blanc's *Organisation du Travail* and Proudhon on '*intérêt et capital*' appear to have been sole exceptions. Similarly, the work of the major German socialist writers, Marx, Lassalle and Rodbertus, was only selectively studied, if studied at all. Of the writings of the first, Marshall went no further than the first volume of *Capital*, purchased in its first edition when holidaying in Germany in 1868. Its value for Marshall arose from its historical material and lengthy citations from Blue Books, not from its labour theory of value and theory of exploitation. Marshall also never bothered to read the later volumes edited by Engels, as he confessed in a letter to Foxwell (12 February 1906). Work by Rodbertus was studied only after 1898, when his *Overproduction and Crises* was published in English translation, and obtained by Marshall for his personal library. Only in the case of Lassalle does Marshall's knowledge of his work seem more direct. Marshall owned no less than three of Lassalle's books, judging from the catalogue of his library, and during the early 1870s he had sympathetically reviewed Lassalle's scheme for the federation of industries as a solution to the problems caused by commercial depression (Foreign Trade manuscript, reprinted in Whitaker 1975, II, pp. 37-42, especially pp. 37-9, 41). However, as Whitaker (*ibid.*, p. 37 n.3) noted in this context, this topic does not seem to have been a 'prominent' plank in Lassalle's overall socialist programme. In short, Marshall's tendency to socialism never stretched to a willingness to devote much time to a thorough study of its international literature.

Nor, to any great extent, did Marshall defend socialist principles in his pronouncements in public lectures or in his books. This applies as much to his defence of positive economics in the 1874 *Bee Hive* articles as to his critique of 'Progress and Poverty' in his three 1883 lectures on Henry George, and his addresses to the Cooperative Movement and the Industrial Renumeration Conference in the late 1880s. What these public pronouncements do contain are warnings on the potential for waste in government management of productive resources and, more importantly, the corruption it might induce, together with an emphasis on the need for self-help combined with widening opportunities for workers to acquire increased skills by means of appropriate social legislation. Gradual reform within the strict confines of the full preservation of private enterprise was as far as Marshall's tendency to socialism tended to stretch, hence making his politics that of a New Liberal progressive, with views sympathetic to progress for the working class through the gradual elimination of poverty by a variety of strategies. The nature of Marshall's New Liberal position on reform can be spelled out further as a more positive reflection of his politics as a mature figure of the establishment.

Before doing that, however, Marshall's approach to 'communistic societies' ought to be briefly clarified. Although Marshall lived to see the Bolshevik Revolution of 1917, and commented briefly on it in a fragment dated 30 July 1921, he tended to identify communist societies with utopian communities, particularly when they were small, as in the case of religious or similar forms of organisation, of which the Shaker community in America he had visited in 1875 is

a good example. He never really contemplated communistic societies in the large, that is, as pertaining to nation states. A possible reason for this was that the emphasis of such societies on equality of income and wealth made it impossible for them to provide the incentives for labour, for accumulation and especially for risk-taking, on which existing, contemporary society was totally dependent. (For a more detailed discussion of Marshall and 'communism', see Becattini 1990). However, the 1921 fragment on Bolshevism, mentioned earlier, distinguished communism from socialism on the ground that it advocated 'no private property' while socialism allowed 'limited private property and social control'. It also indicated that 'the Communist Party of Britain... is Bolshevik [and that the British] Labour Party [is] not Communist but opposes persecution of Communists'. The last statement more than likely met with Marshall's approval as befitting a New Liberal, and very British, position of political tolerance.

Marshall's transformation from a small 's' socialist position to more New Liberal views more than likely came to the fore as a result of the changes visible in the nature of trade union organisation and activity from the late 1880s. The earlier 'old trade unionism' had taken the form of skilled craftsmen organisations, which also often acted as benevolent societies for their members. Their emphasis was to that extent on 'self help'. The 'new trade unionism' was characterised by more aggressive industrial associations enrolling large numbers of unskilled workers on the wharves, in the mines, in public utilities and in transport. These relied to a far greater extent on direct industrial action in the form of prolonged strikes than the old craft unions had. The new trade unionism also induced the formation of working-class political organisations outside the old liberal reformist fold, which had been the political outlet for its older, craft union counterpart and which had given it some factory legislation to regulate the labour of women and children and to restrict the length of the working day. Examples familiar to Marshall included explicitly socialist organisations such as Hyndman's Social Democratic Federation and the more middle-class and intellectual Fabian Society.

The new trade unionism and its off-shoots spawned a considerable anti-socialist reaction. This included new writings from some of the heroes of Marshall's youth, such as Herbert Spencer's *The Man versus the State* (1884) and Sir Henry Maine's *Popular Government* (1885). These in turn inspired the formation of the staunchly anti-socialist Liberty and Property Defence League with its militant *laissez-faire* dogma, and underpinned the virulent individualism and anti-socialist philosophy of the Charity Organisation Society.

As the 1880s were gradually transformed into the 1890s, these trends also hardened an increasingly hostile attitude to socialism in Marshall, undoubtedly assisted by his economic research into industrial organisation. This also strengthened his convictions on the absolute necessity of risk-taking private enterprise for economic progress and of the inability of socialists to manage and direct nationalised industries satisfactorily and with efficiency. The last position is clearly visible in Marshall's final chapter XIII of the *Principles* (Marshall 1961, I, especially pp. 699-700, 718-20, 722).

This is not to say that Marshall's zeal for reform completely disappeared. His views from the 1890s allowed him to continue to support some state enterprises and some aspects of the so-called municipal socialism, modest tax and social welfare policies for redressing social inequality and ameliorating poverty, and profit-sharing and co-operation as more satisfactory working-class instruments for reform than the industrial militancy of the new trade unionism. Such reforms

enabled free business enterprise to foster risk-taking and new initiatives in productive industry, and preserved the incentives it needed to carry out its role in generating economic development. State enterprise could never take over this role from private capital, because the bureaucracies created to manage it were generally averse to risk-taking and, moreover, far too prone to corruption.

For Marshall, therefore, there was a general presumption in favour of private capitalist enterprise and against state management of industry though, as always, there were some exceptions to this general rule. The last included public utilities, which were natural monopolies, and government initiatives in service provision at the local and municipal level. However, even such municipal socialism had many economic and moral dangers. Thus, as Marshall wrote to Helen Bosanquet on 2 October 1902, 'Municipal housing seems to me scarcely ever right and generally very wrong. Municipal free baths seem to me nearly always right. But the outside of a man's house....is the affair of the State or Municipality. The darkness and the polluted air of his surroundings narrow the life and undermine the springs of strength and independence of character for him and his wife and above all for his children, who lack play'. More generally, Marshall applauded local government responsibilities and initiatives in education, in town planning and in undertaking sanitary measures for public health and a safe environment, all widely accepted liberal social reform measures.

This liberal domestic reform programme of the mature Marshall therefore matched his more traditional liberal beliefs in the superiority of free trade and limited scope for government intervention. It also matched the strong anti-imperialist stance shown in both his 1903 paper on Fiscal Policy and his strong opposition to the British position in the Boer War at the turn of the century (see especially Marshall to N.G. Pierson, 6 April 1900). There are of course no records of Marshall's voting intentions, let alone data on his actual voting practices. However, it can be said that his party preferences in his mature years tended to be Liberal-Unionist, as he hinted to various correspondents, some of whom he also informed occasionally about his likes and dislikes in politicians.

These likes and dislikes can be briefly summarised. Marshall wrote to Benjamin Kidd (14 February 1898) that 'Gladstone is a hero of mine as a person, but not as a thinker [though on various subjects] I think he always illuminates'. Five years later (in March 1902), he wrote to Sir William Harcourt, another leading liberal politician, that 'some of my veneration for Mr Gladstone, the heroic upholder of public interests against group interests, has been transferred to his successor [that is, Lord Rosebery]'. Marshall likewise had considerable praise for John Morley, partly because of his support for the Boer cause during the South African war and his general anti-imperialist stance. All of these were major figures of the Liberal Party during the second half of the nineteenth century.

On the more conservative side of politics, Marshall appears to have admired Balfour, a later Prime Minister. In 1890 he had met Balfour through Benjamin Jowett, and apparently gained his initial liking of Balfour from this experience (Jowett to Marshall, 20 October 1890; Jowett to Mary Paley Marshall, 30 December 1890). Balfour had probably been instrumental in getting Marshall appointed to the Labour Commission in 1891, and had also been involved in recommending Marshall as a suitable economist to contribute in 1903 on the economic aspects of the fiscal policy debate initiated by Joseph Chamberlain. The last was the politician most disliked by Marshall, as he wrote to Lujo Brentano (29 September 1903) in the context of his contribution to that debate. 'I feel that

Chamberlain (who organizes the cleverest appeals to selfish ignorance *all round*) needs to be combated by rougher and – to speak frankly – more crude and unscientific arguments than I have either the taste or the faculty for'. Marshall repeated such sentiments on various other occasions (see for example Marshall to Brentano, 18 August 1903; Marshall to J.N. Keynes, 10 October 1903; Marshall to Frederick Pethick-Lawrence, 12 January 1904).

Marshall spelled out his beliefs as a professional economist on the question of politics in relation to economics in a 1903 'draft preface' for his memorandum on the fiscal problem in which, incidentally, Joseph Chamberlain received a further drubbing:

I have made it my rule to avoid taking part in the discussion of a burning political question, even if it contains a lengthy economic argument. For however clearly a professional economist may distinguish in his own mind those aspects of the question on which his studies directly bear from those on which he has no special knowledge, the distinction is apt to be ignored by partisans on either side. And if he allows himself to be drawn into the heat of the fight, he may himself lose sight of the distinction. He may at least, swerve a little from that straight path, in which the student rejoices to discover and to promulgate a new truth on a new argument that tells against his own conclusions as much as one that tells on his side. He desires to influence the public. The public will not appreciate subtle distinctions, or complex reasoning. A full discussion of the economic bases of the problem will repel them; and be ineffective. He must lighten the discussion; he must ignore many difficulties. Brought into association with experienced controversialists, he is tempted to work for their ends and to some extent for their methods. If he yields to the temptation he may even begin to adjust his light and shade so as to bring into undue prominence these facts and arguments which tell for his conclusion. His advocacy may then become effective; but at some cost of that impartial sincerity which belongs to the student....

The economic arguments of the late Colonial Secretary [Joseph Chamberlain] and of the Reform League of which he is a President are of a different kind. The Policy which he would have the country pursue may for what I know be wise. But I do not think it is. And I know that some of the economic propositions which he had laid down as a basis of his policy were invalid. Many million copies of these propositions have been circulated among people who have had no scientific training. Economists seem therefore bound to contradict these statements.... (cited from Wood 1996, V, pp. 333-4)

A few months later Marshall re-stated this credo concisely in a letter to Francis Manners-Sutton (19 November 1903): 'I deeply regret that I am unable to co-operate in the great work which the Unionist Free Food League is doing, for I have ever acted on the principle that academic economists should avoid joining leagues and should belong to no political party, unless indeed, they give themselves largely to politics, as Professor Fawcett did....' Marshall expressed similar views in a letter to the editor of *The Echo* (27 June 1901), which commenced with the remark, 'I am disinclined to take part in current politics....' In short, active participation in politics was out for Marshall because he did not wish to compromise his independent status as a prominent academic economist. Tendencies

to socialism or to other political precepts were no longer appropriate for the mature Marshall at the start of the twentieth century.

In general, on the evidence, Marshall's political views tended therefore to be those of the liberal reformist, occasionally infected with more radical or more conservative opinions. His youthful tendency to socialism in reality was never more, or less, than this. Progress in the form of improving the lives of working-class people to enable them to have a better life was the key objective. In spite of youthful tendencies to socialism, which never ran very deep and in any case never went beyond the objectives of small 's' socialism, Marshall considered working-class improvement had to be secured while maintaining its major sources of free enterprise and free trade. Only a limited role for government intervention was permissible, even though government could of course assist with appropriate redistributive tax policy and social expenditure. Marshall's belief in the possibilities of social progress (a far less 'utopian' objective than an Enlightenment faith in the perfectibility of man), concomitant with a slow progress of human nature and a gradual lifting of the standard of life of workers, constituted his real political and ethical credo as well. It had been grounded in the liberal reform mission of the previous generation and for the rest of his life he stuck, to a surprisingly large extent, to these liberal reformist principles, even though he occasionally modified them somewhat in the light of his research or of changed circumstances.

### 3 Conclusions

Marshall's politics fitted nicely with his ideas on progress and would undoubtedly have merged more clearly if his proposed book on that subject had been written. Not that the politics would have been explicitly discussed, given Marshall's strong views on the inappropriateness of firm political allegiances for the academic economist (his predecessor in the Cambridge chair, Henry Fawcett, alone excepted). But writings on progress of the type Marshall was contemplating in his draft outlines (and in some of the articles touching on this subject which he did write) reveal the tenor of that 'politics' when compared to the views of the political parties at the time. The chapter on progress he added to the last four editions of the *Principles*, and his 1907 observation on the 'social possibilities of economic chivalry', point in the direction of a New Liberal reform agenda and show little if anything of that youthful tendency to socialism which Marshall briefly recalled in the preface to *Industry and Trade*.

The views Marshall directly and indirectly expounded on progress, and left among his fragments on that topic, reinforce such a conclusion. They indicate as well that progress for him had a substantial ethical dimension. The eleven points he listed on what could be described as moral questions relating to the economics of consumption, marketing, production and government regulation, are a clear indication of this. They constitute a fascinating example of 'preaching' in the mature Marshall, particularly because in the concise form in which these issues were stated, they show a clarity and lack of ambiguity often missing from Marshall's published work. Again, their further elaboration in a final book on progress, had this been achieved, would have been most interesting. These points, however, clearly illustrate the meaning of the view Marshall had expressed during the first half of the 1890s, (and quoted at the start of this paper), that economics was very accurately described as the 'handmaiden of ethics' and that, given the

ever higher standards adopted by the 'moralist', the task for economics became more and more difficult.

The paper also reiterates that Marshall had no claims to being, and indeed never desired to be, only a 'positive' economist. For Marshall, the value judgements derived from ethics and liberal politics were part and parcel of economics, even for a 'volume of foundations' as the *Principles* became from the fifth edition onwards. The final chapter on progress, added on that occasion, shows how much the ideal of progress and the ethical issues underlying the notion of a 'standard for life' were for him part of the essential foundations of economics. There was therefore an inevitable political, social and ethical element in economics, even though that need not invariably detrimentally affect the value of its theoretical tools which made it an organon of analysis. The *higher* theme of progress, by the qualifying adjective Marshall intentionally gave to this end, and hence crucial aspect, of economics, ensured that economics as such was not a subject in a sort of vacuum but that, as part of the social sciences, it undoubtedly embodied the ethical, political and social values which made it a worthy subject of human study. After all, the 'ordinary business of life' of mankind, associated with the 'material requisites of well being', which was how Marshall had described the subject matter of economics and political economy in the opening sentence of the *Principles*, embraced moral, social and political principles from which it was impossible to separate a realistic economics. And constructing a realistic economics had always been the aim of Marshall's endeavours in the science of which he made his career from the late 1860s.

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## Note

1 This paper draws heavily on my biography of Alfred Marshall (Groenewegen 1995, especially chapter 16 and its pp. 725-31 for the final volume on progress). It is supplemented by material in Marshall's correspondence, not readily or completely available to me when my Marshall biography was in the final stages of preparation. References to that correspondence are given by date only, and can therefore be easily traced to their chronological presentation in the Whitaker (1996) edition. The final version has benefited from changes made in response to the comments of two referees.

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