The Old Generation of Economists and the New; An Intellectual Historian's Approach to a Significant Transition

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I

Acceptance of the invitation to give this lecture, coming on top of the honour done to me two years ago when I shared nomination as a Distinguished Fellow with Anthony Waterman, brings with it a heavy sense of responsibility. This arises partly from my status as someone who was officially put out to grass nearly a decade ago (in my part of the academic world the rules are far less liberal when it comes to enforcing retirement than they are here); and partly from consciousness that I have recently published a book containing most of the research I have done in the last decade or so. The book carries a title, *Wealth and Life,* that nobody could describe as lacking in aspiration – a title derived, with a minor twist, from John Ruskin's famous slogan that 'there is no wealth but life'. In light of the book's appearance earlier this year, I wondered what I could say that is both new and true to a gathering of professional historians of economics at this late stage in my own career.

As is often the case, my book carries a more informative subtitle, *Essays on the Intellectual History of Political Economy in Britain, 1848-1914,* and I've decided to discharge my responsibilities today by returning to a theme that features in several of the essays. In sketching that theme I hope to illustrate the merits, as I see them, of the intellectual history approach to the field we have in common. But before I embark on that I would like to follow the example set by Bradley Bateman a couple of years ago in dedicating this lecture to the memory of someone who provided a model for all that I would wish to emulate as an historian of economic thought, the scholar who appeared as R. D. Collison

Black on formal occasions, but was plain Bob Black to his friends. As anyone who met Bob will know, he combined a number of Irish roles: he was the doyen of Irish historians of economics and the leading historian both of Irish economic thinking and of economic thinking about Ireland. The second main string to his bow came from being the outstanding editor of the papers and correspondence of William Stanley Jevons, the work to which all subsequent scholarship on Jevons is indebted. Bob and I were introduced to one another in 1959 via the mentor we shared, Jacob Viner. I regard the intervening decades in which I knew Bob -- years of learning, alliance, and friendship in pursuit of common aims -- as one of the greatest privileges to have come my way as a result of becoming an historian of economics.

Having worked extensively on classical political economy as applied to Ireland, and then on Jevons, a relentless critic of the Ricardo-Mill inheritance in English economic theorising, Bob was well placed to advance an interpretation of the 'marginal revolution' and the process of transition from classical to neo-classical economics. This audience will not need to be told that this was, perhaps, the next most significant transition to occur in the history of economics after the early founding moves in the eighteenth century. In what follows, however, I hope to suggest that precisely what the transition entailed may not be as clear-cut as the stories we habitually recount in our textbooks. A brief and inadequate description of Bob's interpretation of Jevons's contribution to the process would be that it was crucial without being decisive or complete; and that it was not possible to put the classical and neo-classical elements involved into water-tight compartments.[1] The interpretation inevitably entailed comparison of Jevons with Alfred Marshall, another major contributor to the process. As all students of Marshall's career will recognise, the title I have

[1] See Black, 1971 and 1995, pp. 163-201.

chosen for my talk was the formula he often used when advancing his own opinions on the transition. Marshall first employed it when speaking to the Cambridge Economic Club in 1896, but it had been one of his favourite themes since the 1880s, when he used it to address working-class audiences on the sensitive question of wage determination – sensitive in the light of the wage-fund doctrine and the misunderstandings that doctrine had generated. It formed the basis for his account of the 'present position of economics' in his inaugural lecture at Cambridge in 1890; and it featured in the chapters on the 'growth of economic science' that originally appeared in Book I of his *Principles of Economics* and were later placed in the appendices to that work. The contrast between old and new generations, then, was Marshall's preferred strategy for expounding his views on the advances that had been made in what he liked to call the 'economic organon' – advances which he believed could be detected across a broad front involving a complex mixture of economic theory, methodology, applied economics, and moral and political attitudes.

Historian of economic thought may not come high on the list of Marshall's claims on our attention: his biographer, Peter Groenewegen, suggests that Marshall's interest in doctrinal history actually declined with age.[2] Marshall himself testified to his preference for aligning himself with the scientists of the emerging profession rather than with the scholars.[3] Although he had a cosmopolitan command of the available literature in German and French as well as English, he showed few signs of the economic bibliophilia that preoccupied Jevons and Walras when they set about finding predecessors for their work on utility theory. Nor did Marshall enjoy the antique book-collecting passions of his Cambridge colleague, Herbert Somerton Foxwell, passions that were later shared in lesser degree by Marshall's most

[2] See Groenewegen, 1995, pp. 164, 471-3, 535n.

[3] See letter to Foxwell, 12 February, 1906 in Whitaker, 1996, III, p. 126.

famous pupil, John Maynard Keynes, along with a new interest in writing economic biography. In other respects, however, Marshall provides an excellent example of practitioner history – history of economic thought written for fellow economists in the course of performing the duties of an academic economist as he conceived them. Exercising the function of historian in this sense of the term was integral to Marshall's view of what he was doing as a scientist. In the lecture from which I have borrowed my title, there is a clear statement of the obligation that came with the heightened historical consciousness he attributed to the new generation of economists. He genuinely believed that there had been hermeneutic advance 'in the skill with which the partial thoughts of economists of earlier times are interpreted'.

> 'We have learnt that most of them were true seers, with careful habits of observation; and that what they meant to say was for the greater part true within its limits; though what they said does not always fully suggest to us what was in their own minds until we have supplied the latent premises which they instinctively took for granted'.[4]

Supplying these 'latent premises' accounted for much of Marshall's work as an original economic theorist *and* commentator on the history of economics; there was no distinction between the two pursuits in this respect.

[4] 'The Old Generation of Economists and the New' in Pigou (ed), 1925, pp. 298-9.

II

Locating and characterising generational dividing lines is clearly one of the more important tasks of the historian. It is part of the larger undertaking of marking transitions, tracing continuities and discontinuities, noting affinities. But how one goes about it depends on what kind of history one wishes to narrate. In this talk I want to contrast an intellectual historian's perspective with that of the historian of economic theory or doctrine. One way of doing this is to compare Marshall's views on what differentiated the old and new generations with the classical/neo-classical distinction employed in most textbook histories of economic doctrine. *Prima facie* there ought to be an intimate relationship between Marshall's categories and those favoured by doctrinal history. The representatives of the old generation who mattered most to Marshall were Ricardo and John Stuart Mill, classical political economists *par excellence*. It was their work on the theory of value that he translated into differential equations before settling on geometry as a method of exposition and comprehension. Nor could Marshall avoid familiarity with the work of two late disciples of Mill, Henry Fawcett and John Elliot Cairnes, both of whom were still active when he was beginning to devote himself to his recently-chosen career as an economist in the mid-1860s. More to the point, Marshall himself could be taken as the supreme representative of the thinking of the new post-marginal generation. 'Neo-classical' was a term coined by Thorstein Veblen in 1900 with Marshall, among others, very much in mind. He also fits the other terms Veblen used interchangeably with 'neo-classical', namely 'modernized classical economics' and 'semi-' or 'quasi-classical economics'.[5]

When we compare Marshall's various accounts of the contrast between the old and new generation of economists with that given in textbook treatments of the marginal

[5] See Veblen, 1899/1900.

revolution, however, what we get is a divergent pair of stories with limited overlap between them. In other words, what doctrinal histories tell us to expect differs from what we discover when we follow our ordinary historical noses by inquiring into how the transition appeared to those involved in making it, either when they were doing so or not long after. When Bob Black wrote on the transition he contrasted narrow and broad interpretations, and those that took the long view typically ending in the date of publication of a modern textbook with those that took a shorter period ending, say, in 1882, the year of Jevons's death. He also noted that it was when he read the letters that passed between Jevons and a pre-marginalist thinker, Cairnes, that he began to have doubts about the solidity of the contrast between pre- and post-classical thinkers.

For my purposes I want to employ a slightly different contrast: between the aerial and present-minded *retrospective* view of what was significant that one finds in doctrinal histories, and the more earth-bound *prospective* standpoint that comes easier to an intellectual historian. I describe it as ordinary because it is the standpoint we adopt in pursuing our own intellectual lives, looking forward, but without great powers of foresight and none approaching the kind of omniscience that comes with perfect hindsight. In yet another idiom, whereas doctrinal history serves the purpose of aiding extensive *vertical* conversations between economists across different periods, intellectual history is more concerned with intensive *horizontal* explorations of shorter periods and episodes.[6]

It isn't surprising perhaps that none of the economists we label as classical or neo-classical ever called himself such during the period in question, though some of them began to use 'classical' during the last decades of the nineteenth century to characterize what was being replaced. The most common usage was Marshall's, a simple contrast between old and

[6] For the contrast between vertical and horizontal readings see Collini, 2000, p. 3.

new generations that left scope for different evaluations of the nature of the changes involved, what should be given priority, and the gains and losses in the transition. Since the main contested components, as I have said, involved an uncertain mixture of theoretical, methodological, and moral and political components, we should not be surprised to find that the division between pre- and post-revolutionary dispositions was far more ragged than it can be made to appear in textbook histories of economic thought that concentrate on theoretical advances abstracted from the rest.

Armed with some of the criteria provided by modern economic theory, of course, it is possible, retrospectively, to divide ideal-type classical sheep from ideal-type neo-classical goats. Moving forward, following our noses on the historical ground, we encounter more interesting hybrids. For example, taking the shorter view, Bob Black showed us that Jevons, the noisiest of the revolutionists judged solely by his *Theory of Political Economy*, never completely emancipated himself from older classical notions. On the other side of the dispute, it wasn't just the pre-marginalists, such 'classical' diehards as Mill and Cairnes, who denied the more fundamentalist claims of the new Jevonsian theory. Sidgwick and Marshall, both post-marginalists, defended Mill from Jevons's intemperate assault. The first of Marshall's books, the one he wrote with his wife, the *Economics of Industry,* billed itself conservatively as 'an attempt to construct on the lines laid down in Mill's *Political Economy*, a theory of Value, Wages, and Profits, which shall include the chief results of the work of the present generation of Economists'.[7] Jevons, having heard about this, hoped that Marshall had diverged further from Mill than this implied: how else could he be part of the new generation?[8] In 1879 Marshall was guilty -- if that is the right word -- of under-describing

[7] Alfred Marshall and Mary Paley Marshall, 1879, Preface.

[8] See letter to Foxwell, 14 November, 1879 in Black, 1972-81, V, p. 80.

what he had done, let alone what he was planning to do. He remained averse to being emancipated from what he thought of as classical notions throughout his life; and if we give credence to his own testimony we must presume that this was because he genuinely believed that he could establish, or had access to, what the earlier generation had 'instinctively taken for granted'; that he was in a position to supply the 'latent premises' which made modern sense of what they were contending. Marshall may have been an extreme example of this kind of presupposition, though I would add, from the intellectual historian's perspective, that it is the kind of presupposition one often encounters in practitioner history. At its best this leads to a form of empathy. At its worst it leads to ventriloquism, using past economists as the mouthpiece for one's own opinions, and rearranging the past to support one's conception of how things should be in the present.

Veblen's new label captured the lengths to which Marshall had gone in providing generous reinterpretations of his 'classical' predecessors, reinterpretations that some of his contemporaries and most historians would now regard as excessive and apologetic. It made the stance Marshall chose to adopt in his version of practitioner history a difficult one to sustain or emulate: he wanted to proclaim the progressive qualities of the new 'organon' while at the same time minimizing the break with the older generation. One could describe this as akin to driving a car with one foot on the accelerator and the other on the brake: it wasn't conducive to easy forward motion or steering.

III

Before I mention some of those respects in which Marshall's story diverges from the one told in histories that take the aerial and retrospective view, let me remind you of one part of the story that may appear to come closest to what one finds in such histories. At the beginning of Book III of his *Principles of Economics* devoted to 'wants and their satisfaction', Marshall conceded that consumption and demand had been 'somewhat neglected' by the older generation of economists, instanced by Ricardo. Why had they said so little on the subject? Not because they didn't understand the role of demand, but because 'they had not much to say that was not the common property of all sensible people'. Marshall imputed the change of emphasis to 'mathematical habits of thought' and to the way in which measurement of demand opened up possibilities of using market statistics 'to throw light on difficult questions of great importance to public wellbeing'. This was meant to introduce his concept of consumers' surplus, a concept relating not to the subjective or psychological theory of utility underlying an individual's demand for goods, but to the collective outcome represented in market aggregates of a fairly rough statistical kind. Book III contains Marshall's innovations in the theory of demand, including price and income elasticity and consumers' surplus; but before embarking on an exposition of these subjects he issued another warning not to exaggerate the importance of the subject. Ventriloquising a good deal on this occasion, Marshall said that Ricardo and his followers were right to maintain that wants only ruled life among the lower animals; that it was efforts and activities, the productive side of life that mattered more than consumption. The whole subject was covered in less than one-third of the space given to the agents of production in Book IV. Compared with Jevons's revolutionary claims on behalf of the new theory of 'final utility' it reads like a calculatedly downbeat treatment of the subject.

Marshall was also keen to loosen the relationship between economics and hedonistic versions of utilitarianism seen as an ethical creed. This could be expressed by minor linguistic changes such as the substitution of the more neutral term 'satisfaction' for 'pleasure'. But it could also take the form of eagerness to call upon the insights of almost all the grand evolutionary alternatives to, or expansions of, utilitarianism that were available during the second half of the nineteenth century. Marshall's reservations about confusion of economics with the forms of 'hedonics' that Jevons and Edgeworth had cultivated were expressed in the following comment on the latter's *New and Old Methods of Ethics*: 'As to the interpretation of the [utilitarian] dogma, I think you have made a great advance: but I have still a hankering after a mode of exposition in which the dynamical character of the problem is made more obvious, which may in fact represent the central notion of happiness as a process rather than a statical condition'. In a follow-up letter he added: 'I think there is room for question whether the utilitarians are right in assuming that the end of action is the sum of the happiness of individuals rather than the vigorous life of the whole.'[9] This is a sign of those flirtations with holistic Hegelian concepts that occasionally surface in the introductory chapters of the *Principles* – concepts, I need hardly add, that are distinctly at odds with the methodological individualism thought to be the prime characteristic of neo-classical thinking.

By contrast with the methodological and ideological tastes of the ideal-typical neo-classical economist, Marshall was also sympathetic to the work of the German historical school and Frederick List. But he was not prepared to endorse their most common criticism of the older English economists, namely that they ignored history and other types of inductive evidence: he believed they were practical men steeped in the facts relevant to their concerns. Their error lay in neglect of 'a method of studying facts that we now see to be of primary importance'; they were insensitive to the variety and pliability of human institutions and motives revealed by comparative-historical studies: 'The same bent of mind, that led our lawyers to impose English civil law on the Hindoos, led our economists to work out their

[9] See letters to Edgeworth, 8 February and 28 March, 1880 in Whitaker, 1996, I, pp. 124-5; see too Marshall, 1961, I, p. 25.

theories on the tacit supposition that the world was made up of city men.'[10] In common with many of his contemporaries, Marshall thought that such comparative-historical insights were the fruit of several of the evolutionary perspectives available to a generation excited by the works of Henry Maine, Charles Darwin, and Herbert Spencer. He invoked another group of names -- those of Goethe, Hegel, and Comte -- as testimony to the way in which the insights of the biological sciences were being extended to the sciences concerned with 'the development of the inner character and outward institutions of man'.[11] New theories of value based on marginal utility and demand paled into insignificance beside such concerns.

One of the main conclusions of Denis O'Brien's exhaustive treatment of 'Marshall in relation to classical economics' was that towards his British classical mentors Marshall displayed 'an exaggerated "pietas" with rhetorical undertones'.[12] The piety and the rhetoric were not matters of cautious temperament and patriotic defensiveness alone: they were based on the conviction noted earlier that it was an obligation on the part of the new generation to be generous in interpreting the work of past masters. Much of Marshall's rhetoric derives from his extraordinary sensitivity to ethical criticisms of the older economists from the romantic camp, from Thomas Carlyle, John Ruskin, William Morris, and their followers, those who had condemned political economy for its materialism, lack of appreciation for organic wholes, and preference for individualistic or laissez-faire solutions to social problems.[13]

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[10] Marshall, 1961, I, p. 155.

[11] 'Present Position of Economics' in Pigou (ed), 1925, p. 154.

[12] See O'Brien, 1990 in Whitaker (ed), 1990, p. 156.

[13] Michael White has argued that the criticisms of Oxford idealist philosophers also had to be met by Marshall and Neville Keynes; see White, 1996.

Marshall was especially alert to what Arnold Toynbee in some famous lectures on the Industrial Revolution in the 1880s had characterized as a 'bitter argument between economists and human beings' that had ended in the conversion of the economists. Toynbee began the business by which Ricardo became the mesmerizing villain of the piece, someone who had managed to provide ammunition for extreme defenders of free market capitalism and their no less extreme critics, two of whom were attracting considerable public attention in the 1880s: Karl Marx and Henry George. It became especially galling to Marshall to find that Foxwell, one of his closest colleagues, shared the assumptions behind Toynbee's endorsement of this romantic critique; that he went on to give currency to the term 'Ricardian socialism' and was responsible for perpetuating the erroneous belief that Ricardo's theories of value and rent had supplied Marx and George with the ammunition they needed.[14] Marshall countered in his *Principles* by saying that 'Rodbertus and Marx do indeed boldly claim the authority of Ricardo for their premiss; but it is really as opposed to his explicit statement and the general tenor of his theory of value, as it is to common sense'.[15] He could be equally blunt in defending Ricardian ideas on rent from free-marketeering thinkers who disliked the socialistic overtones that had been imparted to them by John Stuart Mill.[16]

IV

When addressing a general public, especially one presumed to have working-class sympathies, Marshall took a strong apologetic line. Examples of failure, weakness, or error in the work of the older generation were either excused by reference to the peculiarities of British historical circumstances at the time of writing, or dismissed as mere careless uses of

[14] On the Toynbee-Foxwell nexus see Winch, 2009, pp. 253-60.

[15] Marshall, 1961, I, pp. 503, 587-8, 816.

[16] See Winch, 2009, pp. 282-6.

language. ‘Shallow and dogmatic hangers-on’ were held responsible for much of the disinformation. As he emphasized to Neville Keynes:

> ‘I think it most important to make clear that the narrowness charged against economists is to be found almost exclusively in the writings of people who were not economists, but who had dabbled in economic literature enough to be able to quote without their context passages that wd serve them a good turn [towards] their own dirty ends by their own mean and cruel manoeuvres.’[17]

The language reveals the heightened emotion Marshall could bring to the subject: why ‘dirty’, why ‘mean’, why ‘cruel’? While Foxwell was telling working-class audiences that they were right to suspect and reject the heartless teachings of the older generation of economists, Marshall was informing them that ‘nearly all the greatest economists have been earnest and fearless friends of the working classes’. On the vexed question of the wage-fund doctrine, Marshall maintained that when placed in context it still made a lot of sense:

> ‘Almost everything that was ever said by the great economists of the first half of the century is true now if properly understood. Much of it will remain true for ever….There has been a great change; but it has not been in the theory itself, it has been in understanding, how it is to be applied, and how it is not to be applied.’[18]

With regard to Mill, Marshall was prepared to make some concessions to critics. In a conciliatory letter to Jevons he admitted ‘that Mill was not a constructive genius of the first order, and that, generally the most important benefits he has conferred on the science are due rather to his character than to his intellect’. But he stuck to the view that what seemed like

[17] Letter to J. N. Keynes, 17 November, 1889, Whitaker (ed), 1996, I, p. 305.

[18] ‘Theories and facts about wages’ as reprinted in Marshall, 1885, pp. 186-99.

fallacies in Mill's work were merely 'incomplete truths'.[19] A decade later he was still employing the same arguments in his unsuccessful attempts to discourage Foxwell from continuing to let the side down in public.[20] Within Marshall's pantheon, however, there could be less compromise over Ricardo's standing: he remained a 'masterful genius' possessed of an uncanny 'power of threading his way without slip through intricate paths to new and unexpected results'.[21] Perhaps Ricardo was guilty of excessive use of abstract reason, of thinking of man as a constant quantity, but Marshall joined Walter Bagehot in attributing Ricardo's virtues and vices in this respect to his semitic origins ('no English economist has had a mind similar to his').[22]

On this evidence, had he lived until 1936, Marshall would have been dismayed by Maynard Keynes's Toynbee-esque and Foxwellian depiction of the tragedy associated with Ricardo's dominance. Toynbee thought that a great deal of misunderstanding and cruelty could have been avoided if Ricardo had not become the powerful influence over

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[19] Letter to Jevons, 4 February, 1875 in Whitaker (ed), I p.32.

[20] Marshall agreed that '[Mill] is literary; and therefore full of error. But I think that he and Ricardo contain the kernel of truth'; letter to Foxwell, 8 August, 1883, Whitaker (ed), 1996, I, p. 168. Earlier he had written: 'Only do not vilify Mill. I believe that some of the modern extravagent (sic) school, by exaggerating his faults instead of bringing out his virtues, as was their duty, have done more harm to economic science than a hundred open enemies like George could do'; letter to Foxwell, 22 July, 1883 in Whitaker (ed), 1996, I, p. 166.

[21] Marshall, 1961, I, pp. 761-2.

[22] 'Present position' in Pigou (ed), p. 153.

parliamentary opinion that Toynbee considered him to have been.[23] Keynes believed that the world would have been a wiser and safer place if Malthus had succeeded in overcoming Ricardo's arguments in favor of Say's Law.[24] In Keynes's book, of course, all those who accepted Say's Law, tacitly or explicitly, were 'classical' economists, including Marshall. It is a mark of the confusion Keynes introduced into this subject that recovery of Marshall's reputation in recent decades is connected not so much with his exaggerated 'classical' sympathies as with the ways in which his economics is resistant to the imposition of categories derived from standard versions of neo-classicism.[25]

Marshall's presentations of the work of the old generation were set against the background of a Whig form of economic history of Britain, a history in which the experience of widespread misery and pain had been a test of the character of the English race. If anything, Marshall was inclined to exaggerate the storminess of the seas through which the nation had had to navigate (another favourite image): it lent courage to the efforts of those who tried to do so and went some way towards explaining their failures. The legacy of the Napoleonic wars in the form of inflated food prices, taxation, and public debt was stressed. Maladministration of the Poor Law prior to 1834 led to circumstances in which the worst survived at the expense of the best: Marshall estimated that this factor alone explained half of extreme misery and poverty. Economists understood the population pressures that lay behind all this and explained why 'as bread grew dearer, cultivation was creeping up the hillsides'. In making so much of the law of diminishing returns while technology remained as it was the

[23] Toynbee, 1923, p. 146.

[24] Keynes, 1936, p. 32 and Keynes, 1972, volume X, pp. 98-101.

[25] I take this to be one of the main features in the reappraisal contained in Rafaelli et al, 2006. For my comment on it see Winch, 2008.

earlier generation of economists could explain rising rents and falling wages; but the 'other-things-being-equal' clause that went with the law was often overlooked because it had no practical relevance to their circumstances. They also understood the benefits of free trade and gaining access to the cheaper imported food and raw materials, but they 'had no hope that the landed interests which then ruled the country could be made to allow it'. This diverted attention to the one ameliorating factor that could be controlled: capital accumulation. But it also led to 'a slovenly way of talking' about the way in which the total amount available for wages was fixed by the stock of capital, a mistake no longer committed by the new generation:

> '….the younger economists do not speak of wages as limited by capital. But they say that every increase of capital raises wages, because it increases the productiveness of industry; it increased the competition of the capitalist for the aid of labour, and thus lowers the rate of interest and increases that part of the total produce which capital is compelled to resign to labour.'[26]

In sketching his version of British economic history Marshall was sometimes guilty of stretching a point to make his apology felt. Addressing a popular audience (Marshall, 1969) he could say that 'when Mill wrote, the English labourer was suffering from bad Poor Laws, Corn Laws, and other misfortunes', a remark that was vulnerable to a simple rejoinder that even when Mill published the first edition of his *Principles* in 1848 the Poor Law had been amended (1834) and the Corn Laws recently abolished (1846).

With members of the economist's guild Marshall could be more frank: perhaps the older generation had placed too much trust in the efficacy of individual action, in the speed

[26] 'Theories and facts' in Marshall, 1885.

with which markets could deliver solutions outside the special world of foreign trade and the city of London. Marshall was prepared to concede that as a result of failure 'to see how liable to change are the habits and institutions of industry' they lacked 'the faith that modern economists have in the possibility of vast improvement in the condition of the working classes'. Collective endeavour had not been given as much attention as individual action, and 'they exaggerated the strength of competition and its rapidity of action'. The forces of demand and supply were treated as more mechanical in their operation than they were in reality. The utmost distance Marshall was prepared to go can be found in his concession that there could even be 'some ground, *though a very slight one*, for the charge that their work is marred by a certain hardness of outline and even harshness of temper'.[27]

V

While it has to be admitted there were large elements of what the Victorians would have rightly called humbug in Marshall's various efforts to sustain his account of generational change, I hope the abbreviated version of the story I've recounted shows that much more was genuinely at stake than retrospective accounts of the history of value theorising suggest. I would cite the episode as one of the ways in which intellectual history is necessary to supplement doctrinal history. An intellectual history approach to the transition from classical to neo-classical modes of thinking could have the further virtue of revealing those respects in which *less* was at stake. By this I mean that it could discourage the tendency to believe that the marginal revolution either had to be connected with or created dividing lines that turn out not to exist.

[27] Marshall, 1961, I, p. 760. Emphasis added.

I am partly referring here to the well-known difficulties, beyond the cruder exercises in applying ideological labels, of connecting the revolution with contemporary political events and broader cultural and socio-economic developments.[28] It also applies to attempts to associate marginalism with significant changes in the policies favoured by post-classical economists. There are some cases where it seems necessary to invoke a post-marginal concept to explain a policy preference. Edgeworth's and other economists' arguments in favour of progressive taxation may be a good example: they required belief in the law of diminishing marginal utility of income. But it is also necessary to add that Edgeworth was reviving an idea adumbrated by Bentham, a pre-marginalist thinker. Similarly with Marshall's revival of Dupuit's concept of consumers' surplus, if one adopts a retrospective view based on later understanding of what became welfare economics it is possible to argue that a potential new role for the state was being created in the field of public utility pricing and regulation. While this may be warranted I would still like to compare this with the pre-marginal thinking of Mill on gas and water oligopolies because, in the course of writing on these matters, I have increasingly become impressed by cross-marginalist continuities.

Let me briefly summarize my conclusions on this subject. As Bob Black pointed out, 'Jevons's position on questions of economic and social policy was closer to Mill's than he probably would have cared to admit'. I would modify this slightly by saying that when he was not blinded by his personal aversion to Mill, Jevons was prepared to admit the similarities and admire what Mill had attempted to do in Book V of his *Principles,* the book

[28] See M. Blaug (1973); and the counter to Birken (1988), from an intellectual history standpoint, by Lipkes (1993). Similar difficulties surround the attempt to connect changes in the role accorded to consumption in economics with material developments in consumer society; see Winch, 2005.

that deals with the laisser-faire rule and its exceptions.[29] If one adds Sidgwick to the comparison, another post-marginalist thinker who has been accorded a significant role in the founding of welfare economics, I would say that on matters of state intervention, Mill, Jevons, and Sidgwick are best seen as three empirically-minded utilitarians who acknowledged the difficulties of articulating general rules capable of covering all cases, but found much to agree on when applying utilitarian criteria in specific instances.

By including Cairnes and Marshall in the comparison -- pre- and post-marginal thinkers respectively -- another important cross-marginal continuity in British economic thinking emerges. We recognise it best perhaps in Marshall's attack on what he called the 'maximum satisfaction' school represented by Bastiat and other French liberal and anti-socialist economists. Walras had similar misgivings about such economists; but to all the British economists I have mentioned, from Mill and Cairnes on one side of the marginalist divide to Jevons, Sidgwick, and Marshall on the other, it was important to defend a pragmatic native tradition of analysis that did not fuse positive and normative propositions by treating the outcome of an efficient market allocation process as one that also met the conditions for equity and justice. That was seen as a congenital defect of French thinking, prominent since the revolution of 1789, a confusion of utilitarian arguments with those based on natural rights and natural justice that ought to be avoided by empirical utilitarians. At an early stage in his thinking Jevons was attracted to the catallactic definition of pure economics, and to Bastiat and maximum-satisfaction conceptions of the beneficial role of the competitive markets. By the time Jevons published *The State in relation to Labour* in 1882, however, he had come to

[29] See Black, 1981, p. 24. Some new evidence from Jevons's papers shows that he was prepared to endorse Mill's treatment of the role of the state in Book V of his *Principles*; see Winch, 2009, pp. 164-5.

conclusions that brought him back into line with his compatriots.[30] Instead of being a question of old versus new this could be described as one involving 'them' versus 'us', and it had nothing to do with classical versus neo-classical modes of analysis.

VI

I began by claiming that the distinction between pre- and post-marginal thinking represented a significant transition. I now seem to have come full circle to the conclusion that it has been responsible for some important misconceptions, and that we should respect continuity as much as discontinuity. Since the last thing I would wish you to think is that I have been playing some post-modern version of a linguistic game, I would like to end on an ecumenical note; one that I hope will unite serious historians of economic thought of all persuasions.

I have argued that the number of contested elements involved in the transition is far wider than can be accommodated in an account concentrated on theory and method alone; and that intellectual history may be the only way of recapturing the missing elements. If we are using the history of economics to teach theory to economists, the classical/neoclassical distinction may serve pedagogic purposes that do not require the history to meet the criteria favoured by intellectual historians. Viewing things from a greater height and a longer perspective the detail becomes less important, though if we are to remain true to the historian's craft we still have to be sure that our landscape is peopled with real historical agents rather than ciphers and abstract forces that go bump in the night like the ghoulies and

[30] See Black, 1995, pp. 195-6 and Jevons's remarks on the impossibility of reconciling 'the needs of modern society with the ideas of the Individual Rights people' in a letter to Foxwell, 12 April, 1882 in Black, 1972-81, V, p. 187.

ghosties in the Scottish prayer.[31] Similarly, if we are interested in pursuing parallels between economics and the more precise natural sciences, the uses to which the mathematics of optimisation could be put are clearly of historical interest. But I'd like to add my voice to those who have suggested that historians of economics ought especially to be wary of allowing the classical/neoclassical dichotomy to become their guiding light. At least one former president of the History of Economics Society, David Colander (2000), has pronounced anathema on the term 'neo-classical' on the grounds that it has become a barrier to understanding modern economics.[32] My concern is with the distortions its use has introduced into the history of economics.

Those who are anxious to protect a reputation for historical truth-telling will be aware of the discomfiting record of usage of 'neo-classical' since it was first coined. Veblen was largely in sympathy with what he believed Marshall to be doing when he applied the term to his work. But John Atkinson Hobson, an admirer of Veblen, was soon employing it as a term of abuse, a practice in which he was further encouraged by Keynes's idiosyncratic use of 'classical' in the *General Theory*.[33] For a time, classical and neo-classical began to be used interchangeably and hence opaquely to characterize anything that looked like current orthodoxy. As a by-product of what became known as the Sraffian or Cambridge (England) 'rehabilitation' of classical economics in the 1960s a determined effort was made to separate a 'classical-Marxian' lineage, involving a surplus approach to production, distribution and

[31] From ghoulies and ghosties/And lang-leggedy beasties/And things that go bump in the night/Good Lord, deliver us!

[32] Earlier attempts to expunge the term were made by Hicks, 1983 and Aspromourgos, 1986.

[33] Keynes was aware that in making this move he was probably guilty of a 'solecism'; see Keynes, 1936, p. 3n.

value, from a neo-classical one in which supply and demand approaches to value predominated.[34] The disputes that followed involved an attempt to rescue Ricardo from Marshall's assimilative embrace on the one side, and an equally dogged effort by Samuel Hollander to uphold his version of Marshall's seamless-web interpretation on the other. Sraffa and Hollander were following Marshall's practice in thinking they each had access to the 'latent premises' needed to make sense of what their historical protagonists really meant as opposed on some occasions to what they were saying. My preferences will be briefly revealed when I say that I am not convinced that the history of economics derived any permanent benefit from this polarised debate about genealogy, though it did provide an opportunity and the incentive for some historians -- including, once more, Bob Black -- to draw attention to the wide expanse of intellectual territory left out of account by those occupying the extreme positions.[35]

That such efforts on behalf of a non-caricatural version of the history of economics are still needed can be judged from the emergence in recent decades of the 'new economic criticism', a movement within literary or cultural studies circles that in some of its guises aims to show how the post-modern techniques of the 'new historicism' can deliver economics from the thrall of something they call 'neo-classicalism'.[36] As in the earlier Cambridge polemics, the enemy is thought to be the dominant form of modern economics, with origins

[34] Rehabilitation was the term used by Ronald Meek in reviewing Sraffa (1960); see Bradley and Howard (eds), 1982.

[35] See Black, 1983; O'Brien, 1981; and Peach, 1993 for engagement with the Sraffa-Hollander (1979) debate from intermediate positions.

[36] For a representative sample of the literature see Woodmansee and Osteen (eds), 1999.

traceable to the marginal revolution. 'Back to the classics' is once more the slogan, where, apart from such regular heroes as Smith, Ricardo and Marx, this is represented by a mixture of enterprises untainted by marginalism and consumerism: Marxist and Institutionalist economics; labour, development, and feminist economics; and, for some reason that is not entirely clear to me, Marshallian welfare economics.[37] The advocates of this form of post-modern critique have clearly read widely if not deeply in our secondary literature; they have joined others in seeing it as a vehicle for mounting an attack on the maleficent ends they believe are served by an unholy combination of neo-classical economics and modern trends in capitalism.[38] Marshall's verdict on those 'who had dabbled in economic literature enough to be able to quote without their context passages that wd serve them a good turn' may once more be apposite -- minus, of course, any gratuitous comments on the motives of the dabblers. That would be to meet like with like to the detriment of our own enterprise.[39]

[37] My summary is mainly derived from the contribution of Dupré and Gagnier to Woodmansee and Osteen, 1999, pp. 175-89; and Gagnier, 2000.

[38] On other ways in which the history of economics lends itself to such purposes see Lodewijks, 2003.

[39] After pointing out that the law of diminishing utility applied to incomes could support redistributive measures, Dupré and Gagnier opine (p. 180) that the reason why such measures have not been embraced by economists is that economists are 'after all, almost invariably wealthy'.

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