

## Marshall and Keynes

### A Survey of Some Recent Literature<sup>1</sup>

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The association between Marshall and Keynes is so self-evident for those who know something of their lives and of Cambridge economics education that little more seems necessary to be said on this topic. However, the treatment of the topic in two recent biographies of Keynes (Moggridge, 1992; Skidelsky 1983, 1992) is demonstratively wanting on some aspects of this relationship (Groenewegen, 1993). More generally, there are classic interpretations which implicitly or explicitly focus on Keynes's work in terms of a Walrasian framework or which argue on specific subjects that Keynes was innocent of substantial slabs of Marshall's economics, such as, to name a notorious example, his theory of value. Keynes interpretation, particularly that of his *General Theory*, is hindered by an incomplete grasp of his Marshallian credentials. It is for this reason that I accepted the invitation of the editors of this symposium to make some comments on recent literature on this topic, the bulk of which comes from people who have investigated the relationship from the perspectives gained through their involvement in Marshall, rather than Keynes, studies.<sup>2</sup>

A key feature of this research dwells on the personal relationship between Marshall and Keynes during the two decades of the twentieth century before Marshall's death. Groenewegen (1993) has divided the phases of this relationship into a number of parts. The first covers the period of 1905-06 when Keynes attended Marshall's economics lectures, initially with an eye to attempting Part II of the new Politics and Economics Tripos as a successful honours graduate (wrangler) in mathematics. The second period covers 1909-14, when Keynes was an economics lecturer at Cambridge during the years following Marshall's retirement from the chair of political economy. The third period covers the war years, from which considerable correspondence survives between the two, largely initiated by Marshall. The final phase relates to the mid-twenties, during the period immediately before and after Marshall's death in July 1924. The evidence on the relationship during these phases clearly indicates that the association between 'master' and 'pupil' was far closer than the recent biographies of Keynes imply.

Aspects of Keynes's formal education from Marshall as Cambridge economics professor are of course discussed in the Keynes biographies. There is emphasis on the shortness of the process (reduced to eight weeks for Skidelsky, 1983, p.166, cf. p.206), the fact that Keynes himself discontinued his economics studies in December 1905 by dropping his earlier intention to sit for Part II of the Tripos, and the fact that John Neville Keynes, father of the young adult student in economics<sup>3</sup>, disliked the association of his son with Marshall and in particular Marshall's persistent attempts to draw him towards a professional economics career. The nature and details of Keynes's actual study with Marshall get light treatment, particularly by Skidelsky (1983). The surviving Keynes papers dealing with this topic have been investigated in detail by Raffaelli (1996) and thereby repair this omission in the Keynes biographies. (More brief discussion had previously been offered in Groenewegen, 1993; Groenewegen 1995a, pp. 553-4; 1995b). Both the contents of Marshall's lectures (as

disclosed in some detail in the Layton papers at Trinity College, Cambridge from the notes he took at these classes) and the copies of Keynes's 'essays' prepared for Marshall and vigorously corrected by him, leave little room for doubt that Keynes had a very thorough grounding in Marshall's economics. On the evidence of the by then long dead Gerald Shove, Joan Robinson (1962, p.79) has emphatically denied this, in her often quoted statement that Maynard had never taken the 'twenty minutes' required to master the theory of value<sup>4</sup>. Hayek has also referred to the hasty training Keynes had received in Marshallian economics, 'the only economics he knew' (Hayek, 1978, pp. 284-5), as an explanation of Keynes's failure to understand the essential foundations of an economic system. Harrod (1951, pp. 323-5) had of course long before exposed this canard on the basis of the economics training he had personally received from Keynes at Cambridge during the early 1920s and from which it appeared to him that Keynes's 'knowledge of Marshall was very thorough and meticulous'. Keynes's essays for Marshall from 1905 confirm that he had received stiff supervision on definitions of capital, index number, small and large firms, differential railway rates, the effect of machinery on wages, aspects of national income accounting, measures for estimating national prosperity and variations in employment. This is a formidable array of topics. Moreover, and this fact has not been fully acknowledged in the literature, Keynes appears to have continued his attendance at Marshall's lectures during lent term 1906, which dealt with monetary theory (Groenewegen, 1995b, pp. 132-3). The notes he took at these lectures later provided a model for his own lectures during his first year of economics teaching at Cambridge in 1909.

Although the Keynes-Marshall relationship at this time (1909-1914) and subsequently during the First World War years is interesting (Groenewegen 1995a, pp. 162-3, 479-82, 643-45, 750 gives a full account), the more relevant phase of the relationship from the point of view of potential influence on Keynes is the period immediately following Marshall's death. Keynes's last visit to Marshall in May 1924, described to Lydia Lopokova in a letter, is also of interest particularly because of its description of Marshall as 'my old master who made me into an economist'.

There are three significant sides to the post-1924 association of Keynes with Marshall's life and work. The first deals with Keynes's preparation of Marshall's obituary over July, August and September 1924. Although its importance among Keynes's *oeuvre* is fully admitted, details of its writings have had to await Groenewegen (1995c). The analysis of its sources contained therein shows that Keynes took the opportunity given by this task to revisit nearly all of Marshall's published writings in print and, at the same time, to make use of several of Marshall's unpublished papers. He had examined the latter with Mary Paley Marshall at Balliol Croft during his discussions with her to gather information for the *Memoir*. Unfortunately, nothing is known about the extent of Keynes's perusal of Marshall's literary remains at this stage, apart from the snippets he actually used for its writing and which, in any case, may have been selected for him by Mary Paley Marshall.

Following publication of the *Memoir*, Keynes appears to have assisted Pigou in the editorial work associated with the preparation of *Memorials of Alfred Marshall* (Pigou, 1925). What this editorial work consisted of is not known. Given the fact that Keynes had proposed the publication of the *Memorials* to the Council of the Royal Economic Society in the month of Marshall's death, his involvement may have been substantial. If Keynes assisted in the selection of material for inclusion in this volume, this may have given him further opportunities to examine Marshall's many unpublished papers. If such an examination was at all thorough, it may, for example, have included reading of Marshall's research notes on stock exchanges and speculation, recently published by Dardi and Gallegati (1992). Their introduction to this material argues 'there is much in Marshall's treatment of speculation that foreshadows Keynes' and 'that there is no clear break between the formulation of Marshall and

Keynes, but rather only differences that can be traced to the cultural background of the times when they were writing' (Dardi and Gallegati 1992, pp. 581-6). Any potential influence must, however, remain speculative (pardon the pun). There is no evidence that Keynes actually studied these notes at a time (1924) when his interests were so often directed to both the practical and theoretical aspects of speculative activity. Even if Keynes's assistance to Pigou was largely confined to reading proofs, this task implied a further revisitation of Marshall's printed work in essay form, as well as a reading of extracts from the unpublished papers and correspondence which it reprinted. Such reading can only have reinforced the view which Keynes so clearly presented in the *Memoir*, Marshall was a man of extensive talents whose interests and research in economics had covered the whole of the subject and not just the foundations laid bare in the *Principles*. This editorial assistance, minor though it was as a phase in Keynes's career is ignored by his recent biographers (Groenewegen, 1993, p. 29).

A more significant editorial labour is likewise ignored by them. This is Keynes's edition of Marshall's *Official Papers* for the Royal Economic Society during 1925 and 1926. The records of the Royal Economic Society Council meetings indicate Keynes proposed this publication on 5 March 1925, to include, as the minutes for 18 June 1925 clarify, Marshall's 'economic memoranda prepared in conjunction with official enquiries'. The Keynes papers (RES/2/44) reveal Keynes's editorial work involved considerable time in selecting which items to include, in correcting misprints and in making 'verbal changes ... in accordance with Marshall's known wishes'. Much of the *Official Papers* is devoted to Marshall's monetary evidence of the 1880s and 1890s, which had also been used as reference material for his students at Cambridge. Material on the 'aged poor', on taxation and on international trade policy, was also included<sup>7</sup>. The fact that this editorial labour is omitted by all Keynes's biographers is particularly surprising. 1925 after all was the year when Keynes commenced work on his *Treatise of Money* and this event therefore coincided with a self induced task of re-reading material which, on Keynes's own account in the *Memoir*, contained the best of Marshall's monetary work, which Keynes himself had studied as a student twenty years before. Although the finished *Treatise* itself cited *Official Papers* on only five occasions, the fact that all these arise in the context of discussions of the market rate of interest is itself significant. That was a key element in that work's theory. However, the *General Theory*, as Robertson (1936, p. 178 n.1) bitterly complained in his review of that book, failed to mention Marshall's evidence which was, 'for so many years the basis of exposition on this subject'.

All in all, the facts of the Marshall-Keynes relationship outlined above give plenty of scope for emphasising an extensive influence of, and empathy with, the ideas of 'master' for a gifted and favourite 'pupil'. There are implications of this which go well beyond matters of economics. The last is demonstrated by Groenewegen (1995b) where it is indicated how many similarities there are between Marshall's views (published and unpublished) and the thoughts underlying the many projects for books Keynes drafted during the 1920s and which, in the end, were never written. Furthermore, although much literature now mentions the relevance of Marshall's economics for understanding that of Keynes, many of the details await further investigation. Often such research would be capable of shedding light on aspects of the development of Keynes's views. In connection with their legacy of Marshall's views on the monetary economy, this is partly attempted in Groenewegen (1996) which, among other things, raises puzzles about the changes in treatment Keynes gave to the significance of the monetary, free enterprise economy for the theory of employment and output he was developing. Undoubtedly, the joint Keynes-Marshall project of Marco Dardi and Tiziano Raffaelli announced in Raffaelli (1996) will produce a great deal more insight on this relationship. By way of conclusion to this brief paper, the relevant lesson for those interested in understanding Keynes is: do not forget your Marshall!

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## Notes

- <sup>1</sup> This paper draws on, and occasionally quotes, archival material housed in Cambridge and London, that is, the Keynes Papers in King's College, the Layton Papers at Trinity College, the Marshall Archive at the Marshall Library and the Minutes of the Council Meetings of the Royal Economic Society in the Archive section of the British Library of Politics and Economic Science. Thanks is here recorded with respect to the use of this material and to the librarians and archivists who assisted me in gaining access to it.
- <sup>2</sup> That is, the papers by Marco Dardi, Mauro Gallegati and Tiziano Raffaelli as well as my own included in the bibliography.
- <sup>3</sup> In October 1905, Maynard Keynes had already turned 22 so that he was a mature, postgraduate student in economics, one of many of this type attending Marshall's classes. See Groenewegen (1995a, pp. 321-8, 555).
- <sup>4</sup> This differs from Joan Robinson (1953, p. 6) which argued Keynes drank Marshall with his mother's milk and that, therefore, like his Cambridge colleagues, he knew his Marshall backwards.
- <sup>5</sup> A Supplement to Keynes's edition of *Official Papers* is forthcoming in 1996, edited by Peter Groenewegen for Cambridge University Press and the Royal Economic Society. It includes material Keynes consciously or unwittingly omitted from Marshall's involvement with official inquiries.

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