

AN UNPUBLISHED LETTER OF ALFRED MARSHALL

Peter Groenewegen

In the light of Marshall's apparent aversion to writing book reviews for publication - his only two reviews were published with an interval of almost a decade in The Academy¹ - this letter² to Sir George Darwin on the virtues of contemporary textbooks on money and the foreign exchanges to benefit his son Erasmus's education is of particular interest. In it, Marshall evaluates the relative merits of George Clare's practical guides to the money market and the foreign exchanges (Clare's ABC)³ and the considerably more extensive and analytical treatment of these subjects by N.G. Pierson in his Principles of Economics⁴. The first volume of its translation from the Dutch had appeared in 1902, the second volume did not appear till 1912 but as Marshall indicates, by March 1908 or near the end of the fifth year of the still relatively new Economics Tripos at Cambridge, it had already made a considerable mark among students. Of the 21 students who had registered with Marshall in 1907-08 for studies in economics, six had claimed readership of the first volume of Pierson's Principles.⁵

The letter itself needs little comment, since its contents are self explanatory. It can be noted, however, that the young Erasmus Darwin only partially followed Marshall's advice because he does not appear to have consulted all of the pages on money, banking and the foreign exchanges in Pierson's book to which he was referred by Marshall. This can be ascertained with some precision since the greater part of his copy of Pierson's Principles remained with its pages uncut. More specifically, Darwin omitted to read the material on the banking and currency school controversy and on Dutch banking in chapter II (which are not cut), but he had at least cut all of the pages in Chapter III (pp. 516-61) except for the final conclusions (pp. 562-7), a rather surprising omission for a student. The subsequent

chapter on the regulation of currencies is totally uncut, though in fairness to the young Erasmus it can also be noted that he read part of the introduction to Pierson's work and perused the detailed table of contents. It may also be noted that Erasmus Darwin did not appear among the list of students of economics of Marshall in 1907-08, the last year in which he was Professor of Political Economy at Cambridge.⁶

6 Madingley Road,
Cambridge. 4.3.08.

Dear Darwin,

The only tolerably good small book dealing with Banking and The Exchanges is Clare's Money Market (MacMillan). Its treatment of The Exchanges is very slight. The same author has written The ABC of the Foreign Exchanges, a book of about the same size (160 pp) dealing much more thoroughly with the exchanges but still only from "the practical" point of view: i.e. that of the Banker and the City Editor. It is really developed out of lectures given before members of the Institute of Bankers. It is admirably clear, and of the highest authority on technical matters: but it does not profess to deal with fundamental matters such as - how far if at all are variations in The Exchanges causes (not mere indications) of permanent (or sub-permanent) variations in the general level of prices. It is fairly international.

On the other hand, The Money Market is narrowly British-technical. I don't think it is what Erasmus wants. What he does want is a part of a big book. Volume I Part II of "Dutch" Pierson's Principles of Economics is on Money, Banking and the Exchanges; and it has gradually established itself as the book for our Tripos students. It is masterly in technique and principle; and it is thoroughly international though it gives special prominence to British questions. Its chapter II on "Banking in the Principal Countries" pp. 449-515, and Chapter III on "Bills of Exchange and Foreign Exchanges" pp. 516-567, i.e. 127 pp in all, is exactly what he wants; and though the whole volume is 604 pp long, I recommend you to send it. It is published by MacMillan.

Yours sincerely,

Alfred Marshall

If you think he wants details of exchange technique, you might add Clare's ABC.

And in Erasmus Darwin's handwriting:

On a request whilst in USA for a book on foreign exchanges.

NOTES:

1. These were his famous review of Jevons' Theory of Political Economy which appeared in the issue of April 1, 1872 and Marshall's review of Edgeworth's Mathematical Physics which appeared in the June 18 issue of 1881 (not April, as Keynes indicated in his bibliographical list of the writings of Alfred Marshall appended to A.C. Pigou (ed.), Memorials of Alfred Marshall, London, Macmillan, 1925, p. 500, item 9). The first of these reviews was reprinted by Pigou in his Memorials, *ibid.*, pp. 93-99, the second so far as I know has never been reprinted despite its general interest for both the theory of bilateral monopoly and the application of mathematics to the moral sciences.
2. Alfred Marshall to Sir George Howard Darwin (1845-1912), Fellow of Trinity, mathematician (like Marshall a second wrangler) and son of Charles Darwin, 24 March 1908. The original is in the possession of the author of this note, having been acquired in Cambridge in March 1984, pasted into a copy of the first volume of N.G. Pierson, Principles of Economics, first English translation, London, Macmillan, 1902 and formerly the property of Erasmus Darwin, the son of Sir George.

3. That is, George Clare, A Money Market Primer, London, Effingham, Wilson and Company (not Macmillan, as Marshall wrongly indicates in the letter), first edition 1891, second edition 1892 and third and final edition, edited and expanded by M.H. Megrah, 1931; The ABC of the Foreign Exchanges, London, Macmillan, first edition, 1892, fifth and final edition by Clare, 1907 and editions by Norman Crump as late as the 1950s. Clare also published The London Daily Stock and Share List: A Course of Lectures, London, C & A Layton, 1898 but this was a great deal less popular than the previous two works. These had been popular texts with Marshall's students in the 1890s but only few students were still claiming to have read them by 1907-08: 3 out of 31 had read the Money Market Primer, only 1 the ABC. Student lists filed in the Marshall Library, Marshall Papers, large brown box item 1, misleadingly called 1897-1907 list of Marshall's students, since other classes are represented.
4. N.G. Pierson (1839-1909), the Dutch academic economist, Finance Minister and Prime Minister, a fairly close friend of the Marshalls and a number of items of correspondence with whom have been preserved in the Marshall Library, Box 3, Letters from Alfred Marshall. An extract from this correspondence on the Boer War but omitting the material on Marshall's teaching at Cambridge, was included by Pigou in the Memorials, op.cit., pp. 410-12. In his biographical memoir, Keynes recollected meeting the Piersons for dinner at the Marshalls, possibly on the occasion when Marshall was President of the Economic Association in 1890 (in Memorials, *ibid.*, p. 49).
5. Marshall Papers, Marshall Library, Large Brown Box, item 1, data abstracted by the author.
6. Marshall Papers, Marshall Library, Large Brown Box, item 1.