

CHAPTER II

PRECONCEPTIONS

Critical issues in the history of economic doctrine are related to analogous issues in the history of philosophy to the extent that both deal with theoretical constructs distinct from empirical data. Even though many economists have taken as their task the collection and collation of data, this work is seldom subject matter for the history of economic doctrine. However, an extreme position that either the collection of the data or the speculation about the data is of sole importance is misleading. Though some philosophical justification can be found for believing that events have no meaning *per se*, this position is too often used to condone speculation on a level of abstraction which ignores empirical facts. On the other extreme, the historical “realist” may insist that history is the mere description of specific events. This position in its more extreme form denies the usefulness of assuming the continuity of theoretical speculation which is the *raison d`etre* of doctrinal research. The more moderate sanctions of “critical realism” do less violence to the requirements of logical parsimony in this regard, for it is admitted that events do have meaning in themselves though the relationship between the events and the thought about those events is a complex one requiring extreme caution in interpretation. [11]

Thus, the rationale of undertaking a study in the history of thought requires that theoretical constructs be accepted as useful, the measure of usefulness being the effect upon subsequent events or subsequent thought. Further, an evaluation of doctrinal developments results in some increase in useful knowledge. With this in mind, three levels of critical consideration have been found helpful. The first level is concerned with an understanding of the logical structure of the doctrinal system. The second level involves an understanding of its meaning and implication. And the third level of criticism requires an assessment of the importance and relevance of the system in the broadest possible context.

The first level of criticism deals with a description of the author's system of thought with emphasis on internal consistency and coherence. For example, has the technique been properly applied? Is the author guilty of logical errors? Does the conclusion follow from the application of the chosen technique? Has the technique proved adequate in dealing with the subject matter, or are the results capable of only a clumsy formulation? Has the subject matter been chosen with regard for the prevailing rules of selection? This last question involves difficulties insofar as the prevailing rules of selection may themselves be prejudiced by the technique and certainly by the characteristics of the hypotheses. This difficulty is attributable to limiting the data to a sample, for it is almost never possible to make use of all the relevant data. [12]

The first level of criticism is important. Standards of coherence, a lack of bias, and a measure of stylistic subtlety are necessary for clear communication. The attainment of these standards is a guide to the trust which can be placed in the conclusions. For that reason, much of this study will be concerned with Marshall's achievement in reaching these standards.

The question of the relevance of data properly belongs to the second level of criticism; for whereas the first level deals with a description of the system, the second level is concerned with an understanding of the meaning and implication of the system. Thus, the question of relevance in the selection of the data, an aspect of the problem of selecting proper data, should be seen in conjunction with an analysis of the meaning of the system, for it is the system itself which provides the final criteria of relevance. Correspondingly, the understanding of the meaning of the system must always be seen in conjunction with the methods of handling the data adopted by the author. Therefore, while the first level of criticism is analyzably distinct from the second level, for operational purposes it is impossible to separate the two.

Wilhelm Windelband¹ has made certain suggestions which have proved useful in the analysis of meaning and implication, a determination of which has been taken as the second level of [13] criticism. His failure, however, to distinguish various levels of criticism has led to some confusion. First, there is the descriptive or empirical approach which Windelband labeled as “naive.”² Here the attempt is to discover meaning and implication by examining what the author says about his intentions. The descriptive approach to the determination of meaning differs from the first level of criticism in that the latter is concerned only with the relationships of the various parts of the system without an analysis of the purposes to which those relationships may be put. The descriptive approach to the second level of criticism involves, if necessary, a reconstruction of the system in order to determine the meaning and implication.

A second critical approach in assessing the meaning and implications of a system of thought, according to Windelband, is found in the examination of the origin and evolution of that system: This he called the “genetic” method.³ In dealing with the evolution and development of a system, three points of departure should be distinguished: The psychogenetic, the logical, and the historico-cultural. The first, the psychogenetic, is concerned with the relationship between the form of the doctrine and the “. . . individual *personalities* who, though rooted ever so deeply with [14] their thought in the logical connection and prevalent ideal of a historical period always add a particular element by their own individuality and conduct of life.”⁴

An analysis of the origins and development of the set of propositions constituting that system is Windelband's second point of departure: This he called the logical or

¹ This discussion is taken largely from two works of W. Windelband, *A History of Ancient Philosophy*, trans. Ernest Cushman, (New York: Charles Scribner's Sons, 1899), pp. 5 ff.; and *History of Philosophy*, trans. James H. Tufts, (2nd ed.; London: Macmillan Co., 1923), pp. 7 ff.

² Windelband, *History of Ancient Philosophy*, p. 7.

³ *Idem.*

⁴ Windelband, *History of Philosophy*, p. 14.

pragmatic element.⁵ The logical point of departure is concerned with a body of ideas and the successive attempts at solution of the problems posed on the underlying assumption that through some immanent logical necessity the ideas will press successively towards more exact statement. This form of critical analysis is identified with the idealism of Hegel, although not necessarily involving the validity of Hegel's world outlook.

The third point of departure Windelband called historicocultural.⁶ Here the relationship between the doctrine and the historical development of the relevant aspects of the culture is the subject of analysis. During the Nineteenth century the historicocultural view was associated largely with the Positive Philosophy of Auguste Comte, but more recently with the doctrine of the Sociology of Knowledge.

Finally, in addition to the descriptive and genetic methods of analyzing the meaning and implications of a system, Windelband [15] suggested a further approach which he called "speculative."⁷ In this instance, the method of procedure requires an analysis of other systems in comparison with a system of thought which is held as ultimately valid. In the history of philosophy as well as in the history of economic doctrine, the possibility of ultimate validity is open to serious doubts. The doctrinaire conviction, invariably present in an attempt to judge a system of thought in terms of its imperfection *vis-a-vis* some perfect system, would be unlikely to result in an unbiased understanding of the implications of the doctrine being criticized.

The third level of criticism deals with the importance or significance and relevance of the system in the broadest context. In the social sciences, particularly, the best measure of relevance and significance is found in the historical importance of the problem posed. That is to say, first, would the historical environment be distorted without a consideration of those problems and data out of which the system of thought

⁵ *Ibid*, pp. 9 ff.

⁶ Windelband, *History of Ancient Philosophy*, p. 7; and *History of Philosophy*, p. 9.

⁷ Windelband, *History of Ancient Philosophy*, p. 7.

arose? Second, did the system of thought have a noticeable impact upon its contemporary environment?

Of course, the solution of a problem posed in technological context will generally have more direct and immediate effect than one posed in the context of one of the speculative disciplines. Hence, the judgment must be made in terms of a period long enough [16] to allow the full effect of the proposed solution to become apparent. In addition, the impact of the idea of a solution should be distinguished from the impact of the solution. From the point of view of the development of doctrines, the immediate measure of importance is the effect of the proposed solution upon contemporary ways of looking at problems and data.

At this point, a serious difficulty arises. Shall importance be judged in terms of the impact of the doctrine upon the world of the critic or in terms of its impact upon the contemporary world of the author? The question has been posed in a somewhat different context by Louis Teeter:

Due to the very terms of our existence in a world of change there are two sets of data concerning a past work of literature which one may propose to investigate and formulate: its probable meanings and values to the author and his contemporaries and its possible meanings and values to the present day reader. The first, if possible, is a problem in reconstruction and quite clearly falls within the province of the literary scholar. The second, if desirable, is a problem of reevaluation and belongs to the critic.⁸

As we tried to indicate above, it is doubtful that intelligent reevaluation by the critic can proceed without reconstruction of the subject for criticism; for reconstruction involves some degree of selectivity, and there is a real danger that the reconstruction will be biased because of the inherent valuations of the author unless the valuations are explicit in terms of the second level of criticism. [17]

⁸ Louis Teeter, "Scholarship and the Art of Criticism," *English Literary History*, Vol. V, p. 173.

Teeter suggested four possible solutions to the problem: First it may be assumed that the only meaning of the work being critically analyzed is in its relationship to the critic's world; second, the meaning is in its relationship to the author's world; third, the changes between the critic's world and the author's world are unimportant and therefore may be ignored;⁹ and fourth, insofar as it is possible to assume continuity in the development of ideas as well as events, an analysis of the author's meaning enables the critic more clearly to understand the nature of his own world.¹⁰

Little satisfaction can be drawn from either of the first two possibilities when dealing with social problems. In the present study, the third possibility would have some validity, for the changes in the half-century since the substantial portion of Marshall's work was completed have not obscured the elements which the two periods have in common. But for our purposes the most important and general meaning is to be found in the fourth possibility; that is, in a study of Marshall's treatment of earlier forms of the System of Economic Freedom as it relates to our latter day heritage.

There exists a further possibility that the study of a system of thought might be taken as an end in itself. But in the social [18] sciences, the notion of knowledge for the sake of knowledge is unlikely to have much meaning when considered on the third level of criticism, though one need not go as far as Croce in suggesting that it “. . . would be an idiotic pastime for idiots, or for the idiotic moments which we all have in us. . .”¹¹ Thus, in the absence of a system possessing the final validity which would make the speculative approach meaningful (*supra* p. 16), criticism of past systematic formulations may best justify itself if the continuity of intellectual development is taken as the point of

⁹ Teeter has erred in form in suggesting that the third possibility is a possibility at all. If three were determined to be true by an appeal to the facts, then the difference between one and two would disappear. Thus, one, two and four remain as the only formal possibilities for solution.

¹⁰ Teeter, "Scholarship and the Art of Criticism," *English Literary History*, pp. 174 f.

¹¹ Benedetto Croce, *History as The Story of Liberty*, trans. Sylvia Sprigge, (New York: W. W. Norton & Co., Inc., 1941), p. 33.

departure; then an understanding of any one part cannot help be relevant to an understanding of the rest regardless of their relationship in time.

A demonstration of the nature and significance of Marshall's system of thought in the widest context will only be dealt with in passing. For the most part, the analysis will proceed on the first two levels of criticism. That part of the study which deals with the meaning and implication of Marshall's work will be concerned largely with certain aspects of the origin and development of his thought as related to his intellectual and cultural tradition. More specifically, we shall examine the logical relationships of the various parts of the Marshallian system and the nature of the problems towards which he oriented his systematic treatment of economics. Thus, our concern will be first, with an analysis of [19] Marshall's economic system as it was used in dealing with social problems, and second, with the development of certain ideas which determined not only Marshall's attitudes and the tenor of his system of analysis but even the way in which he set out to solve the problems.

In developing the meaning and implication of Marshall's work, most of the discussion will follow the genetic approach. With respect to the first of the three points of departure which the genetic approach may take, the psychogenetic, it would be difficult to defend the position that doctrines may usefully be attributed to the unique qualities of the individuals formulating those doctrines. But it would be even less defensible to treat the individual as a passive element in the situation, the direction of whose movement could be determined by a quantitative evaluation of the "forces" or stimuli at work. Without some inquiry into the personalities involved in the formulation of doctrines, it would be impossible to answer the question of why particular individuals were involved and not others. A treatment of Marshall with the analytical techniques developed in the last three-quarters of a century could not help but throw light on many of the positions he took on the important issues of the day. But these considerations,

except where they cannot be avoided, will not detain us in this [20] study.¹² The more general issue of the role of the individual is not one which we need consider here.¹³

In the critical analysis of doctrinal genesis, the “logical” point of departure has been suggested as a possible approach. A. O. Lovejoy has described this view in its extreme form:

According to that older but now evanescent view, what we chiefly witness in the temporal sequence of beliefs, doctrines and reasonings, is the working of an immanent dialectic whereby ideas are progressively clarified and problems consecutively get themselves solved or at least advanced towards less erroneous or inadequate ‘solutions.’¹⁴

Thus, Lovejoy makes it clear that in this form the priority of the development of the idea rests upon the structure of neo-Kantian metaphysics; that is, the development of the empirical world is looked upon as a “reflection” of the dialectical unfolding of the idea. [21]

A more modified position, without the underlying metaphysical preconceptions, has been suggested by Professor Eels:

A profounder historical sense is found in the view that the history of an idea is essentially human history; the idea itself is clarified by being set in a socio-historical matrix. This approach is implicit in pragmatism, with its ‘instrumental treatment of ideas, in naturalism, which regards an idea as a quality of natural

¹² Marshall would be of considerable interest in the one aspect of light of psychogenetic approach. He was a member of that band of Nineteenth Century Englishmen of literary inclinations possessing as a group weak digestions, strong willed parents, curious family relationships, and an abiding love of the out-of-doors. They were mountain climbers and hikers and had an obsession for continual and sustained labor. One important difference should be noted: Marshall was almost incapable of getting anything into print. He would hold his manuscripts for decades before finally returning them to the publishers. This retentive aspect of Marshall’s character is in contradistinction to other literary Victorians whose outpourings astonish a more self-conscious age.

¹³ We shall return to this problem in Chapter V. As we shall see, Marshall found that the issue as to whether the individual could usefully be thought of as acting independently was of strategic importance.

¹⁴ Arthur O. Lovejoy, “Reflections on the History of Ideas,” *Journal of the History of Ideas*, Vol. I, January 1940, p. 20.

events rather than as non-natural energy and in materialism, for example in the view that philosophical ideas reflect or express social movements.¹⁵

In effect, Edel implies that ideas should be treated not as prior to events but as, in a sense, reflections of events. The important relationships which appear in the empirical world can be understood best by an analysis of the ideas to which they give rise.

When the intellectual theatre of operations is distantly removed from the empirical data, this approach would be of especial use. But in considerations of economic doctrine where the intellectual theatre of operations is close to observable data, it should be utilized with considerable caution for even if we grant on *a priori* grounds the indisputability of the continuity of ideas, the condition of the state of knowledge is generally such that continuity cannot always be demonstrated with any degree of satisfaction. Under these circumstances, the only possibility of finding a way across the lacunae is through an appeal to the historical or empirical data.¹⁶ [22]

These considerations are not intended to deny the usefulness of the logical point of departure in the history of economic doctrine. In many respects, an examination of the development of doctrines in terms of the increasing subtlety and the greater range of problems to which an analytical structure is adapted furnishes real insights into the meaning and implication. To justify the "logical" point of departure as it concerns the development of economic doctrine, we need assume neither a particular metaphysical system nor that there is an immediate and ubiquitous relationship between ideas and events; we need only a simple psychological assumption; namely, that individuals possess a degree of intellectual honesty, and that for them the logic of the situation is an important operative factor in determining activity, intellectual or otherwise. Lovejoy has again made the point:

¹⁵ Abraham Edel, "Levels of Meaning and the History of Ideas," *Journal of the History of Ideas*, Vol. VII, June 1946, p. 355.

¹⁶ Cf. Windelband, *The History of Philosophy*, p. 13.

. . . the intellectual historiographer will still do well to entertain the hypothesis that logic is one of the important operative factors in the history of thought, even though he cannot accept this assumption in the extreme form in which it was once widely held.¹⁷

With respect to the logical point of departure, we shall emphasize in the course of this study the development of Marshall's ideas on two levels: First, the historical evolution of some of the ideas concerned with the nature of the world about us which Marshall accepted; and, second, evolution of Marshall's own thinking about [23] the technical, theoretical framework of analysis which he utilized in dealing with the System of Economic Freedom. Marshall's "intellectual honesty" in this connection took the foils of an almost compulsive demand for consistency at all levels of his analysis.

The third form which the genetic approach may take, involving an explanation of the relationship of events and ideologies to the total of the historical and current aspects of culture, is important in developing the argument of this study. It was, as has been indicated, associated during the Nineteenth Century with the Positive Philosophy of Auguste Comte. His influence in conjunction with that of Marx has been primal in the development of European sociological thinking. They looked upon society as an organic unity in which the various parts, i.e., the individuals, customs, institutions and the rest, have their special role to play and possess an inner common form which makes the various elements more like aspects of a unified whole rather than simply contiguous elements in an arrangement.

A particular methodological attitude, generally spoken of as the Sociology of Knowledge, starting from this organic conception of culture has denied the possible individuality of knowledge. Manheim, one of the more important of the group of social thinkers recently adhering to this position, has stated the position as follows: [24]

. . . it will become more and more clear that the living forces and actual attitudes which underlie the theoretical ones are by no means merely of an individual nature, i.e., they do not have their origin in the first place in the

¹⁷ Lovejoy, *op. cit.*, p. 20.

individual's becoming aware of his interests in the course of his thinking. *Rather, they arise out of the collective purposes of a group which underlie the thought of the individuals and in the prescribed outlook of which he merely participates* [italics mine].¹⁸

With respect to the position taken by the Mannheim group, Merton has indicated that the notion that the individual is incapable of rising above the ideology of his class or social group raises a very serious question as to how *anyone* can claim validity for his own thoughts; and that this criticism should apply equally well to the Sociologists of Knowledge.¹⁹ The difficulty is one of Mannheim's making, for had he not found it necessary to raise the question of the "sollipsistic predicament,"²⁰ the criticism would have been inappropriate insofar as it involves a confusion of levels of discourse. The validity of a set of propositions should be examined *vis-a-vis* the relevant data which are the subject matter of that set of propositions. It would require a further set of propositions, analyzably distinct from the first set, to provide categories for examining the logical relationships involved in that first set. It is possible to develop logical propositions of a more general nature, but the examples with which we are dealing here are not of that order. Nevertheless, Mannheim posited the existence of a "class stratum" or a "socially unattached intelligentsia" which would be able, in abstraction from class ideologies, to concern itself with the ". . . relationship between judgment and point of view, between the social process and the development of interest."²¹

At this point, the Sociologists of Knowledge exposed them-selves to Karl Popper's attack:

. . . the sociologists of knowledge hold that the 'freely poised intelligence' of an intelligentsia which is only loosely anchored in social traditions may be able to avoid the pitfalls of the total ideologies; that it may even be able to see through,

¹⁸ Karl Mannheim, *Ideology and Utopia*, trans. Louis Wirth and Edward Shils, (New York: Harcourt, Brace and Co., 1952), pp. 240-1.

¹⁹ R. K. Merton, "The Sociology of Knowledge," *Isis*, Vol. XXVII (3), November 1937, p. 501.

²⁰ The expression belongs, I believe, to Ralph Barton Perry, but the predicament is Descartes'.

²¹ Mannheim, *op. cit.*, pp. 136 ff.

and to unveil, the various total ideologies and the hidden motives and other determinants which inspire them. . . . The way to a true knowledge appears to be the unveiling of unconscious assumptions, a kind of psychotherapy, as it were, or if I may say so, a *sociotherapy*. Only he who has been socioanalyzed or who has socioanalyzed himself, and who is freed from this social complex, i.e. from his social ideology, can attain to the highest synthesis of objective knowledge.²²

Thus, to the extent that it is possible for any one person to attain a degree of “objectivity” a presumption of objectivity should be granted to any serious worker—a presumption which, in fine, is to be verified in any instance by an appeal to the best available canons of criticism. Those canons at any stage [26] of development may have some ideological bias. But to the extent that they do, the charge of bias must be admitted; for the solution to this difficulty (or its lack of solution) depends upon the progress (or lack of progress) of knowledge.

With regard to the problem of criticism as a whole, it has been argued that, to begin with, the first level of criticism, while it can scarcely be counted upon to reveal the meaning and implication of a particular doctrine, constitutes a necessary preliminary to the critical task. Further, the most justifiable approach to the determination of the meaning and implications of a doctrine, the task of the second level of criticism, is to be found in an analysis of that doctrine's origins and development, i.e., the genetic approach. Finally, the genesis of a doctrine is best seen as the result of the individuals involved in the formulation of the doctrine, the historico-cultural environment of the doctrine, and the evolution of the logical structure of the doctrine though any one of these points of departure taken alone may be misleading. But once the meaning and implications of a doctrine have been arrived at, it is still necessary, before final judgment can be given, to determine the significance and relevance of that doctrine in the widest possible historical context and as measured by that doctrine's impact upon subsequent development. This last consideration constitutes the third level of criticism. [27]

²² Karl R. Popper, *The Open Society and Its Enemies*, (Princeton: University Press, 1950), pp. 400-1.

We shall, in keeping with our methodological conclusions, assume that to some extent Marshall reached solutions, some tentative, some a little more certain, because he was led to them by the strength of his logic. Granting that any problem has a number of possible solutions, and further that the "rules of the game" may vary from person to person and from time to time, we shall be concerned largely with the cultural and historical circumstances which were important in the determination of those rules to which Marshall ascribed and which lead him to select certain solutions as more probable. Primarily then, most of the analysis of this study will be at the second level of criticism although, because of the close connection between the second level and the first level, an attempt will be made at a consistent treatment of the relevant portion of Marshall's theoretical work.

In terms of the "logical" point of departure, the central theoretical model and its relationship to the organization and control of industry will be emphasized. The task will largely be to demonstrate the consistency of Marshall's theoretical framework both as a matter of internal structure and as it relates to a range of problems which are usually thought of as sociological but which cannot be ignored in a full treatment of the System of Economic Freedom.

In terms of the historico-cultural point of departure, we shall emphasize the following elements: First, the nature of [28] industrial organization and control during the period of Marshall's career as an economist; second, his intellectual environment with especial reference to his conception of the world about him which is inseparable from his, theoretical formulations; third, the impact of Evangelicalism during the Nineteenth Century. These last two factors will be discussed during the remainder of this chapter.

The three aspects of culture which have been singled out as being important in the determination of Marshall's development distinguished the Nineteenth Century from the preceding centuries. As A. N. Whitehead has pointed out:

The faith of the century was derived from three sources: one source was the romantic movement, sharing itself in religious revival, in art, and in political

aspirations: another source was the gathering advance of science which opened avenues of thought: and the third source was the advance in technology which completely changed the conditions of life.²³

The very elements which Whitehead felt comprised the sources of the faith of the Nineteenth Century were the elements which made Marshall's work characteristic of his century.

The specific setting of Marshall's economic thinking, and for that matter of all the economic thinking of the Nineteenth Century, was provided by the industrial developments which had altered the conditions of political control, social structure, the distribution of income, concepts of morality, and had ushered [29] in new demands for political and economic reform. For the political economist in the classical tradition, the most impressive aspect of this development was the new methods of production. Everywhere output seemed to be increasing; but at the same time the manifestations of luxury seemed to go hand in hand with destitution, poverty, and ". . . all the evils which arose from the suddenness of this increase in economic freedom."²⁴ But without these other two elements, namely, the rational approach to the problems of environment and the attitude towards the moral life derived from an Evangelical faith which reflected a marriage between Protestant Christianity and the Romanticism of Eighteenth and Nineteenth Century European culture, it is impossible to understand the manner in which Marshall dealt with economic problems. The failure to take into account these elements have lead many of Marshall's readers to mistake substance for style. It is not enough to say that his work was done against a "background of Victorian Morality";²⁵ that Victorian morality was as much an integral part of his system as his rational

²³ A. N. Whitehead, *Science and the Modern World*, (New York: Macmillan Co., 1948), p. 139.

²⁴ Alfred Marshall, *Principles of Economics*, (8th ed.; London: Macmillan and Co., 1920), p. 750. All references are to the eighth edition unless otherwise indicated. All references to Marshall's writings will be, after the original citation, simply by the title of the work.

²⁵ R. F. Harrod, *The Life of John Maynard Keynes*, (New York: Harcourt, Brace and Co., 1951), p. 117.

approach. It is to the latter, the particular Nineteenth Century version of rationalism which affected Marshall's work, that we shall now turn. [30]

The first article of faith of this rationalist approach was the fundamental unity of all of human knowledge based on scientific principles; and the second article was that these scientific principles could be understood by diligent application. In spite of the fact that the appearance of the environment was one of great confusion and man's ideas were in seeming conflict, underneath all lay an order and a unity. As Basil Willey has indicated, the Nineteenth Century had taken up the task of describing and understanding that fundamental unity:

. . . [it was] the century whose special problem was the reconciling of destruction with reconstruction, negation with affirmation, science with religion, the head with the heart, the past with the present, order with progress.²⁶

On a philosophical level, the three unifying systems which affected the Nineteenth Century most profoundly were those of Comte, Friedrich Hegel, and the evolutionary developments culminating in Herbert Spencer.²⁷ British social thinking was influenced by all three but most particularly by Herbert Spencer, who sought to apply the principles of evolution to every branch of knowledge. The impact of Spencer on English thought is difficult to understand in our time when Spencer's name has been relegated [31] to the kitchen midden of footnotes and bibliographies.²⁸ But his attempt to unify all knowledge appealed to those individuals in the Nineteenth Century who were engaged in the hot pursuit of ultimate reality, the *ignis fatuous* of philosophy. In the intellectual ferment of the time, Spencer's world viewpoint appeared for a while to provide a certainty which had been lost with the passing of the Theism of preceding centuries.

²⁶ Basil Willey, *Nineteenth Century Studies*, (London: Chatto & Windus; 1949), p. 188.

²⁷ Cf. John Theodore Merz, *A History of European Thought in the Nineteenth Century*, (Edinburgh and London: William Blackwood and Sons, 1923), esp. Vol. IV; ch. xi; also *Principles*, p. ix.

²⁸ Talcott Parsons begins his study, *The Structure of Social Action*, (Glencoe, Illinois: The Free Press, 1949), with the question: "Who now reads Spencer"? But it is a brave reader who stays for Parson's entire answer.

The desire for unifying principles has been a persistent one, throughout the history of philosophy and the history of science (to the extent that the two can be separated). However, the appeal to historical data in establishing the meaning of the world of sense perception, which Josiah Royce called "the world of the outer order," distinguished the work of the Lyells and Darwins, the Spencers and Maxwells and others in whose tradition Marshall belonged. As Royce said:

... Idealism having proved as unable to construct the visible world upon any *a priori* rational scheme, as it was successful in laying the foundation for the spiritual philosophy of the future, the problem that the earlier idealists had left to their successors was now: *To comprehend the world of experience in terms of the fundamental idealistic postulates*. In a search for the solution of this problem, thought was led to the rational study of human history. . . The century [the nineteenth] became the typical century of the historical theory of creation When the eighteenth century turned its eyes towards the inner life, it still studied an ideally permanent thing called human nature, which savage life [32] illustrated in its primitive innocence, civilized life in its artificial disguises, but which nothing in heaven or earth, except the will of its creator, could essentially change. *But for our nineteenth century it is just the change, the flow, the growth of things, that is the most interesting feature of the universe* [italics mine].²⁹

Thus for Royce, the generalized concept of cosmological evolution in its many forms is the ultimate (Nineteenth Century) expression of the unity of what appeared on the surface as continuing change, variation, and development.

The English developments as typified by Spencer must, however, be distinguished from the neo-Kantian developments which dominated philosophical speculation on the Continent.³⁰ The former had in common with the doctrines of Comte, which are distinct from much of the rest of European speculation, an emphasis on social problems.³¹ But Spencer emphasized the evolutionary doctrines as they applied to the empirical world in

²⁹ Josiah Royce, *The Spirit of Modern Philosophy*, (Boston: Houghton Mifflin Co., 1892), pp. 273-4.

³⁰ A discussion of the neo-Kantian influences on Marshall will be reserved to Chapter V of this study. These influences are of primary importance in an evaluation of his treatment of economic freedom.

³¹ Merz, *op. cit.*, IV, 645.

contradistinction to Comte's *Loi des Trois Etats*, which has a closer kinship to Hegel's logic of the dialectic.³² Further, the Comtean system was explicitly teleological. This last factor constitutes a major point of difference: For the evolutionary [33] doctrines, teleological factors were of necessity *obiter dicta*, being based on the faulty identification of value with "survival" as a mechanism of the evolutionary process.

It has been pointed out in looking at this problem from a somewhat different point of view, that the Nineteenth Century evidences of evolution should be taken as a footnote on one of the "seminal" ideas of philosophy which Lovejoy has celebrated as the "Great Chain of Being."³³ The Great Chain is the characterization of the idea that the cosmos contains the realization of all possible forms and types with no lacunae between the forms, and that the universe is complete in the sense that all its potentialities have been realized. The Great Chain of Being has three corollaries: Continuity, plenitude, and gradation.³⁴ That is, there are no discontinuities in the quantities, qualities and dimensions composing the cosmos; in every instance the principle, *natura non facit saltum*, may be taken as the rule of the universe.³⁵ Further, nature is not only continuous, but also ". . . the extent and abundance of the creation must be as great as the possibility of existence commensurate with the productive capacity of a 'perfect' and inexhaustible Source. . . ."³⁶ Finally, all of the elements of the [34] cosmos constitute a linear, ontological scale declining from the most perfect (in terms of infinitely potential) to the least perfect (presumably in which potentiality has been exhausted or perhaps not yet

³² *Ibid.*, IV, 482 ff.

³³ Scott Buchanan, (rev.), "*The Great Chain of Being: A Study of the History of an Idea* by Arthur O. Lovejoy," *International Journal of Ethics*, Vol. XLVII, July 1937, p. 488.

³⁴ A. O. Lovejoy, *The Great Chain of Being*, (Cambridge: Harvard University Press, 1936), esp. ch. II.

³⁵ *Ibid.*, p. 55.

³⁶ *Ibid.*, p. 52.

awakened).³⁷ The idea of plenitude is inseparable from that of continuity, for the lack of fullness implies a *saltus* and *vice versa*.

Plato and his successors felt that the existence of the Great Chain of Being implied perfection, and that the cosmos must have been complete from the moment of creation. But in the Eighteenth Century, a change took place which set the stage for the transformation of the Great Chain into the evolutionary doctrines of the Nineteenth Century:

For one of the principal happenings in the eighteenth-century thought was the temporalizing of the Chain of Being. The *plenum formarum* came to be conceived by some, not as the inventory but as the program of nature, which is being carried out gradually and exceedingly slowly in the cosmic history. While all the possible demand realization, they are not accorded it all at once.³⁸

And so, the way is cleared by Leibnitz, Kant, Pope, and the French *philosophe*, Robinet, for Hegel, Comte and the evolutionary writers of the Nineteenth Century.

It is impossible, as Lovejoy has pointed out, to separate the development of the vast complex of ideas constituting the Great [35] Chain of Being from their Platonist sources.³⁹ The biologist, Henry Fairfield Osborn, has taken an even more forceful position:

. . . I am more than ever impressed with the evidence of continuity in the development of the great central idea of Evolution. . . . The main difference between the modern idea of Evolution and the Greek idea is not due to any essential difference between the Greek mind and the modern mind, except in favor of the former; it is due to the incalculable growth of our knowledge. . . .⁴⁰

Thus, the reasons behind Royce's treatment of the evolutionary tradition of the Nineteenth Century as a development of the Idealist tradition become clear.

³⁷ Lovejoy, *op. cit.*; p. 59.

³⁸ *Ibid.*, p. 244.

³⁹ Lovejoy, *op. cit.*, p. 24.

⁴⁰ Henry Fairfield Osborn, *From the Greeks to Darwin*, (2nd ed.; New York: Charles Scribner's Sons, 1929), p. 349.

A necessary corollary to the Great Chain as conceived in its Platonist context is the intimate relationship of all elements in the universe. Parmenides posed the problem to young Socrates in the following fashion:

Take, if you like, the supposition that Zeno made: '*if there is a plurality of things.*' You must consider what consequences must follow both for those many things with reference to one another and to the One, and also for the One with reference to itself and to the many.⁴¹

A. E. Taylor has interpreted this part of the dialogue in which Plato explores the various implications of the relationships between the one and the many as a *jeu d'esprit*.⁴² But *jeu d'esprit* [36] or no, and without concerning ourselves with the neo-Platonist problem of the identification of the One and its esoteric meaning, it is clear that Plato's purpose was to emphasize on the level of pure logic the underlying simultaneous complexity and unity of the universe. The dialogue ends with the statement of the principle in the kind of paradox with which Plato frequently concluded many of the important later dialogues:

To this we may add the conclusion: it seems whether there is or is not a One, both that One and the Others alike are and are not, and appear and do not appear to be, all manner of things in all manner of ways, with respect to themselves and to one another.⁴³

Miss Walker has expressed the conclusion of the dialogue in a manner which is strikingly similar to the ideas set forth by Marshall in explaining the importance of the "one and the many" in economics. As Miss Walker says:

The facile reduction of the Universe to any single principle—whether Unity or plurality—is inadequate to explain the complexity of the metaphysical situation, or to suggest a method of reasoning that will lead beyond the chaos of scepticism. The way of thought lies in the cautious and critical interweaving of basic notions, by a method that shall be precise, both in perceiving relations and in preserving essential distinctions. The alternative for reality is indeterminateness and for

⁴¹ Plato *Parmenides*, 136 a; trans. Francis Macdonald Cornford, *Plato and Parmenides*, (London: Routledge & Kegan Paul Ltd., 1939), p. 104.

⁴² A. E. Taylor, *The Parmenides of Plato*, (Oxford: The Clarendon Press, 1934), p. 39.

⁴³ *Parmenides* 166 c; Cornford, *op. cit.*, p. 244.

knowledge ignorance. In the correct procedure completeness and painstaking analysis are imperative, however "laborious a pastime" it may be. The strictness of necessity and the final breadth of insight follow from the very thoroughness of the dialectic.⁴⁴ [37]

The two key notions, then, without which it would be impossible to understand the theoretical framework in which Marshall posed the principal economic problems are first, the interrelationship of all phenomena and second, the continuity of all phenomena. It is of little interest for our purposes to concern ourselves with the validity of these notions: In dealing with concepts of this nature, validity has a tenuous meaning at best and in any given systematic context turns on the ruthless application of the principle of economy. In this connection, even a casual wielding of the razor would not particularly advance the cause of criticism of Marshall's system of thought.⁴⁵

On the level of high abstraction, Marshall felt that there was an underlying unity of all phenomena; this underlying unity is explicit in the motto of *Industry and Trade*: "The many in the one; and the one in the many." Taken in conjunction with the motto of the *Principles*, *natura non facit saltum*, it is apparent that Marshall had in mind something approaching the lesson of the *Parmenides* when he said: [38]

. . . the maxim that "Nature does not willingly make a jump" (*Natura abhorret saltum*) is specially applicable to economic developments.

Partly in consequence, economic conditions and tendencies show, even more than most others the One in the Many, the Many in the One: for those, which prevail at any place and time reflect the habits of action, thought, feeling and

⁴⁴ Merle G. Walker, "The One and Many in Plato's *Parmenides*," *The Philosophical Review*, Vol. XLVII, Sept. 1938, p. 501.

⁴⁵ The principle of *natura non facit saltum* was the cause of considerable discussion in the Nineteenth Century scientific circles. For example, Thomas Huxley argued in 1860 that Darwin should not have "embarrassed himself with the aphorism '*natura non facit saltum*'" because there was little question that nature appeared to have made jumps in many situations, and to assume that she did not was at least cumbersome. T. H. Huxley, *The Westminster Review*, "Darwin on the Origin of Species," Vol. XVII (N.S.), April 1860, pp. 568-9. An interesting aspect of the rise of Twentieth Century scientific methodology is the passing of the concept of continuity. See, e.g., the interesting discussion of Martin Johnson, *Science and the Meaning of Truth* (London: Faber and Faber Ltd., 1946); pp. 30 ff.

aspiration of the whole people, or at least some large part of them. Each reacts on the character of the population: but the roots of all are deep set in the human characteristics of the place and time: thus the One is seen in the Many. And conversely each tendency embodies in some degree almost every influence, that is prominent then and there: insomuch that a full study of it would present incidentally a nearly complete picture of the whole: thus the Many are seen in the One.⁴⁶

The analysis of Marshall's belief in the continuity and ultimate unity of nature in spite of the seeming paradox of diversity will be one of the principle motifs of the balance of this study. We shall explore its effects on Marshall's beliefs as to the scope of economics, the proper role of theory, the nature of progress, and the possibilities of social reform. In none of these instances is it possible to explain his attitudes without reference to his basic beliefs as to the world about him.

It has already been indicated that it is impossible to separate Marshall's orientation in economics towards the problem of poverty, which he held to be in large measure a result of Nineteenth Century industrial organization, from his Evangelical environment and the correlative aspects of Victorian morality. [39] But Marshall operated at every level of analysis with a high degree of consistency and his underlying ethical motivation was perfectly compatible with his theoretical analysis. Thus, while his concern with poverty in an industrial milieu may have been in the middle-class tradition of the Clapham sect, his attitude towards the possibilities for amelioration was profoundly influenced by his beliefs as to the nature of the social organism, which in turn were a reflection of his belief in the unity of phenomena. Hence, from an analytical point of view, it is a matter of indifference whether the critical analysis begins with the logical genesis or the historico-cultural genesis of Marshall's system; in fact, Marshall's treatment of the One and the Many taken in conjunction with the principle of continuity furnish as good a clue as any to his position as a reformer as well as his attitude towards the scope and method of

⁴⁶ Alfred Marshall, *Industry and Trade*, (London: Macmillan and Co., 1919), p. 6.

economics.⁴⁷ And *a fortiori* in these areas it will also be possible to see clearly the effect of Marshall's views on *natura non facit saltum* and his insistence that "the One is seen in the Many. . . [and] the Many are seen in the One."

Marshall's attitude towards reform must be seen in the light of his analysis of the conditions of progress. But first, it should be noted that he treated evolutionary progress sometimes as a positive description of what occurs and at other times as a [40] normative prescription of what ought to occur. Thus, the "world of the outer order" is described as continuous, and Marshall argued that any abstract construct must reflect that continuity. But, on the other hand, reform (here Marshall implied institutional change as contrasted to education which implied moral change) must move no faster than man's moral development. Should it happen that man was faced with new institutional arrangements involving, say, an increase in his personal freedom before his moral stature was such as to permit of a proper exercise of that freedom, the resulting social situation would be unstable, and the net result would be an increase in suffering rather than a lessening:

Projects for great and sudden changes are now, as ever, foredoomed to fail and to cause reaction; we cannot move safely, if we move so fast that our new plans of life altogether outrun our instincts.⁴⁸

Thus, discontinuities do occur, and they are judged undesirable because continuity has become the norm for the socially desirable. It might be argued that Marshall's belief in continuity was determined by his belief that the social and economic status of his time was as good as could be expected under the circumstances. But, as we attempted to indicate in our discussion of critical method dealing with doctrinal genesis, belief in the uniqueness of ideological motivation is difficult to justify. In this [41] instance, the "logical" elements were unquestionably effective in the final solution. At any rate, the

⁴⁷ Cf. Leo Rogin, "Davenport on the Economics of Alfred Marshall," *American Economic Review*, Vol. XXVI, June 1936, p. 248.

⁴⁸ *Principles*, pp. 751-2. The term "instincts" must be read in this context in the sense of man's culturally determined predispositions; for they are subject to changes which can be effected by education.

consistence of the logical elements with the ideological elements indicates that the argument should be taken as more than apologetics. The systematic development of a point of view deserves more attention than an attempt to "rationalize" conflicting factors.

If a level of progress is to be maintained, the institutional arrangements must be appropriate to the psychological and cultural attitudes⁴⁹ of individuals as well as to the techniques of production, or "the command over nature," at any particular stage of historical development:

It [the possibilities of progress in terms of modification of industrial organization so as to increase the opportunities of the 'lower grades of industry'] must be slow relatively to man's growing command over technique and the forces of nature; a command which is making ever growing calls for courage and caution, for resource and steadfastness, for penetrating insight and for breadth of view. *And it must be very much too slow to keep pace with the rapid inflow of proposals for the prompt reorganization of society on a new basis* [italics mine]. . . . For though, institutions may be changed rapidly; yet if they are to endure they must be appropriate to man. . . . Thus progress itself increases the urgency of the warning that in the economic world, *Natura non facit saltum*.⁵⁰

Further, Marshall felt that the difficulty of discharging the debt to social reform is increased by the fact that social inequalities have historically been an integral part of the structure of [42] society; hence, the process of change must be a gradual one because of the necessity of reversing an enduring condition whose sudden extirpation would involve a social discontinuity resulting in worse suffering than the ancient evil.⁵¹

Nor can the level of progress be maintained unless the characteristics of the individual develop *pari passu* with the continuing adaption of the traditional patterns of behavior linking him with his social and economic environment; these connections were treated by Marshall under the general heading of "custom." As an aspect of the complex

⁴⁹ Cf. *Principles*, pp. 51-2. The particular attitudes relevant here are those of honesty, a willingness to accept responsibility, foresight, a willingness to labor diligently and the like.

⁵⁰ *Ibid.*, pp. 248-9.

⁵¹ Alfred Marshall, *Money, Credit and Commerce*, (London: Macmillan and Co., 1923), pp. 101-102n.

interconnections of the culture, custom is subject to the same evolutionary changes which affect the characteristics of the individual and his physical environment.

Custom in abstract had been singled out as the villain of the piece by many of the reformers of the day, especially by the socialist writers; however, Marshall was firm in opposing those attacks.⁵² For custom, he thought, is not rigid; it will be changed in the process of developing more efficient forms of adaption to the economic and social environment. The important reservation, to emphasize the point once again, is that the development of custom should be gradual: [43]

. . . If custom had been absolutely rigid, it would have been an almost unmixed evil. But the resistance which it offered to the bold reformer resembled that presented by a glacier to anyone who might try to change its shape: custom and the glacier are plastic, but both refuse to be hurried in the adjustments. Custom has discouraged any attempt at improvement which involved a sudden breach with tradition: but, except in some ceremonial matters, it has been tolerant of modification in substance, form and method which did not obtrude themselves.⁵³

Customary ways of doing things, Marshall felt, may have untoward results; but when dealing with problems of the market, any untoward results will be overcome by the normal operation of the market. Individuals will press against the institutional structures when they are held back by some customary method of conduct from accomplishing a purpose which they feel to be to their advantage in the broadest sense—not just in a monetary sense—until the appropriate changes are made; the market will, through various evasions, escape the conditions brought about by a failure of custom to evolve as rapidly as the capabilities of individuals and their command over nature.⁵⁴ Those evasions will generally involve keeping the outward form but changing the meaning of the custom as, for example, the evolution of the joint stock company within the laws

⁵² A. C. Pigou (ed.), *Memorials of Alfred Marshall*, (London: Macmillan and Co., 1925), pp. 155-6.

⁵³ *Industry and Trade*, p. 197.

⁵⁴ *Principles*, pp. 559-60.

governing private property. In fine, Marshall felt that custom is plastic and will commonly change at a rate which will not unduly hamper general progress unless there are other environmental conditions which tend to lead to a [44] stagnation of the economy, such as a repressive political system or an unhealthy physical environment.⁵⁵ For if the custom is *per se* repressive, without an extensive system of controls, it probably will not survive.⁵⁶

For Marshall, then, the problem of social change consistent with progress depends upon the relationship between first, the nature of the individual and, second, the physical aspects of his culture with emphasis on the “command over nature”; and, third, custom as pertaining to man’s relations *vis-a-vis* both the physical aspects of culture and his fellow man. These elements of the process of change must maintain a balance with one another. If an imbalance should occur, there will be a tendency for corrective measures to bring about an automatic adjustment. The greatest danger is that for some reason the slow, gradual, and continuous process of change might be interrupted with results that would endanger progress—and the reasons most generally feared were the interference of some ill-founded project for reform, some political catastrophe, or a great invention.⁵⁷

Marshall’s insistence upon the gradualness and continuity of change precluded a consideration of certain problems: If any change [45] involving a sudden alteration of the current status, of the individuals or customs or technologies inevitably has evil results which outweigh the potential good, then workable proposals for reform must of necessity be considered in terms of the given socio-political framework. As Leo Rogin has indicated:

What is of more interest . . . is the fact that “*natura non facit saltum*” is the key to Marshall’s position as a reformer—and as a theorist. He is not concerned with the type of theoretical analysis that would help to organize facts and hypothesis in

⁵⁵ *Principles*, pp. 724 ff; also cf. p. 728.

⁵⁶ *Ibid.*, p. 726.

⁵⁷ E.g., *Ibid.*, p. xiii; the discussion of progress in terms of the more specific requirements will be resumed in Chapter IV of this study (*infra* pp. 163 ff.).

the comparison, say, of capitalist with collectivist society. His theory is definitely dedicated to cautious reform within the premises of private capitalism.⁵⁸

In this connection, Marshall expressly states in the course of his discussion of the limitations of the doctrine of maximum satisfaction that:

We have nothing to do at this stage of our inquiry, limited as it is to analysis of the most general character, with the important question how far, human nature being constituted as it is at present, collective action is likely to be inferior to individualistic action in energy and elasticity, in inventiveness and directness of purpose; and whether it is not therefore likely to waste through practical inefficiency more than it could save by taking account of all the interest affected by any course of action.⁵⁹

Nor did Marshall in his writings ever have anything to do with an analysis of the implications of collective action or socialism on [46] the same high level as his analysis of the System of Economic Freedom. Most of his remarks on the possibilities of socialism turned on the ethical or moral issues such as initiative and willingness to work.⁶⁰

As Rogin has indicated, continuity and its corollary, the underlying unity of diverse phenomena, furnish a key both to Marshall's position as a reformer and to his role as a theorist. As a theorist, Marshall felt that the greatest task was to pursue the furthest implications of economic relationships, wherever they might lead;⁶¹ that is, the exploration of the connection between the One and the Many.⁶² But, due to the inadequacies of men and their inability to deal with problems of more than a restricted scope, the only way in which progress was possible in dealing with theoretical problems was by solving the lesser problems first and then, after making the necessary

⁵⁸ Rogin, *op. cit.*, p. 254.

⁵⁹ *Principles*, p. 502.

⁶⁰ E.g., *Memorials*, p. 462; we shall return to this topic in considering the role of the individual in the System of Economic Freedom.

⁶¹ *Principles*, pp. 27-8.

⁶² E.g., *Memorials*, p. 423.

adjustments, putting the series of lesser solutions together in an attempt to understand the whole:

Doubtless there is a unity underlying all the forces of nature; but whatever progress has been made towards discovering it, has depended on knowledge obtained by persistent specialized study, no less than on occasional broad surveys of the field of nature as a whole.⁶³ |47|

Marshall was not primarily concerned with the problem of description, that is, the correspondence between his theoretical structure and reality: Instead he felt his task to be the selection of data useful for determining the course of the market or for evaluating the effects of certain economic policies in terms of their contribution to economic progress:⁶⁴

He [the economist] needs to take careful use of analysis and deduction, because only by their aid can he select the right facts, group them rightly *and make them serviceable for suggestions in thought and guidance in practice*. . . [italics mine].⁶⁵

If the problem were simply one of selecting data from a homogeneous universe so as to minimize the possibility of bias, then the task would be an easy one. But if we assume, as Marshall did, that the data could seldom be treated as homogeneous and that the gradation of change was continuous, then, as he said, “. . . great mischief seems to have been done by yielding to . . . temptation, and drawing broad artificial lines of divisions where Nature has made none. . .”⁶⁶ Thus the problem of selecting the right data becomes an infinitely more complex one. In face of this difficulty, Marshall argued that we must conceive of the problem of definition and selection in a purely operational sense: |48|

The questions at issue must in general be solved by judgments as to the practical convenience of different courses; and such judgments cannot always be

⁶³ *Principles*, p. 770; also p. viii and xiv. Marshall attributes much of this difficulty to the problem of time (cf. *infra*; p. 88 ff.), which, of course, must be looked upon as one aspect of continuity, for events are continuous in time. *Ibid.*, pp. 366 ff.; also p. vii.

⁶⁴ Rogin, *op. cit.*, p. 249.

⁶⁵ *Principles*, p. 773.

⁶⁶ *Ibid.*, p. ix.

established or overthrown by scientific reasonings, there must remain a margin of debatable ground.⁶⁷

Thus, Marshall's approach to the problem of economic theory was essentially pragmatic: The measure of the worth-whileness of a concept was how well it got the job done.⁶⁸

These considerations extended to the problem of the scope of economics itself. Marshall argued simply that if economists have at their disposal techniques for dealing with a problem, they should do so without concerning themselves with whether such a problem might come within the purview of economics.⁶⁹ For if Nature has drawn no rigid lines, and if all of the phenomena that comprise nature are interconnected, then the question as to the exclusion or inclusion of issues in the scope of economics which are clearly and directly related to economic considerations should always be decided in favor of their inclusion.

The reason for Marshall's distrust of mathematical analysis should now be clear. Mathematical analysis in economics must deal with definite aggregates and limited numbers of functional relationships. But if the continuity of events and data is [49] accepted, it is misleading to define economic issues in these terms:

Again, most of the chief distinctions marked by economic terms are differences not of kind but of degree. At first sight they appear to be differences of kind, and to have sharp outlines which can be clearly marked out, but a more careful study has shown that there is no real breach of continuity. It is a remarkable fact that the progress of economics has discovered hardly any new real differences in degree. We shall meet with many instances of the evil that may be done by attempting to draw broad, hard and fast lines of divisions, and to formulate definite propositions with regard to differences between things which nature has not separated by any such likes.⁷⁰

⁶⁷ *Principles*, p. 52.

⁶⁸ No implication as to Marshall's having a pragmatic bias in the technical philosophical sense is intended as should be apparent from the context.

⁶⁹ *Principles*, pp. 27-8.

⁷⁰ *Principles*, p. 52.

In a letter to the statistician, A. L. Bowley, Marshall expressed his distrust of mathematical reasoning in economics other than to check the logic of the theoretical construct:

In my view every economic fact, whether or not it is of such a nature as to be expressed in numbers, stands in relation as cause and effect to many other facts: and since it *never* happens that all of them can be expressed in numbers, the application of exact mathematical methods to those which can is nearly always waste of time, while in the large majority of cases it is positively misleading; and the world would have been further on its way forward if the work had never been done at all.⁷¹

Marshall referred a number of times to the mathematical accomplishment of the *Nautical Almanach* in solving the three planet problem, but the “. . . strength and delicacy of vast [50] and subtle mathematical engines working out large volumes full of mathematical formulae. . .”⁷² needed to solve the three planet problem were, he felt, scarcely ever applicable to economic problems because of the reasons already discussed. Thus, he was led to reject the use of mechanical analogies for all but the most elementary purposes in economics. J. S. Mill's delight at the possibilities of applying vector analysis to social behavior is an example of the attitude which led Veblen to a series of caustic and satirical strictures on the neo-classical concept of the individual as “. . . a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area; but leave him intact.”⁷³ But Marshall could only treat Mill's excitement with a measure of the toleration which one imbued with the organic conceptions of the Nineteenth Century would have for a particularly naive application of the Eighteenth Century belief in Man, A Machine.⁷⁴

⁷¹ *Memorials*, p. 422.

⁷² *Memorials*, p. 313.

⁷³ Thorstein Veblen, *The Place of Science in Modern Civilization*, (York: The Viking Press, Inc., 1942), p. 73.

⁷⁴ *Memorials*, p. 313.

The second complex of ideas affecting the tone of Marshall's approach to economic and social problems was that characterized by the Wesleyan movement and more particularly by that wing which [51] remained within the Established Church. As Keynes pointed out in his Memoir, Marshall's early environment in common with the other members of his social group, was in a thoroughgoing Evangelical household. His father, a cashier of the Bank of England, was ". . . cast in the mould of the strictest Evangelicals."⁷⁵ Alfred Marshall was himself intended for the clergy but was caught up in the same intellectual swirl as Leslie Stephen, John Morley, Henry Sidgwick and the rest, all of whom had ceased to think that the theological issues which concerned Nineteenth Century Anglican religion were of use in dealing with the problems their Century had to face. The abandonment of the theological positions of Evangelical Protestantism did not involve an abandonment of its social and economic teachings. The so-called "social gospel" of Wesley had become so thoroughly ingrained in Victorian life that the conventional religious supports [52] were no longer necessary: They had served the initial purpose of propaganda and could be sloughed off without any change in social belief.

In this regard, Leslie Stephen furnishes us with a prototype of the evolution of the Victorian of this period. In 1859, he had taken Orders as required by the conditions of his tenure at Cambridge. By 1862, he felt that he could, in conscience, no longer discharge his clerical duties, and so resigned his tutorship. Leslie Stephen looked upon this step as

⁷⁵ *Memorials*, p. 1. Mary Paley Marshall, Alfred's wife, who came from a similar environment, draws a delightful portrait of her father: "My father. . . was a staunch Radical; if he met the hounds he would do his best to mislead them and if he attended the races it was to stand at the entrance and distribute tracts on the evil of betting.

"He was a strict Evangelical, so strict that there were few if any of the neighbouring clergy with whom he could be intimate. Whilst an undergraduate at Cambridge he came under the influence of the Evangelical movement and his personal relations to Simeon gave a tone to the rest of his life. . . . He was what is now called a fundamentalist though he was interested in Science. An old friend, a geologist, who stayed with us threw doubts on the Bible account of the Flood and he was not asked to come again. He cared little for the outward forms of religion and had a horror of all tendencies towards laying stress on those rather than on its spirit." Mary Paley Marshall, *What I Remember*, (Cambridge: University Press; 1947), pp. 8-9.

not being a particularly momentous one—it was the recognition of a state of mind which had always persisted:

My own experience is, I imagine, a very common one. When I ceased to accept the teaching of my youth, it was not so much a process of giving up beliefs as of discovering that I had never really believed. The contrast between the genuine convictions that guide and govern our conduct, and the professions which we were taught to repeat in church, when once realised, was too glaring. One belonged to the world of realities and the other to the world of dreams. The orthodox formulae represent, no doubt, a sentiment, an attempt to indicate vague impressions about the tendency of things in general, *but to put them side by side with real beliefs about facts was to reveal their flimsiness* [italics mine].⁷⁶

These “orthodox formulae” had served their original purpose in presenting certain ideas as to the “real beliefs about facts” of social and economic rights and usages in a form palliative to the late Eighteenth and early Nineteenth Centuries. Such [53] palliatives were by the middle of the Nineteenth Century no longer necessary; they had begun to run afoul of that mysterious Victorian invention “taste.” The spectacle of Evangelical preachers “. . . in well-brushed wig and Geneva gown. . . discours[ing] to a respectable London congregation on the wickedness of Sunday travel, in the blood-stained imagery originally used by some half-naked prophet to an Oriental tribe among the precipitous cliffs of a Syrian desert. . .”⁷⁷ would scarcely move a Stephen or a Marshall to anything but a real sense of distaste. “Elijah among the teacups” had become a comic figure.⁷⁸

The Evangelical movement, in contradistinction to the earlier Puritan Revolution, did not involve any serious changes in doctrinal matters. This is amply demonstrated by the fact that the Evangelical movement adapted itself to a number of different denominations. It was only after considerable soul searching that the most diligent followers of Wesley were ejected from the Established Church; the break was not made

⁷⁶ Leslie Stephen, *Social Rights and Duties*, (New York: Macmillan and Co., 1896), p. 12.

⁷⁷ David Cecil, *The Stricken Deer*, (London: Constable & Co., 1929), p. 80. Also c.f., J. L. and Barbara Hammond, *The Town Labourer*, (London: Guild Books No. 410, 1949), II, pp. 96f.

⁷⁸ Cecil, *op. cit.*, p. 82.

final until Wesley undertook the ordination of ministers, thus, it was felt, usurping the prerogatives of the episcopacy.⁷⁹ [54]

In a number of matters which are not properly classified as doctrinal, the emphasis of the Evangelicals marked an important *volte-face*. One of the most important of these matters concerned their attitude towards the individual: He became the center of religious activity. No longer did the church serve in the role of mediating between the individual and God; the church might assist the individual in reaching the point where he was prepared to apprehend the meaning of God's words directly through the dramatic act of conversion,⁸⁰ but the individual alone was responsible for his final destiny. This new emphasis is the most striking point of difference between the Evangelicals and the Establishment.⁸¹

The emergence of the individual cannot, of course, be attributed in any causal sense to the Evangelical movement. But that movement constituted an important aspect of the political and social ferment which had as its final result the shifting of emphasis to the individual *qua* individual. This shift in emphasis had two important consequences: First, the sanctions governing moral behavior became much less certain, for they were no longer dependent upon the authority of the church but rather upon the expression of public opinion towards conduct. This gave the [55] individual, especially the individual business man, more room for maneuvering in those areas of economic behavior for which the rules had formerly been prescribed by the church.⁸² Second, the emphasis of the Evangelicals upon the individual was one of the bases of Victorian philanthropy; that is, if the individual were the end of religious activity, then it was a matter of social duty

⁷⁹ E. J. Poole-Connor, *Evangelicalism in England*, (London: Truslove and Bray Ltd., 1951), pp. 177 ff. Also Robert Leonard Tucker, *The Separation of the Methodists From the Church of England*, (New York: The Methodist Book Concern, 1918), p. 61.

⁸⁰ William Adams Brown, *Imperialistic Religion and the Religion of Protestantism*, (New York: Charles Scribner's Sons, 1923), p. 106.

⁸¹ *Ibid.*, p. 107.

⁸² Wellman J. Warner, *The Wesleyan Movement in the Industrial Revolution*, (New York: Longmans, Green and Co., 1930), p. 3.

to help the less fortunate members of society in a direct and immediate fashion by education, appropriate reform measures, and so forth, to achieve their own salvation.

The new attitude towards the individual had already been defined in the political writings of such philosophers as Locke and Hume, and in the economic, political and legal proposals of Godwinism and Benthamism; it further involved defining economic freedom and the economic liberalism which found classic statement in the *Wealth of Nations*.⁸³ These were the lines of development with which the Evangelical movement must be associated, and [56] the corollaries of these ideas for religious beliefs and the “social gospel” assured the original ideas of a measure of acceptance.⁸⁴

The real animus of the Evangelical movement is to be found in their concern with the problem of poverty and destitution. The appeal of the Wesleyan preachers during the early period of the movement's formation was to the homeless, the imprisoned, the human debris of the early part of the industrial revolution, to the rural, village and town laborers. The Wesleyans rejected the Malthusian notion of the inevitability of poverty as well as the contemporary Tory notion of the natural and innate degradation of the working classes as the causes of poverty. Rather, they felt, poverty was due to two sources: First (and the responsibility was that of the community as a whole), poverty was caused by the inequitable consumption of commodities, especially of luxuries by the

⁸³ It will be argued in Chapter V that there is a basic conflict between the individualism of the Evangelical movement, which so profoundly influenced the reformers of the period from the Chaphamites onward, and the Utilitarianism adopted by the missionaries of Economic Liberalism. The basis of this conflict is in the utilitarian insistence upon the randomness of ends as contrasted with the hierarchy of ends which the Victorian moralists, who were largely under the influence of the Evangelical teaching insisted upon. It will be argued that Marshall explicitly rejected the notion of randomness and that his hierarchical arrangement of ends corresponds closely with the Evangelical notions as to the nature of moral behavior.

⁸⁴ A caution should again be mentioned: At present we are dealing with issues of logical genesis. *These ideas would never have found acceptance even in a religious guise except during the period largely dominated by the social and political phenomena associated with the Industrial Revolution and the Napoleonic wars.* An excellent discussion of this period which takes full account of the relationships between these social and political factors and the resultant beliefs, manners and customs is to be found in Maurice James Quinlan, *Victorian Prelude, A History of English Manners, 1700-1830*, (New York: Columbia University Press, 1941), esp. chs. IV, XI.

fortunate few. This was held basically immoral because “. . . it is an illegitimate use of that which belongs to [57] God, who has designed it for the community.”⁸⁵ Second, poverty was also thought to be the result of a lack of industrial virtues on the part of all classes composing the community. The wealthy, in fact, were held to be even more guilty of industrial vices than the poor:

The . . . cause of poverty was held to be an absence of the industrial virtues among all classes. If anything, the poor were superior to the rich in this respect. Sloth was the inescapable concomitant of luxury. The apparent indolence of the poor was held to be due less to their innate corruption than to the paralyzing effects of injustice.⁸⁶

The solution to the problem of poverty suggested by the Wesleyans followed from their beliefs as to the causes of poverty. First of all, there must be an avoidance of luxuries; second, everyone must work and everyone must have an opportunity for employment. Those things which would tend to lessen the opportunities for employment were immoral *per se*. Finally, it is necessary through education to inculcate those economic virtues for which the Christian ethic, as interpreted by Wesley and the Evangelicals, furnished the best guide.⁸⁷ This belief, that human dispositions could be changed, was a cornerstone of the Evangelical approach to the problem of [58] poverty. The improvement of economic virtues as a result of proper education would, it was thought, result in a community of interest between the employer and the worker and for that matter among all classes. This community of interest would occur as a result of understanding each other's problems and accepting identical standards of morality and behavior for all classes. The specific virtues which the Evangelicals had in mind were

⁸⁵ Warner, *op. cit.*, pp. 165 ff.

⁸⁶ *Ibid.*, p. 163.

⁸⁷ *Ibid.*, pp. 164-5.

those of “. . . industry, of cleanliness and right habits in personal hygiene, of prudence and diligence in business, temperance, thrift, honesty, and self-reliance.”⁸⁸

Politically the Evangelicals were conservative in the Tory sense. It was felt that “. . . the political society is a community of moral individuals enjoying the protection of a divinely ordained government with the obligation to obey the laws and to reverence kings and governors. . . .”⁸⁹ However, the governing were held to be subject to the same moral, Christian restraints as the governed. The Evangelicals, and even the branch of the Evangelical movement which is thought of as being the more “radical,” were opposed not only to any kind of political violence but even to the most moderate kinds of political change.⁹⁰ For example, the [59] Methodists until the middle of the Nineteenth Century were strongly opposed to working-class political or trade union societies.⁹¹

Emphasis upon the political conservatism of the Evangelicals is not enough; this conservatism must always be looked at in the light of the “social gospel”:

. . . the community was to be redeemed as well as individuals. In other words, the system of social relationships within which the Christian citizen must live must be such as to make it possible for him to identify himself both with the motive and end of the Kingdom. The system itself, if redeemed, will be a system in which it will become less and less possible for anyone to seek the things which can only be gained at the expense of the poverty, vice or suffering of others.⁹²

Thus, the Christian citizen is in an immediate sense responsible for the “system of social relationships” within which he lives; and it is in these terms that the most important of the Wesleyan social beliefs, the doctrine of social responsibility, is cast. In

⁸⁸ Kathleen Wlaker MacArthur, *The Economic Ethics of John Wesley*, (New York: The Abingdon Press, 1936), p. 79; also p. 82.

⁸⁹ *Ibid.*, p. 31.

⁹⁰ William Warren Sweet, “John Wesley, Tory,” *The Methodist Review*, Vol. XCV, Mar.-Apr., 1922, pp. 255 ff., also MacArthur, *op. cit.*, p. 31.

⁹¹ Robert F. Wearmouth, *Methodism and the Working Class Movements of England, 1800-1850*, (London: The Epworth Press, 1937), pp. 66 ff.

⁹² J. G. McKenzie, *Psychology, Psychotherapy and Evangelicalism*, (New York: Macmillan Co., 1940), p. 209.

effect, the doctrine implies that the only justification for the ownership of property or for the receipt of income was the moral purpose for which that property or income was to be used. As Dr. Warner has pointed out: [60]

The sole title to any possessions which a man might justly claim was defined as a measure of control for moral purpose—to satisfy the needs of the community. Men had perverted their control and social distress was the result.⁹³

It should not be thought that the Evangelicals found anything wrong with the possession of property: Their outlook was as intensely conservative on this point as on the issue of political loyalty. In fact, the possession of property and a goodly income gave more opportunity for the proper exercise of an individual's moral duties. The doctrine of social responsibility took as its categorical imperative the command that an individual “. . . might use money for himself only to the extent of necessities, and that all the remainder must be devoted to social need. . .”⁹⁴

All of the economic virtues must be observed in furthering the ends of social responsibility. For in large measure, the economic miseries of men may be attributed to their failure to observe those precepts of moral conduct: “The general wickedness is responsible for the general wretchedness” had become the rallying cry of the reformers.

During the early period of the development of doctrine of social responsibility, there is little question but that the effect of its impact was largely egalitarian. Warner has shown [61] that the leadership of the Methodist wing of the Evangelical movement came for the most part from the poorer strata of English society—tradesmen, farmers and skilled artisans.⁹⁵ But even among the Methodists this egalitarian bias began to disappear by the middle of the Century and the doctrine of social responsibility came to be defined as “dutiful alms.”⁹⁶ This change in emphasis seemed to be a corollary of the changing

⁹³ Warner, *op. cit.*, p. 208.

⁹⁴ *Ibid.*, p. 210-11.

⁹⁵ Warner, *op. cit.*, p. 257.

⁹⁶ *Ibid.*, p. 247.

control of the movement; soon after the beginning of the Nineteenth Century, the new middle class began to dominate the councils of the Wesleyan movement. These people found the moral doctrines advocated well suited to goals of accumulation, for those goals had as a necessary concomitant, the stability and dependability of the working classes. Though it cannot be asserted that this was the sole reason for the adoption of Evangelicalism on the part of the new middle classes, it was certainly a convenient conjunction.⁹⁷

The activities of the Clapham sect are typical of this aspect of the Evangelical movement. This remarkable group, fervent Evangelicals and successful business men and government servants, had by the beginning of the Nineteenth Century gathered in Clapham, one of the suburbs of London. They included Wilberforce, Zachary [62] Macaulay, Henry Thornton, the Stephen family and the Venns. They numbered in their membership successful merchants, bankers, a Governor-General of India, a chairman of the East India Company, members of parliament, important clergymen and authors. The group was represented almost exclusively by the new middle class which was becoming increasingly prominent in public life.⁹⁸

The Clapham Sect made every effort to put into practice the moral precepts of Evangelical Christianity. In the earlier days, they struggled hard for the abolition of slavery. They were concerned with the establishment of schools, assistance to

⁹⁷ J. Milton Yinger, *Religion in The Struggle For Power*, (Durham: Duke University Press, 1946), p. 32.

⁹⁸ An interesting discussion of the Clapham sect is to be found in Noel Gilroy Annan, *Leslie Stephen*, (London: MacGibbon & Kee, 1951), pp. 3 ff. Also C.F. Quinlan, *op. cit.*, pp. 110 ff. Annan discusses in some detail the relationship between this group and the two great intellectual connections of the Nineteenth Centuries: The first one centering upon the families of Trevelyan, Macaulay, Huxley and Arnold; and the second around the Darwin, Wedgwood and Allen families. Sir James Stephen, the official chronicler of the Clapham Sect, was the father of Leslie Stephen. It was at the Stephen house in Bloomsbury, presided over by Leslie's four children, Vanessa Bell, Virginia Woolf, Thoby and Adrian Stephen that another of these famous groups were foregathered. They included in addition to the Stephens, J. M. Keynes; Duncan Grant; Roger Fry; the Stracheys, Lytton, Oliver, Marjorie, and James; and, from time to time, E. M. Forster, Gerald Shove and others. But the road from Clapham to Bloomsbury seems much longer than the century it measures. Annan, *op. cit.*, pp. 123 ff; also Harrod, *op. cit.*, ch. V.

impoverished workers, and prison reform. Almost every social, reform movement of the time found the Claphamites in the vanguard with influence, money, and time. Shaftesbury was one of their most prominent later disciples, and the list of social reform [63] movements in which he played an important part reads like a roll call of Victorian philanthropy—lunacy reform, assistance to the ragged schools, sanitation and public health reform, poor law reform, and a consistent advocacy of various legal measures to improve the condition of the British working class. Shaftesbury even served as President of the Royal Society for the Prevention of Cruelty to Animals throughout the early period of its formation. This is the Shaftesbury who warned his biographer that:

I have always been, and, please God, always shall be, an Evangelical of the Evangelicals, and no biography can represent me that does not fully and emphatically represent my religious views.⁹⁹

It was this sense of social responsibility and a faith in the economic virtues that persisted in English society even after the Stephens and the Sidgewicks could no longer accept the validity of religious dogma. For, as we have tried to indicate, the behavior advocated by the Evangelicals was well suited to the difficult times associated with the earlier period of the Industrial Revolution in England—though there is a question as to which groups it best suited. Tawney had judged Clapham and its successors harshly: He suggests that they had failed to provide leadership in solving the worst problems of the industrial revolution—a [64] leadership which they, at the time, were the only group capable of providing. The reason for this failure, Tawney feels, is to be found in their total lack of disinterestedness:

. . . the explanation. . . is to be sought, less in the peculiar circumstances of the moment, than in the prevalence of a temper which accepted the established order of class relations as needing no vindication before any higher tribunal, and which made religion, not its critic or accuser, but its anodyne, its apologist, and its drudge.¹⁰⁰

⁹⁹ Edwin Hodder, *The Life and Work of the Seventh Earl of Shaftesbury*, (London: Cassell & Co., Ltd., 1887), I, ix.

¹⁰⁰ R. H. Tawney, *Religion and the Rise of Capitalism*, (London: John Murray, 1936), p. 193.

But the French historian, Halevy, looks at the Evangelical movement from an entirely different point of view:

We shall witness Methodism bring under its influence, first the Dissenting, then the Establishment, finally secular opinion. We shall attempt to find here the key to the problem whose solution has hitherto escaped us; for we shall explain by this movement the extraordinary stability which English Society was destined to enjoy throughout a period of revolutions and crises; what we may truly term the miracle of modern England, anarchist but orderly, practical and businesslike, but religious, and even pietist.¹⁰¹

The disagreement between Tawney and Halevy is regarding the proper assessment of importance in the widest critical context. The Fabian philosopher would not *see* qualities of historical leadership in those elements of English society which made for the continuation and preservation of the position of the groups who had gained the most from the Industrial Revolution. But it was just those elements that [65] a French liberal historian would feel to be among the important factors of England's greatness. But both Tawney and Halevy agree as to the pre-eminence of the Evangelical movement in setting the moral tone of the age, and this is the moral tone which pervades almost all of Marshall's work.

Like the rest of the members of his group, Marshall had abandoned the theology of the Christian church but continued to adhere to the ethical beliefs of the Evangelical faith. Keynes in his memoir says of Marshall:

Nevertheless Marshall, like Sidgwick, was as far as possible from adopting an "anti-religious" attitude. He sympathised with Christian morals and Christian ideals and Christian incentives. There is nothing in his writings depreciating religion in any form; few of his pupils could have spoken definitely about his religious opinions. At the end of his life he said, "Religion seems to me an attitude," and that, though he had given up Theology, he believed more and more in religion.¹⁰²

¹⁰¹ Elie Halevy, *A History of the English People in the Nineteenth Century*, Vol. I, trans. E. I. Watkin and D. A. Barker, (2nd ed., London: Ernest Benn Ltd.), p. 387.

¹⁰² *Memorials*, pp. 7-8.

And, like the Evangelicals, Marshall was concerned with the implications of poverty for the moral welfare of the nation as a whole. Above all, as Pigou has said, Marshall's intellectual work as well as his day to day life had always as its prime mover ". . . a vivid sense of the paradox of poverty: a strong stream of human sympathy."¹⁰³ Marshall, himself, in a well known part of his testimony before the Royal Commission on the Aged [66] Poor responded to a question by the Chairman as follows:

I think I should perhaps say that I have devoted myself for the last twenty-five years to the problem of poverty, and that very little of my work has been devoted to any inquiry which does not bear on that.¹⁰⁴

Marshall reacted to the evidences of poverty with genuine emotion. As an heir of the Evangelical tradition, he could not but respond to this emotional experience with enthusiasm¹⁰⁵—with the same enthusiasm that moved Hannah More at the sight of the homeless waifs of London; or Shaftesbury on seeing a pauper, unmourned, carried to his grave; or Florence Nightengale in the hospitals of Crimea. This emotional attitude towards what he felt to be the chief problem of economics—this enthusiasm—was freely admitted by Marshall. He used to tell a story of his early life:

About the time that I first resolved to make as thorough a study as I could of Political Economy (the word Economics was not then invented) I saw in a shop-window a small oil painting [of a man's face with a strikingly gaunt and wistful expression, as one 'dawn and out'] and bought it for a few shillings. I set it up above the chimney-piece in my room in college and thenceforward called it my patron saint, and devoted myself to trying how to fit men like that for heaven. Meanwhile I got a good deal interested in the semi-mathematical side of pure Economics, and was afraid of becoming a mere thinker. But a glance at my patron [67] saint seemed to call me back to the right path. That was particularly useful after I had been diverted from the study of ultimate aims to the questions about Bimetallism etc., which at one time were dominant. I despised them, but the 'instinct of the chase' tempted me towards them.¹⁰⁶

¹⁰³ *Ibid.*, p. 83.

¹⁰⁴ Alfred Marshall, *Official Papers*, (London: Macmillan & Co., 1926), p. 217.

¹⁰⁵ The term is used in the technical religious sense.

¹⁰⁶ *Memorials*, pp. 7-8.

Primarily, then, Marshall's objection to poverty was a moral one: It is impossible for the completely destitute man who is constantly concerned with the sheer struggle for survival to "become the noble being he might be."¹⁰⁷ There is an important distinction here which must be seen in the light of the political conservatism which Marshall manifested in common with most contemporary reformers of Evangelical leanings: It is not poverty *per se* which is evil; rather it is the moral degradation which comes about as a result of man's being incapable of exercising his "higher faculties" because of the lack of material things. The distinction is not an easy one: Essentially, Marshall thought, the individual must be held responsible for his own moral degradation though, it is true, the existence of poverty makes the achievement of the higher moral life extraordinarily difficult. At the same time it is a part of the responsibility of all of the individuals in the society to assist in the amelioration of the problem. The problem is one of social responsibility defined in the individualistic tradition of the Evangelicals. As has already [68] been emphasized, the solution to the problem of poverty should be found within the given social and political rules, i.e., in a manner consistent with the gradual evolution of those social and political rules.

It is possible, therefore, to solve completely the problem of poverty only when the morality of the community as a whole reaches the point where the degradation associated with such poverty will no longer be permitted. In testimony before the Commission On The Aged Poor, Marshall was asked what his ultimate goal in the solution of the problem of poverty would be. To this question he replied:

Well, that comes back upon the fundamental position, which I desire to make the basis of all my evidence. It is that while the problem of 1834 was the problem of pauperism, the problem of 1893 is the problem of poverty; that a man ought not to be allowed to live in a bad home, that extreme poverty ought to be regarded, not indeed as a crime, but as a thing so detrimental to the State that it should not be endured, and that everybody who, whether through his own fault or not, was in effect incapable of keeping together a home that contributed to the well-being of the State, that person should, under the authority of the State, pass into a new form

¹⁰⁷ *Ibid.*, p. 16.

of life. We cannot do it now. It is impossible to do it. *The ethical force does not exist. We cannot get the ethical force until we have convinced the working classes that there is no real hardship in the present state of things. . .* [italics mine].¹⁰⁸ [69]

The statement as to the “authority of the State” should be interpreted in the light of Marshall’s recommendations for the care of the Aged Poor. In main, he recommended that the care of the *worthy* poor should be administered by the Charity Organization Societies, which, although composed of groups of private individuals of philanthropic inclination, should, as recommended by Marshall, be given authority and latitude for greater action by the State; the emphasis throughout the testimony was on the *individual* impulses towards charity: In this the evangelical bias for philanthropy or dutiful alms was most clearly reflected.

At an earlier date (1883), Marshall posed the question as to whether the moral strength of the community would be great enough to overcome the problems of poverty. The emphasis was somewhat different:

. . . is there not a great fund of conscientiousness and unselfishness latent in the breasts of men; both rich and poor which could be called out if the problems of life were set before them in the right way; and which would cause misery and poverty rapidly to diminish?¹⁰⁹

The answer is implicit in the question. The difficulty will only be overcome if the morality of the population be high enough to allow them to rise to the requirements of the task. That this was true was not only Marshall’s belief but was the supreme social [70] faith of his contemporaries of like predilections. Further, Marshall felt that this belief in the increased probity of the population as well as the government was justified; and “. . . one of the chief causes of this improvement was a change of sentiment which had, perhaps, its chief origin in the Wesleyan Revival. . .”¹¹⁰

¹⁰⁸ *Official Papers*, p. 244-5.

¹⁰⁹ *Memorials*, p. 83.

¹¹⁰ *Memorials*, p. 335.

Marshall's treatment of the nature of progress has already been mentioned. For progress to occur, improvements in individual morality must keep pace with the advances in technique and the increasing adaptability of custom. The moral virtues which are to be practiced to assure progress, are little different from the Wesleyan "industrial or economic virtues." They included hard and diligent labor, honesty and integrity in all business dealings, the avoidance of luxuries and all forms of consumption not conducive to the physical well-being and mental vigor of the individual. The family was thought of as being the center of all activity and the role of woman was as the comforter of man and the educator of children. The innumerable minor virtues such as temperance, frugality, dependability and so on read like a litany from the Clapham handbook of moral behavior, Parson Henry Venn's *The Complete Duty of Man or a System of Doctrinal and Practical Christianity, Designed for the Use of Families*. [71]

It is now possible to define the central theme of the corpus of Marshall's work. Given his orientation and given the limitation placed on the solution both by his preconceptions as to the ultimate nature of the data and the desirability and nature of moral conduct within the context of the System of Economic Freedom, the issue becomes: *How shall the problem of poverty be solved and at the same time the advantages of the System of Economic Freedom be maintained*. We shall have occasion in Chapter III to discuss the Marshallian distinction between "beneficial" competition and "destructive" competition. This distinction involves a discussion of what more recent writers have called "workable competition." But accepting this distinction for the present, we can pose the issue in Marshall's own words:

The work I have set before myself is this:—How to get rid of the evils of competition while retaining its advantages.¹¹¹

Again, in a remarkable passage evincing at one and the same time his conservatism, his high faith in the future, and the inherent danger he felt existed in the System of Economic Freedom, Marshall said:

¹¹¹ *Memorials*, p. 16.

Competition is a monster now grown of overwhelming strength. If we were perfectly virtuous, he would now feel himself out of place and slink away. As it is, if [72] we resist him by violence, his convulsions will reduce society to anarchy. But, if he can be guided so as to work on our side, then even the removal of poverty will not be too great a task.¹¹² [73]

¹¹² *Memorials*, p. 361.