

Sidgwick, Marshall, and the Cambridge School of Economics

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The Cambridge school of economics was created primarily by Alfred Marshall and his students, among whom Arthur Cecil Pigou and John Maynard Keynes were preeminent. Marshall gave the Cambridge school its bible, his *Principles of Economics*; he established economics as an independent field of study at Cambridge; and he set an example by being active in offering advice to government through providing evidence to royal commissions and the like. In trying to explain the origin of the approach to economics on which the Cambridge school was based, historians have inevitably focused on Marshall. Where they have considered other figures, the main one is John Neville Keynes, who played a vital role in teaching and organizing Cambridge economics, and whose *Scope and Method of Political Economy* provided a more detailed study of methodology than was available in any of Marshall's writings. Marshall's economic theory is seen as developing directly from that of John Stuart Mill, whose ideas he translated into mathematics. His attitude toward the state and government intervention is seen as being based on

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a modified, watered-down utilitarianism that underwrote his, and Pigou's, welfare economics, differentiating it from that of Vilfredo Pareto.

Henry Sidgwick is a minor figure in most such accounts. To be sure, his influence on the young Alfred Marshall is recognized. John Maynard Keynes, in his memorial to Marshall, quoted the tribute that Marshall made on Sidgwick's death:

I was fashioned by him. He was, so to speak, my spiritual father and mother: for I went to him for aid when perplexed, and for comfort when troubled; and I never turned away empty. The minutes I spent with him were not ordinary minutes; they helped me to live. (Pigou 1925, 7)

Sidgwick stirred Marshall's interest in moral sciences, political economy, university reform, religious tests, and the education of women (Groenewegen 1995, 663). It is also made clear that Sidgwick was an important figure in Marshall's struggles with religious belief. However, except insofar as Marshall's ethical commitments to improving the lot of the poor motivated his economics, Sidgwick is not seen to have had a major influence on Marshall's economics. This attitude is summed up by Peter Groenewegen (1995, 668):

On 8 May 1888, Marshall confessed to Keynes that his antagonism to Sidgwick was confined to a relatively narrow area: Sidgwick as the "reforming 'University politician' and to some extent as a writer on economics. . . . All the rest of Sidgwick I expect I think as highly of as you do." Given his evaluation in 1900 of what Sidgwick meant to him, this confession entailed a typical piece of Marshallian humbug. When the University reformer and the writings of economics were removed, what was left for Marshall to revere in Sidgwick was his memory of past services.

The conventional view is that though Marshall started close to Sidgwick, he moved steadily away from him, becoming critical of his economics in what Groenewegen (1995, 663–70) describes as a "betrayal" of his "spiritual father and mother." Marshall rejected Sidgwick's utilitarianism and was creating an economics that was different from what Sidgwick was creating, except in that they drew on a shared classical inheritance. As regards innovations in theory, it was Sidgwick who drew on Marshall, not the other way round (cf. Sidgwick [1883] 1901, v).

When we turn to the "younger" Cambridge school, increasingly dominated by John Maynard Keynes, Sidgwick is again slighted. Keynes was

part of Bloomsbury, whose values were those represented in Lytton Strachey's *Eminent Victorians*, which lambasted the values of the generation of which Sidgwick was a part. At one point, Strachey had thought about including him as one of the book's victims, and his correspondence with Keynes was filled with disparaging remarks about Sidgwick (Schultz 2004, 4).¹

The conventional picture, therefore, is one in which, with the exception of Sidgwick's influence on Pigou's welfare economics, Sidgwick's role in the Cambridge school is marginalized. The aim of this essay is to challenge that, both in relation to Marshall and the later members of the Cambridge school, arguing that Sidgwick was more important than the conventional view suggests. There are two elements to the argument.

The first is to argue that there is strong circumstantial evidence to question Marshall's dissociation of his work from Sidgwick. Unfortunately, there is no hard evidence on the crucial period, 1870–74. The connections, therefore, remain speculative, but they point to what appear to be significant parallels in their work—parallels that help us understand what Marshall was doing. It may be that these parallels are coincidental, or the inevitable result of comparing two contemporaries, but given the closeness of the two during Marshall's formative period, there would seem good reason to be open to the possibility that they may be more significant than that. There seem to be adequate grounds to argue that we should be much more cautious in accepting Marshall's later evaluation of the almost complete independence of his work from Sidgwick's. Marshall was notoriously unreliable in his treatment of his predecessors, whether William Stanley Jevons or Mill and David Ricardo (O'Brien 1990; Whitaker 1975), and there would seem to be a case for treating his later remarks with a dose of skepticism.

The second element in the argument is to point out the strength of the links between Sidgwick and John Maynard Keynes. Given the recognized debt of Pigou to Sidgwick, this completes the picture of Sidgwick being a profound influence on the Cambridge school as it emerged after Marshall's retirement. The argument here is much stronger, for it involves pointing out the connection, recognized by philosophers, of the extent of G. E. Moore's debts to Sidgwick. This element in the argument

1. The first drafts of the present article were written before Bart Schultz's intellectual biography of Sidgwick appeared (in 2004), and references to that book were incorporated later. However, those parts of the paper that were written before his book appeared owe much to Schultz's 1992 essay on Sidgwick.

closely parallels the argument recently made by Bart Schultz (2004, 6) in his recent reappraisal of Sidgwick:

Getting beyond the caricatures of Sidgwick floating through the first half of the twentieth century has been no easy task. If few commentaries on Sidgwick have quite succeeded in doing this, perhaps part of the reason is that they have failed to grasp how, ironically enough, Sidgwick was so profoundly important in shaping the Bloomsbury circle itself, or at least the better, more philosophical parts of it, those reflecting its Apostolic origins.

Schultz's emphasis is on "the Apostolic ethic of . . . molding character for the wholehearted, high-minded, disinterested fellowship committed to the pursuit of truth via intimate conversation" (6). He speculates that Sidgwick would have regarded Bloomsbury as an extension of the Apostolic experiment, albeit "a naïve and apolitical one" (7).

When taken together—this questioning of Marshall's independence from Sidgwick, the important influence of Sidgwick on Bloomsbury and Keynes, and the acknowledged influence of Sidgwick on Pigou—there is a good case for arguing that understanding the origins of the Cambridge school requires paying greater attention to Sidgwick than has previously been paid.

1. Sidgwick and the Transformation of Moral Philosophy

The Methods of Ethics is the key to understanding Sidgwick's work. It was his first and most important book and is fundamental to his thought in that his ethics underlie his writings on economics and politics. Sidgwick oversaw the publication of five editions between 1874 and 1893, and was in the midst of producing a sixth when he died in 1900.² It occupies a central place in the history of moral philosophy. According to J. B. Schneewind (1977, 422), "Sidgwick gave the problems of ethics the form in which they have dominated British and American moral philosophy since his time." Schneewind claimed that it was so modern in its tone and content that "to write about it has for the most part been simply to

2. A seventh was prepared in 1907. References here are to the sixth edition, the last for which Sidgwick was responsible. Though there were many changes, the structure of the book remained the same, and "philosophically significant changes were the exception rather than the rule" (Schneewind 1977, xv).

write ethics,” not the history of ethics (1). Schneewind is not alone in this view. John Rawls (1980, 555–56) described it in similar terms, as “the outstanding achievement in modern moral theory . . . the first truly academic work in moral theory, modern in both method and spirit.” Among the reasons for the book’s modernity, it offers a systematic account of previous moral theories and it is concerned not with the status of different moral judgments—not with edifying the reader—but with “the different methods of obtaining reasoned convictions as to what ought to be done” (Sidgwick [1874] 1901, v; cf. Schultz 1992, 7).

However, despite the book’s modern tone, it is rooted in the problems of the mid-Victorian age. One of these was coming to terms with the challenges being posed to religion, by the ideas of Charles Darwin, Herbert Spencer, and others. It is arguable that one lesson Sidgwick drew from *The Methods of Ethics* was that the fact that people have an intuitive notion of rationality provides no support for religious claims: that he had failed to find any proof of Christianity (Schneewind 1992, 118).³ The book has also to be seen as a response to debates in moral philosophy in the mid-nineteenth century. The main competitor to utilitarianism was intuitionism or common-sense morality. Loosely, people were taken to have intuitive ideas about morality—the importance of telling the truth, obeying laws, and so on. Because this is less familiar than utilitarianism, it is worth quoting Sidgwick’s ([1874] 1901, 101) summary:

We can discern certain general rules with really clear and finally valid intuition. It is held that such general rules are implicit in the moral reasoning of ordinary men, who apprehend them adequately for most practical purposes, and are able to enunciate them roughly; but that to state them with proper precision requires a special habit of contemplating clearly and steadily abstract moral notions.

The other elements in the contemporary background were the mid-Victorian obsession with history and evolution, and the notion, going back to Coleridge, that truth would arise through a synthesis of half-truths and commonplaces (Schneewind 1977, 26).

These four themes can be seen reflected in *The Methods of Ethics*. Sidgwick presented his ideas as developments of positions held by his

3. In a diary entry on 22 March 1887, Sidgwick wrote, “But the point is that I have tried *all* methods in turn—all that I found pointed out by any of those who have gone before me; and all in turn have failed—revelational, rational, empirical methods—there is no proof in any of them” (Sidgwick and Sidgwick 1906, 472).

predecessors, seeking to show that his ideas effected a synthesis of their work. The reason was “his belief in the significance of a consensus of experts in establishing a flourishing and progressive discipline” (Schneewind 1977, 412). The central problem of moral philosophy was to find an ethical method, based solely on common reason and the moral experience of ordinary people, without recourse to religious principles, that would be universally accepted. His own ethics was an attempt to solve that problem.

The book was structured around a systematic comparison of three approaches to morality: ethical egoism (that it is right to pursue one’s own happiness); intuitionism (defined above); and utilitarianism (that it is right to pursue “the greatest amount of happiness on the whole”—Sidgwick [1874] 1901, 411).⁴ His arguments cannot be discussed in detail, but several points are relevant. Intuitionism was incomplete for, by themselves, the moral judgments supplied by intuition were too vague. Something was needed to supplement them, explaining exceptions and linking them into a complete and harmonious system (Schultz 1992, 15). That something was the utilitarian principle. It offered a superior moral principle that could determine the limits and exceptions to other principles. The utilitarian principle would also overcome a major problem with intuitionism: its inherent conservatism and support for the status quo. Sidgwick also argued that utilitarianism was incomplete, for it rested on the intuition that one should pursue the general good. To the question, “On what ground is it right to pursue the general good rather than one’s self interest?” he answered:

I put aside Mill’s phrases that such sacrifice was “heroic.” . . . the kind of hero who does this without reason; from *blind* habit . . . however admirable, was certainly not a philosopher. I must somehow *see* that it was right for me to sacrifice my happiness for the good of the whole of which I am a part. ([1874] 1901, xvi–xvii)

Utilitarianism was therefore founded on an intuition for which rational justification could not be provided. Whichever route we go, we thus observe a synthesis of intuitionism and utilitarianism.

The fundamental assumption underlying Sidgwick’s whole analysis was that right acts were rational (cf. Schultz 1992, 8). Thus utilitarian-

4. Utilitarianism has come to mean several things. With the exception of one paragraph where I specify that I am using it differently, I use the term in the way defined here: maximizing the total sum of utility, or Bentham’s the greatest happiness of the greatest number.

ism was founded on four principles (cf. Schneewind 1977, 295; Schultz 1992, 18; Rawls 1980, 558).⁵ (1) It is right to treat others as I think I should be treated under similar circumstances (equity). (2) It is right to take account of what will happen in one's entire life (rational prudence). (3) The good of one person is no more important than the good of another (rational benevolence). (4) It is right to pursue the good of the whole. These provided a foundation for classical utilitarianism. The problem, however, was that Sidgwick failed to provide a rational basis for preferring utilitarianism to egoism. In particular, he could not provide a rational basis for the fourth assumption.

Sidgwick's analysis, though intended to provide a foundation for morality, could be seen as undermining it. Though he personally favored utilitarianism, he failed to provide a convincing rational argument for it, and was forced to concede that it rested on propositions that "seem to rest on no other grounds than that we have a strong disposition to accept them, and that they are indispensable to the systematic coherence of our beliefs" ([1874] 1901, 507). He offered the argument that if this were true in natural science it would be difficult to reject such an argument in ethics. Without it, he claimed, we open the door to "universal scepticism."

2. Sidgwick on Welfare and the Role of Government

Though Sidgwick, in *The Methods of Ethics*, had failed to provide a rational justification for the superiority of utilitarianism to egoism, he remained a convinced utilitarian and this is the foundation for much of his welfare economics. Sidgwick's contribution here has to be understood against that of John Stuart Mill's *Principles* (1848). Mill accepted the classical case for competition and laissez-faire. The state should not in general interfere in the production of goods and services, except in identifiable cases where laissez-faire could be shown to break down.

Laissez-faire, in short, should be the general practice: every departure from it, unless required by some great good, is a certain evil. (Mill [1848] 1970, 314)

The main responsibility of government was to provide the quite considerable restraints on private actions that were necessary if private

5. For a detailed discussion of the numerous principles found in *The Methods of Ethics*, see Schneewind 1977, 290–97.

enterprise was to work, such as ensuring security and the enforcement of contracts. Intervention was also justified in cases where it was not possible to assume that people were the best judges of their own interests or where people could not enforce what was in their own interests, either because it required delegation of authority or cooperation between many individuals. This justified state intervention in education, and public works.

Sidgwick went beyond this in several ways.⁶ Drawing on the work of Jevons, he drew a clear distinction between wealth as it is conventionally measured (the sum of goods valued at market prices) and the wealth that is relevant for welfare economics (the sum of individuals' utilities). Sidgwick explained clearly why these two measures of wealth could diverge from each other. The main reason was that prices correspond to marginal utilities, whereas the utility derived from consumption of a good is related to its average utility. Where marginal utility is less than average utility, people benefit from what Sidgwick called unpurchased utilities. The most obvious example of this was free goods that yielded utility despite having a price of zero and not entering into wealth as conventionally measured. In addition to this, total utility would depend on the distribution of resources between individuals. Diminishing marginal utility implies that redistributing resources from the rich (for whom marginal utility is low) to the poor (for whom it is high) would increase utility. Greater equality will thus raise the sum of utilities even if the value of total consumption remains unchanged.

Along with the clear separation of positive from normative economics, this distinction between what Pigou would later term "wealth and welfare" was crucial to the emergence of welfare economics. It opened the possibility of going beyond the classical concern with raising the level of production. Welfare economics became more than simply the economics of economic growth. Sidgwick ([1883] 1901, 396–97) appeared to recognize that this challenged conventional assumptions about the subject matter of economics.

It may be said that this latter inquiry [distributing income to maximize total utility] takes us beyond the limits that properly separate Political Economy from the more comprehensive and more difficult art of general Politics; since it inevitably carries us into a region of investigation in which we can no longer use the comparatively exact measurements of economic science, but only those more vague and uncertain balanc-

6. This account draws on Myint 1962, Hutchison [1953] 1975, and Backhouse 1985.

ings of different quantities of happiness with which the politician has to content himself.

His answer was that because the sum of exchange values was only an inexact measure of wealth, economists were already obliged to rely on “a more indefinite comparison of utilities” (397). Given this, it was but a minor extension to include distribution as part of the investigation. However, notwithstanding Sidgwick’s “modesty” on this point, it is arguable that his recognition that, as he put it, wealth is not measured by exchange values, marked a major departure from the classical position. This is an alternative way to express what Hla Myint (1962, 125) described as a shift from the “classical materialistic level to the modern subjective level of analysis.”

This led him to depart from Mill’s endorsement of laissez-faire as a general principle. The fundamental assumption underlying the system of natural liberty was that individuals are the best judges of their own interests. However, even if this assumption were granted, laissez-faire did not follow, for many reasons. Inequality might harm production; private and social interests might conflict with each other; and there was considerable waste of labor and capital and of what would nowadays be called marketing expenses and transaction costs (the costs of “appropriating and selling a commodity”—Sidgwick [1883] 1901, 407, 409, 411–12). In other words, “the ‘scientific ideal’ of economists” could not legitimately be taken as “the practical ideal of the Art of Political Economy,” for it would fail to organize industry in the most efficient way (413).

Like Mill, Sidgwick was concerned with both individual liberty and with the general happiness. However, as he argued in *The Methods of Ethics*, Sidgwick saw the utilitarian principle as lying beneath other ethical principles. In *The Elements of Politics* he argued that individualism was not an ultimate end, but was justified on utilitarian grounds. The notion that “mutual non-interference” was “absolutely desirable as the ultimate end of law and of all governmental interference” was “inconsistent with the common sense of mankind, as expressed in actual legislation, and even with the practical doctrines . . . of the thinkers who profess to hold it” (Sidgwick [1891] 1897, 45). It is commonly accepted, he points out, that when someone injures someone else, they should be required to make compensation, to restore the situation existing before the injury took place, wherever that is possible. If the ground for this were that liberty were an absolute right, money could not compensate for a loss of liberty. Furthermore, if we accept the idea that it is possible

to translate freedom into wealth, and vice versa, individualism translates into extreme socialism.

For if it be said that the richer man, as such, enjoys more freedom than the poorer, the fundamental aim of individualism—to secure by law equal freedom for all—seems to transform itself into the fundamental aim of extreme socialism, to secure equal *wealth* to all. (48)

Elsewhere ([1883] 1901, 501), he argued that it did not appear that “the ‘Freedom of each so far as compatible with the Freedom of all others’ would include the establishment of private property at all.” He deduced that freedom had to be defended on utilitarian grounds.

Sidgwick also argued that though individualism might be used to defend an individual’s right to his own person, it could not justify private property. Following John Locke, he wrote that individualism justified private property only if the property that had been appropriated would not otherwise have been available for human use, or that appropriating it “does not materially diminish the opportunities open to other persons of obtaining similar things, owing to the natural abundance of such opportunities” (Sidgwick [1891] 1897, 50). The problem in modern societies was that neither of these conditions would usually be met. Private property therefore limited the opportunities available to other people, which meant it could be justified only on utilitarian grounds. He observed:

The institution of private property as actually existing goes beyond what the individualistic theory justifies. Its general aim is to appropriate the results of labour to the labourer, but in realising this aim it has inevitably appropriated natural resources to an extent which, in any fully peopled country, has entirely discarded Locke’s condition of “leaving enough and as good for others.” In any such country, therefore, the propertied classes are in the position of encroaching on the opportunities of the unpropertied in a manner which—however defensible as the only practicable method of securing the results of labour—yet renders a demand for compensation justifiable from the most strictly individualistic point of view. (163; cf. 70–74)

The utilitarian principle, therefore, provides an argument for *inequality* in the distribution of wealth, against the demands of “pure” individualism.

These arguments closely parallel the position he adopted in *Principles of Political Economy* where he tackled the problem of distributive jus-

tice. As in *The Methods of Ethics*, he developed his position by considering alternatives. One was the principle that labor should get a fair wage. This amounted to the claim that “differences in remuneration, due to causes other than the voluntary exertions of the labourers remunerated, should be reduced as far as possible” (Sidgwick [1883] 1901, 505). This amounted to claiming that “fair wages” be defined as “market wages as they would be under the condition of the least possible inequality of opportunities” (505). However, here it could be argued that laissez-faire, through encouraging mobility, reduced inequalities. He argued that the emergence of monopoly was inevitable and that the divergence of interest between the monopolist and the community provided a “strong argument” for government interference in production. Monopoly would also lead to an unjust distribution of income. His conclusion here was that “no general practical conclusion can safely be drawn” from such theoretical arguments, as the strength of various effects would vary considerably from case to case (507). Two further arguments against laissez-faire were that protection might make production more stable and that increases in land values belonged to the community, not private individuals (the argument made popular by Henry George). On the former, he saw arguments both for and against protection, concluding that aid must be given to those affected by the distress caused by fluctuations in trade. On the latter, he admitted that the Georgist claim was valid, but saw practical problems with implementing it. So although the principle that produce should be distributed according to what people deserved by virtue of their efforts showed that the existing system was unjust, Sidgwick found practical problems with eliminating the system’s defects and argued instead for measures to alleviate their effects.

Having dealt with alternative arguments for an equitable distribution of income, he turned to what he called “Economic distribution”—the application of the utilitarian principle to distribution. Here, he recognized that provided the total produce was not reduced, a more equal distribution would raise aggregate utility. The principle that happiness increased in a decreasing ratio to wealth was part of the “common sense of mankind” (Sidgwick [1883] 1901, 518). According to this principle,

The proposition that a communistic distribution would produce more happiness than the present system, if it could be realised without materially affecting production, or removing needful checks to population, is at any rate a very plausible one. (525)

He also considered scenarios in which the state gradually took over production and payments for the use of capital disappeared. However, he drew the conclusion that any takeover by the state of activities undertaken privately was a step toward socialism and the reduction of inequality. Only “mild and gentle steps” toward socialism were acceptable (528). The problem with socialism was that it would reduce incentives and that production would suffer.⁷ He even considered a form of what became, in the interwar period, “market socialism,” in which the state should be responsible for production and there would be extensive state education but with wages determined, as far as possible, by competition (529–30). Though such a system would have advantages, it would reward neither invention nor special talents. He even hoped that if the income going to labor were augmented by what currently went to capital, and if educational opportunities were good enough to give all workers the hope of qualifying for higher wages, it might be possible to offer a minimum wage without disrupting the system (531). On the other hand, simply legislating a minimum wage would cause unemployment (533). This did not imply that unqualified *laissez-faire* was ideal. It was not. This meant that some movement toward socialism was justified, but it needed to be gradual (529).

Perhaps because of his commitment to seeing things from all sides, Sidgwick’s writings on socialism represent an uneasy balance. He puts forward very strongly the case for a more equal distribution of income. This can be based either on arguments for equity or on the utilitarian principle. He concedes that the theoretical case for *laissez-faire* is flawed and that the current system was far from ideal. He recognized that voluntary private actions were unlikely to bring about distributive justice (540). Why did he then draw back from socialism? The conclusion that followed from all his uses of the utilitarian principle was that the choice between alternative systems always involved a careful balancing of gains and losses. The utility gained from greater equality had to be balanced against the losses from reduced incentives. The benefits to workers from a minimum wage had to be weighed against the loss from increased unemployment. And so on. But having posed the issues in this way, he failed to follow through. He simply assumed that the effect of equality on incentives would be so large as to be overwhelm-

7. It is interesting to note that to support this he urged his readers to compare the energy exerted by rich people, even when doing work they had chosen, with that of professional men (Sidgwick [1883] 1901, 526).

ing. He assumed that lost jobs would outweigh the distributional gains from a minimum wage. In one place Sidgwick refers to the “impossibility of establishing any definite quantitative relationship between the pecuniary sacrifices of the rich and those of the poor” (566). However, he fails to ask whether this effectively undermines the utilitarian argument on which his ethics rests.

The reason for this character of Sidgwick’s work was that he was extremely conservative. The rational arguments, which were the foundation of his entire ethics, led him toward the conclusion that there was no ethical case for the status quo and that the optimal outcome (a term he did not use, but it is implicit in his use of the utilitarian principle) was somewhere between pure laissez-faire and extreme socialism. But he feared change. He could accept only “mild and gentle steps” toward socialism. He recognized the ethical case for greater equality but feared that if any action were taken, it would be taken too far. This comes out most clearly in his discussion of taxation, where he discusses using taxation to redress the inequality. He rejects this on the grounds that,

if the principle of redressing inequalities is applied *at all*, any limit to its application seems quite arbitrary; if the burden of the rich is to be twice as great as that of the poor, there seems no clear reason why it should not be three times as great, and so on. (565)

Utilitarianism is about balancing utilities, yet Sidgwick believes (in this case at least) that such an “interior solution,” where the degree of redistribution is that justified by the utilitarian principle, is impossible. Either one ignores redistribution or one ends up with equality.

There is perhaps a parallel between his writings on moral philosophy and on social questions. In his ethics he sought to provide a rational foundation for ethics, arguing that there was no other basis on which ethics could rest. He reached the conclusion that it was impossible to provide rational arguments to support utilitarianism rather than egoism. In a sense, ethics was left hanging in the air, resting on a basic intuition (that it was right to favor the general good) for which rational justification could not be given. Similarly in economics, he offered arguments against both laissez-faire and extreme socialism, and believed it was impossible to do the balancing of utilities that was necessary to justify a system intermediate between the two. His conclusions about state intervention were in a sense left hanging in the air, in the same way as were his conclusions on ethics.

3. Marshall after Sidgwick

Marshall and Sidgwick met in 1867⁸ when Marshall was invited to join the Grote Club, a Cambridge philosophical discussion society of which Sidgwick was a leading member (Groenewegen 1995, 110).⁹ It seems almost certain that it was Sidgwick who induced Marshall to move away from mathematics and into moral philosophy and then steered him toward political economy (145, 663). At this time Marshall was learning philosophy and Sidgwick was his senior. Both of them were in the process of losing their Christian faith, though Marshall more slowly and more decisively. They both turned to philosophy as part of this process. Over the following years they remained close, keeping in touch by correspondence when Marshall moved to Bristol in 1877. During this period there were some disagreements, but these were minor.

The first significant disagreement came in 1879 when Sidgwick claimed, in print, that Jevons had solved the problem of how to determine wages once the wages fund was abandoned. Marshall felt that this overlooked his solution to the problem. Relations deteriorated when Marshall learned that Sidgwick was writing a textbook on political economy. He was concerned over the use Sidgwick might make of material that he had provided on the theory of value and international trade. Marshall also held Sidgwick partly to blame for the decline in the number of moral sciences students at Cambridge in this period. However, relations improved in 1883. When Sidgwick's *Principles* appeared, Marshall was generously acknowledged. In addition, Sidgwick obtained the Knightsbridge Chair, meaning he was now unlikely to stand in the way of Marshall getting Fawcett's Chair should that fall vacant.

Relations between Marshall and Sidgwick were up and down after Marshall was elected to the Chair of Political Economy at Cambridge in 1884. Marshall had clear ideas on reforming the economics curriculum, and Sidgwick felt that he was using the authority of his new position to promote a particular view of economics. Of particular significance, in 1886, Marshall and Herbert Foxwell sought to remove history of economic theory and the early economic history from the advanced papers in political economy, a move that Sidgwick was not anxious to encourage (Groenewegen 1995, 668 n; cf. 663–70). Their main disagreement,

8. It is possible that they met two years earlier.

9. This discussion of Marshall's relations with Sidgwick draws mainly on Groenewegen 1995. Raffaelli 1996 provides some evidence on the Grote Club meetings in 1867.

however, was over the role of women in the reform of the university, an issue on which Marshall had grown more conservative during his period in Bristol. From the mid-1890s, their paths diverged completely, though Marshall sought to repair relations on learning that Sidgwick was terminally ill.

Marshall was thus close to Sidgwick at the time when his ideas on economics were being formed. He certainly studied independently on economics and he pursued some independent directions in philosophy: he had greater interest in Hegel's philosophy of history and Spencer's evolutionary ideas; and he was briefly interested in Marx. However, in ethics, he was very much Sidgwick's junior. He was lecturing on Benthamite utilitarianism and, given their closeness, it would seem surprising had he not been familiar with the content of *The Methods of Ethics*; Groenewegen (1995, 165) speculates that he would have benefited from discussions with Sidgwick while the book was being written. However, the evidence for that is only circumstantial. On the other hand, there is evidence of Marshall's early doubts about utilitarianism (Raffaelli 1996), and during the early 1870s Marshall was moving toward an evolutionary understanding of psychology that Sidgwick did not share (Raffaelli 2003) and this caused him to reject Sidgwick's concern with utilitarianism as old-fashioned casuistry. We do not know precisely how he reacted to Sidgwick's *Principles of Political Economy*, but given their earlier connection and Marshall's concern with how much Sidgwick had drawn from his own work, it seems inconceivable that he did not read it carefully when it was published.

There are some striking parallels between Sidgwick's *Methods of Ethics* and Marshall's work in economics. Because of the uncertainty about the nature of their discussions during the early 1870s, when Sidgwick was writing his *Methods of Ethics*, it is not clear how far these parallels merely reflect a shared environment and how far they reflect Sidgwick's influence on Marshall. Some points, such as the emphasis on consensus and the idea of theory as providing a method, are very much part of the British philosophical tradition. However, even though direct evidence is absent, it seems impossible to believe that there was no influence.¹⁰ The first parallel is that Sidgwick deliberately avoided supporting particular ethical positions in order to focus on the methods whereby ethical views could be

10. Note that the parallels do not involve technical details of Sidgwick's utilitarianism, in which Marshall had lost or was losing interest, but broader philosophical issues about ways of legitimating a discipline.

justified; Marshall ([1885] 1925, 159) focused on the engine of economic analysis rather than on specific economic doctrines. It was economic analysis rather than the doctrines that, for Marshall, marked the subject out as scientific. He wanted to distance economics from the crude advocacy of laissez-faire that had given the subject a bad reputation in certain quarters. This parallels Sidgwick's turning ethics away from the task of edification to the task of analyzing the nature of moral judgments.

The second parallel is that Marshall is well known for having progressively reduced the role of history (both history of economic ideas and economic history) in his *Principles*. In the first edition he started the book with two substantial chapters on these subjects. He was also known for his emphasis on what has come to be called the "continuity thesis"—the thesis that his work, and that of his contemporaries, was more appropriately seen as an amplification of the insights of earlier generations, not as overthrowing it, as Jevons (1879) had contended. These emphases are both ones that would be expected in a student of Sidgwick, whose ethics was developed through a critical examination of the ideas of his predecessors, and who sought to find truth through a synthesis of competing views. The decline in the role of history in Marshall's work, well under way by 1890, and continued through successive editions of the *Principles*, echoes a similar decline in Sidgwick's *Methods of Ethics*, in which "the historical references were decreased from edition to edition . . . , though never wholly eliminated" (Schneewind 1977, 412). These changes may reflect changes in the broader intellectual climate that made history less critical; perhaps they reflect success in the professionalizing of both moral philosophy and economics; they also reflect William Cunningham's sharp attack on Marshall's historical material. However, in view of their exchanges in 1886, it is tempting to see Marshall's move, in his published works, away from history as part of his distancing himself from Sidgwick. Marshall's continuing admiration for the German historical school shows that he retained considerable respect for historical work in general.

Third, Sidgwick and Marshall both attached great importance to consensus among the relevant community. Marshall's desire for consensus and the avoidance of controversy was undoubtedly part of his strategy to establish a new scientific discipline and, no doubt, a rhetorical strategy for exerting his personal authority within the discipline. For Sidgwick, however, it was more than this, for consensus among ordinary people was the basis for affirming crucial intuitions about morality. The utilitarian principle might be used to supplement such intuitions, but they could not be

dispensed with. To suggest that Marshall may have picked up some of this may be going too far, but given their close links during Marshall's formative period, it is tempting to speculate that there may be a connection. It might provide an explanation of why Marshall went to such lengths to show the continuity of his thought with Ricardo, elements of which survive even in the last edition of the *Principles* (e.g., in book 6).¹¹

When it comes to the science of political economy (as opposed to the art), Marshall's thought owed little to Sidgwick. Marshall went back to Mill and many other sources besides (Cournot and Thünen), and Sidgwick then learned from Marshall through the *Economics of Industry* (1879) and his unpublished manuscripts. The organization of Sidgwick's *Principles* was still in the classical mold, of production, distribution, and exchange, with value being treated as part of the exchange. Marginal utility, presumably derived from Jevons, was essential to his welfare economics, but unlike Jevons he did not use it as the basis for overturning the classical view of the subject. Marshall's *Principles*, in contrast, despite Marshall's high regard for Ricardo, abandoned the traditional organization for a structure in which the theory of supply and demand provided the core.

With the art of political economy, on the other hand, Marshall could be seen as filling some of the gaps that Sidgwick had failed to fill. Sidgwick was saved from the most radical implications of his utilitarianism by failing to find a method for quantifying marginal utilities. Marshall's theory of consumer's surplus provided a way to quantify utilities, on the assumption that the marginal utility of income was given—or that differences in individuals' wealth could be neglected. He derived a "Doctrine of maximum satisfaction" and then, in a manner reminiscent of Sidgwick, pointed out that this doctrine was undermined if there were substantial differences in wealth. For example, if consumers were poorer than producers, aggregate satisfaction might be increased by producing more than the equilibrium quantity (Marshall [1890] 1949, 390–91). As consumers had a higher marginal utility of income, additional consumers' surplus was worth more

11. The peculiar nature of Marshall's attitude toward his classical predecessors is brought out by a point made by Denis O'Brien (1990). He points out that Marshall was most generous in those areas (value and distribution) where his debts were least, and least generous in those areas (monetary economics and international trade) where he really had restated classical doctrines in more precise terms. However tempting it is to speculate, it may be coincidence that his generosity to the classics was least in those areas where interaction with Sidgwick was least, even though they were the areas where such acknowledgment was most merited.

than an equivalent loss of producers' surplus. He makes the utilitarian point that redistribution from rich to poor will raise aggregate satisfaction, arguing that "it can be set aside in the first stage of an inquiry into existing economic conditions" (391). When he returned to the issue of personal distribution, after discussing determinants of factor incomes he reiterated the point that greater equality would be desirable.

The drift of economic science during many generations has been with increasing force towards the belief that there is no real necessity, and therefore no moral justification for extreme poverty side by side with great wealth. The inequalities of wealth, though less than they are often represented to be, are a serious flaw in our economic organization. Any diminution of them which can be attained by means that would not sap the springs of free initiative and strength of character, and would not therefore materially check the growth of the national dividend, would seem to be a clear social gain. (594)

However, like Sidgwick, he had no means to evaluate the gains from redistribution in relation to the costs, and he shied away from radical measures. He wrote of the "economic and social perils of collectivism" and of the "evil" that was likely to arise from "schemes for sudden and violent reorganization" of the conditions of life (593).

Apart from this fear of radical change and the belief that the risks attached to reducing incentives were high, his main argument against seeking major redistributive measures was quantitative. He believed that many artisan households would lose from an equal distribution of income: that it was impossible to raise earnings above that already reached by "specially well-to-do artisan families." This led him to focus on raising the education of unskilled workers and improving their social conditions so that they could progress toward higher incomes. As for the inequality between owners of capital and labor, those who made profits through invention probably "earned for the world a hundred times or more as much as they have earned for themselves" (598). Some fortunes arose through speculation, but attempts to control such activities had "invariably proved either futile or mischievous" (598). He concluded that socialism required a change in human nature, but if human nature could be changed, "economic chivalry" (taking account of the needs of others) would render private property harmless (600).

Marshall's work, therefore, exhibits exactly the same conflict that is found in Sidgwick's. He sees clearly the case for greater equality, though

when it comes to measures that might interfere with incentives, he sees no scope for balancing costs and benefits, attaching more weight to incentives than to the benefits of greater equality. This is despite his belief that laborers work hours that are too long and that, in Britain, £500 million was spent in ways that did not increase happiness (599).¹² (Other writers might have drawn the conclusion that if spending was so far in excess of what raised happiness, the cost of measures that reduced income must be low.) Marshall is much more aware of the quantitative side of the problem than is Sidgwick, citing numerous statistics, but no nearer a way to thinking quantitatively about how to achieve the best use of resources. They share both a philosophical viewpoint that inclines them toward egalitarianism and a conservatism that will not risk any interference with incentives, lest output be reduced.

4. Between Marshall and Sidgwick: John Neville Keynes

The other important figures in the “older” Cambridge school were Herbert Somerton Foxwell and John Neville Keynes. Foxwell was responsible for much of the lecturing on economics after his appointment as a lecturer at St. John’s College in 1875. During Marshall’s absence from Cambridge (1877–84) he was the main lecturer on economics, and he continued lecturing at Cambridge until, after his failure to be appointed to Marshall’s Chair in 1908, he withdrew his services. He also taught in the University Extension movement and in London University. However, though very much part of Cambridge economics, he was not part of the Cambridge school as it emerged under Marshall. He was critical of Ricardo and became increasingly sympathetic toward the historical criticisms of Marshallian economics that developed in the 1880s and 1890s, going so far as to join the attack on free trade in 1903. He therefore ended up distant from Marshall, to the extent that Marshall opposed creating a personal chair for him when he failed to get Marshall’s Chair (Deane 2001, 251–52) and had little influence on the Cambridge school as it emerged after 1908.

12. No date is attached to this figure. The eighth edition was published in 1920 and presumably reflects the situation in 1919–20, when U.K. GNP was estimated to have been around £6,000 million (Mitchell 1978, 416). Marshall’s figure is thus about 8 percent of GNP, a substantial figure.

Keynes, on the other hand, was an integral part of the emerging Cambridge school. Though his career led him, for a variety of reasons, into university administration, and to some extent because of this, he remained central to the running of the discipline until his retirement in 1925. Unlike Foxwell, he was enthusiastic about the new style of technical economics that Marshall represented and which he studied as one of Marshall's students in 1874. From 1880 he based his economics lecturing as much on Marshall as on Mill, being an early user of Marshall's diagrams (Deane 2001, 123). His main field was logic, on which he published a successful book in 1884, which reached a fourth edition by 1906. His main contribution to the literature of economics was *The Scope and Method of Political Economy* (1891), in which he applied his logical analysis to economics, using precise definitions to clarify and resolve many of the methodological issues believed to be at stake. He and Marshall discussed the proofs of each other's books (Deane 2001, 138–39; Groenewegen 1995, 408–11), and Marshall made a particularly important contribution to his first two chapters.

However, while Keynes was undoubtedly close to Marshall in his attitude toward economics, Sidgwick was a major influence on him. There were, of course, the personal links. Sidgwick had been his teacher for ethics and political philosophy, and had advised him when he started lecturing in 1876 (Deane 2001, 30). Sidgwick continued to be an influence on him, they remained close friends, and Sidgwick offered support at various stages of his career, being instrumental in getting him the first University Lectureship in moral sciences (52–53, 114). When Marshall put pressure on Keynes to apply for the Chair in Oxford, Sidgwick was one of the colleagues to whom he turned for advice (125–27). The two were close on the issue of university reform, where they shared a commitment to advancing the cause of women, strongly disagreeing with Marshall. When Marshall and Sidgwick came increasingly to disagree over reform of the tripos, Keynes was caught in the middle, though his sympathies were generally with Sidgwick, with whom his relations remained close and harmonious (236). In part this was due to personal reasons: however much he admired his economics, Keynes found Marshall devious and manipulative and he spoke of his dread at having Marshall replace Sidgwick as head of the moral sciences school (125, 228, 231).

However, though these must not be exaggerated, there were intellectual issues on which Keynes sided with Sidgwick. Deane (2001, 243) has claimed that “Keynes was an unreconstructed product of the pre-1883

moral sciences tripos. He held that, at the undergraduate level, economics should be taught alongside logic, psychology and ethics.” Though he did not wish to force it on students for whom it was unsuitable, he saw value in economics students’ being exposed to the study of metaphysics. His move into logic and political economy had been because that was where he saw his contribution lying, not because of any objections to the study of other branches of the moral sciences. There were thus strong intellectual links with Sidgwick, not merely those arising from their shared commitment to university reform. However, because he kept ethics and economics separate, this being one of the lessons of his *Scope and Method*, and because his philosophical inquiries involved logic rather than ethics, it is hard to detect any significant Sidgwickian influence on his published work.

5. The Cambridge School: Pigou and John Maynard Keynes

The crucial step in the establishment of the Cambridge school was the establishment of the economics tripos, for this was essential to attract students better than those Marshall experienced for much of his career. The tripos was established in 1903, though this was not accompanied with new teaching posts and it was necessary for Marshall to finance one lectureship personally. However, over the next decade the strength and diversity of the economics school grew (Jha 1973; Collard 1990) and the divisions that had characterized much of Marshall’s tenure of the chair had gone. Within a year or so of Marshall’s departure there was a broad group of economists pursuing economics in the Marshallian mold, of whom the most important were Arthur Cecil Pigou and John Maynard Keynes,¹³ Keynes becoming established as a lecturer at almost the same time as Pigou became professor. However, Sidgwick was still important, in contrasting ways, to both of them. To understand this, it is necessary to turn to G. E. Moore.

Though the generation of Cambridge economists that included Pigou and Keynes¹⁴ still read Sidgwick, their understanding of him was mediated in economics by Marshall and in moral philosophy by Moore. Moral

13. Others included Walter Layton, W. E. Johnson, J. H. Clapham, G. Udny Yule, Frederick Lavington, C. R. Fay, and Gerald Shove.

14. From this point Maynard not Neville.

philosophy had been transformed by Sidgwick but with his failure to resolve the conflict between egoism and utilitarianism, no firm foundations for ethical judgments had been provided. Moore found his early loss of Christian faith traumatic, and approached both idealism and utilitarianism in a devastatingly skeptical frame of mind.¹⁵ He continued the Sidgwickian tradition in that he accepted intuitionism as the basis for ethical theory but denied that it could provide general rules of conduct. He rejected both Sidgwick's reliance on common-sense morality and his utilitarianism. The good was something one recognized intuitively, licensing one to ignore conventions, not to be bound by them as being guided by the common sense of the ordinary man might imply. His ideals were personal ones, not ones represented by utilitarian or other rules. Though the good did comprise states of consciousness, Moore strongly rejected the Benthamite idea that pleasure was the sole good. The most valuable states of mind included "the pleasure of human intercourse and the enjoyment of beautiful objects" (Skidelsky 1983, 139). To this, his followers, the "Apostles," added love, beauty, and truth (Shionoya 1992, 11). Robert Skidelsky (1983, 40) sums up Moore's effect:

As we have seen, the Apostles were looking for an ethic which could direct attention to ends other than the duties set before the Victorian gentleman. This Moore provided for them. He unshackled contemporary ethics from its connection with social utility and conventional morality by locating its ultimate ends in goods which stood apart from the Victorian scheme of life, and by making "ought" correlative to these goods. By dropping Hedonism and by proclaiming as intrinsically valuable dispositions and states of mind of which Mill and Sidgwick had been forced to treat instrumentally he had evaded the problems which had wrecked their coherence. No one serious about achieving Moore's goods could take Victorian morality entirely seriously again.

However, though they accepted his rejection of utilitarianism, they rejected his claim that following ethical rules was in practice the right thing to do. This involved arguing that the effects of our actions were uncertain and that society had worked out rules that were, on average, most likely to produce good consequences. Keynes sought a way round this argument for rules by challenging the frequentist theory of probability on which

15. This account of Moore draws on Shionoya 1992 and Skidelsky 1983, 133–41.

it rested (see Bateman 1988; 1996, chap. 3), though most of the Apostles simply ignored it. If Moore's argument for rules were rejected, there was no way to relate Moore's goods to practical affairs. He had not solved Sidgwick's problem so much as present it in a new way.

Pigou's response was to take issue with Moore's critique of Sidgwick. Where Sidgwick spoke of pursuing both one's own good and the good of the whole community, there was no contradiction. What this amounted to was that "fairness as between people is one element among good things" (Pigou 1907, 107). Thus rather than follow Moore in abandoning Sidgwick's utilitarianism, he continued the tradition, amplifying it and stating it more rigorously drawing on Marshall's economics. Margaret G. O'Donnell (1979, 588) has offered a summary of this relationship:

His major theoretical contributions to welfare analysis were actually based upon pre-Marshallian theoretical concepts and were dressed in the analytical apparatus conceived by Marshall. Furthermore, a major element in this pre-Marshallian thought was the work of Henry Sidgwick. . . .

. . . when Pigou sought to proceed with the problems of external effects and government solutions, he had to circumvent the newly founded Marshallian tradition at Cambridge and return to the Sidgwick-Mill approach. The result was Sidgwickian philosophy couched in Marshallian methodology.

Sidgwick's welfare economics represented an uneasy compromise: reason had taken him toward a utilitarian position in which he could see the merits of egalitarian reforms, but his conservatism held him back from its implications. Marshall shared that conservatism and though he echoed, albeit less strongly, the radical side of Sidgwick's welfare economics, he came down largely in favor of promoting freedom. He saved himself from the conflict between providing incentives for growth and the radical implications of utilitarianism by minimizing the utilitarian element in his work ("maximum satisfaction" appears, but it does not provide the overarching framework within which his economics rests); by relying on education to pull up the poor without pulling anyone down; and by optimism that inequality was both less than commonly believed and declining. In contrast, Pigou took up the more radical implications of Sidgwick's theory.

Pigou fashioned his work around the distinction between what, in the title of his first major book, he called *Wealth and Welfare* (1912) or, as he also expressed it, wealth and the national dividend. Though still very

much in the utilitarian tradition, he developed the theory with far greater subtlety than his predecessors, avoiding any crude hedonism. He made it clear, for example, that the “economic welfare” that he analyzed was not the same as overall welfare, which included many other dimensions of life. His framework of marginal social and private costs and benefits allowed him to explore the range of policy issues that Sidgwick had confronted, and more. It allowed the possibility of considering a general equilibrium, going beyond Marshall’s explicitly partial equilibrium analysis of welfare. Like Marshall, he believed that people did not always want what was in their best interests, though he integrated this into his utilitarianism through drawing on Sidgwick. Sidgwick’s changing the biblical injunction to “love thy neighbour as thyself” into “love thyself as thy neighbour” was based, Pigou argued, on the idea that we can often see our neighbor’s interests more clearly than our own (Pigou 1906, 379). As O’Donnell has shown, many parallels can be found between Pigou and Sidgwick.

However, Pigou was more radical, for he did not share Sidgwick’s conservative view that to institute measures to redistribute income would have dramatic adverse effects on incentives. In *The Economics of Welfare*, the book into which *Wealth and Welfare* was transformed in 1920, Sidgwick included in his discussion of welfare and the national dividend, a chapter on the implications of reducing inequality. The subsequent text included not only his well-known discussions of industry (where the links with Sidgwick are clearest) but two further parts, each of which was very substantial. One was on labor and wages, extending to analysis of many factors that harmed the situation of the working classes. The other, final, close to twenty percent of the book, was concerned solely with distribution and inequality. Compared with Sidgwick and Marshall, Pigou had detailed information on income distribution, from Arthur Bowley and Vilfredo Pareto. Despite this, he had to conclude that it is impossible to be sure of the effects that transfers will have. However, at this point, where Sidgwick’s conservatism caused him effectively to abandon the utilitarian principle, Pigou explored the implications of transfers in detail, searching for ways of implementing it and minimizing any adverse effects. For example, he emphasized the importance of “associating voluntary effort with the official machinery of state aid to the poor” (Pigou [1920] 1946, 757). In other words, “if the gift of material aid is accompanied by the interest, sympathy and counsel of friends, willingness to work and save may be largely and permanently encouraged” (757). This recognition that state intervention might, if suitably implemented, have

favorable effects, contrasts with the pessimism about incentives shown by his predecessors.

In contrast with Pigou, Keynes (1972, 436) embraced Moore's critique of Sidgwick, though he did not accept his ethics.

Now what we got from Moore was by no means entirely what he offered us. He had one foot on the threshold of the new heaven, but the other foot in Sidgwick and the Benthamite calculus and the general rules of correct behavior. . . . We accepted Moore's religion, so to speak, and disregarded his morals. Indeed, in our opinion, one of the greatest advantages of his religion was that it made morals unnecessary—meaning by “religion” one's attitude to oneself and the ultimate and by “morals” one's attitude towards the outside world and the intermediate.

Utilitarianism was associated with the Victorian morality that Keynes and his friends emphatically rejected. He described Benthamite hedonism as “the work which has been gnawing away at the insides of modern civilisation and is responsible for its present moral decay” through its “over-valuation of the economic criterion” (436–37, 446).

However, while Keynes rejected utilitarianism as ethics—as the basis for personal morality—his rejection of utilitarianism as a political philosophy was far less clear. Skidelsky (1983, 157) observed:

Keynes's life was balanced between two sets of moral claims. His duty as an individual was to achieve good states of mind for himself and for those he was directly concerned with; his duty as a citizen was to help achieve a happy state of affairs for society. The two claims he thought of as logically independent of each other. He attached greater priority to the first than to the second, except when he thought the state was in danger.

Yuichi Shionoya (1992) expressed the same split by contrasting his personal morality with commitment to “duty” in politics. There was, however, no conflict, for engaging in the art of politics—contributing to the general happiness—was something he considered good.

If Moore was Keynes's ethical hero, his political hero was Edmund Burke (Skidelsky 1983, 154). Burke was a political utilitarian but also conservative, skeptical about whether the prospects of future happiness, of necessity uncertain, could justify significant sacrifices of present happiness. Keynes thought Burke rather timid on this point, arguing for example that milder means might have achieved some of the aims of the French

Revolution without incurring such high costs. Keynes strongly agreed with Burke's basing politics on expediency rather than abstract right. It is fair to say that insofar as Keynes was a utilitarian in this sense,¹⁶ his utilitarianism was, as for Burke, a conservative influence. It certainly did not lead to a concern for equity, one of Burke's aims that Keynes ignored.

6. Conclusions

The Cambridge school of economics was created by Marshall, whose vision of a more technical way of doing economics—of economic theory as an engine for discovering truths about the world—differed from those of both his classical predecessors and the various historical schools of economics. However, it was not created by Marshall alone. While Marshall was clearly the dominant force, he was assisted, in varying degrees and in different ways, by his colleagues in the school of moral sciences, Sidgwick, Foxwell, and Neville Keynes. All three shared in the burden of teaching. Keynes, who has been described as his lieutenant (Groenewegen 1995, 679), shared much of the administrative burden. However, behind all of these was Sidgwick, not only Marshall's "spiritual father and mother," but also Keynes's teacher in moral philosophy, his ally in university reform, and his close friend and confidante. However, Sidgwick was also the origin of many of the ideas that drove the Cambridge school. In this essay the story of Sidgwick's influence has been taken as far as Keynes and Pigou, among the last products of the era when Sidgwick and Marshall were the two pillars of the Cambridge moral sciences tripos. After 1903, the Cambridge school was increasingly dominated by the products of the economics tripos. The influence of Sidgwick, even more than that of Marshall, whose *Principles* was still read, was increasingly mediated by Pigou and Keynes. Economics at Cambridge was moving into a different era.

The Cambridge school was clearly the creation of Marshall, who was almost alone responsible for the theoretical framework on which it was based and who was the creator of the economics tripos. Insofar as his positive theory was similar to Sidgwick's, it was either because of their common heritage in Mill, or because of what Sidgwick learned from Marshall in the late 1870s. Sidgwick can, however, be considered the *éminence grise* behind the Cambridge school, influencing, in various

16. This is very different from Sidgwick's Benthamite utilitarianism.

ways, Marshall, Pigou, and Maynard Keynes (and to a lesser extent Neville Keynes). Though Marshall was trying to separate the two, economics was still entwined with moral philosophy, both institutionally and, more importantly, in the intellectual development of those who were creating Cambridge economics. The intellectual world of Marshall, Pigou, and the two Keyneses was one that cannot be understood apart from Sidgwick. The components of this story are widely known but have not been brought together, partly because it involves delving further into the history of philosophy than historians of economics usually wish to go. The literature on Cambridge welfare economics, though it has seen Sidgwick as a link between Mill and Marshall, and has recognized the importance of Sidgwick to Pigovian welfare economics, has paid insufficient attention to Sidgwick's role in transforming the field of ethics; as a result it has missed the parallels between that and what Marshall was trying to achieve in economics. There is also a substantial literature on Keynes in the context of Moore, the Apostles, and Bloomsbury. This literature, however, has rather narrowly focused on certain aspects of Maynard Keynes's intellectual development and has missed the broader context, without which Sidgwick's influence is harder to see. The philosophical literature has, understandably, paid insufficient attention to Sidgwick's role in the origin of the Cambridge school of economics.¹⁷ The aim of this essay has been to consider all of these alongside each other, for without doing this it is impossible to see the broader picture.

As explained earlier, in making this case for Sidgwick's influence on Marshall, it is impossible to avoid making judgments about some matters where evidence is thin. The major instance is the relations between Marshall and Sidgwick in the period 1870–74. Here the problem is the absence of documentary evidence that could confirm the extent to which Marshall was familiar with Sidgwick's *Methods of Ethics* and it is necessary to rely

17. This is clear in Schultz's biography (2004). Economics is almost tangential to his account of Sidgwick's work, which centers on philosophy and ethics. Where the book does touch on Sidgwick's relationship to the Cambridge school, it supports the case made here. Schultz (2004, 539) observes that "one can make a strong case that Sidgwick's careful distinctions between the science and art of political economy, and his measured introduction of the inductive, historical side of the methodology, did end up shaping the course taken by Marshall and [Neville] Keynes, both of whom clearly owed him a great deal." However, he offers little direct evidence, even remarking that "sorting out Sidgwick's various connections to Marshall, Keynes, Edgeworth, . . . would be a very difficult task" (539; emphasis added). It is a task Schultz did not choose to undertake. He also elaborates, in the context of Sidgwick's politics, his strong opposition to creeping socialism and his skepticism about redistributive measures.

on circumstantial evidence. Even though this seems about as strong as circumstantial evidence could be, it is not the same as finding evidence in Sidgwick's or Marshall's papers. More important, perhaps, is the problem that the case for Sidgwick's influence rests, in part (and it should be emphasized that it is only in part), on his influence on the climate of opinion. Clearly, they were both working in a common environment and shared an intellectual heritage in which Mill was very important, in both ethics and economics. Parallels between Sidgwick and other members of the Cambridge school may, therefore, simply reflect a shared intellectual climate—that of mid-Victorian England. In that case, Sidgwick becomes less of an original (at least in these respects) but serves to represent the era out of which Marshall's work arose. The claim then becomes only slightly weaker: that Sidgwick represents, and almost perfectly illustrates, the intellectual world out of which the Cambridge school emerged. Either way, whether Sidgwick was helping to create an intellectual environment or was the preeminent representative of that environment, there are good reasons to claim that if we want to understand the origins of Marshall's work, we need to understand more of Sidgwick than has commonly been assumed. When combined with the clear evidence for Sidgwick's influence, via Moore and Bloomsbury, on Keynes, and Sidgwick's already well-known influence on Pigou, the result is a clear case for claiming that Sidgwick merits being taken much more seriously as a crucial figure in the origins of the Cambridge school than has been the case up to now.

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