

Sidgwick, Henry (1838–1900)

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Abstract

Henry Sidgwick is usually regarded as the third greatest classical utilitarian, after Jeremy Bentham and John Stuart Mill, and his masterpiece *The Methods of Ethics* (1874) is a classic of philosophical ethics. But Sidgwick was a many-sided late Victorian intellectual who should also be counted, with Alfred Marshall, as one of the leading figures in the Cambridge School of economics.

Keywords

altruism; British Association; Cambridge School; deductive method; economic biology; economic man; Edgeworth, F.; egoism; ethical socialism; ethics and economics; federalism; Hayek, F. von; hedonism; imperialism; individualism; inductive method; interpersonal utility comparisons; marginal revolution; market socialism; Marshall, A.; Mill, J. S.; Palgrave, R.; *Palgrave's Dictionary of Political Economy*; Pigou, A.; public goods; Sidgwick, E. (née Balfour); Sidgwick, H.; socialism; utilitarianism; welfare economics

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Article

Henry Sidgwick was a Victorian-era philosopher, ethicist, classicist, economist, political and legal theorist, parapsychologist, educational reformer, and literary critic who spent his entire working life at Cambridge University, becoming a central figure in the early Cambridge School of economics. Educated at Rugby and Cambridge, where he studied classics and mathematics and joined the secret discussion society known as the Apostles, he eventually, in 1883, achieved the status of Knightbridge Professor of Moral Philosophy. With his wife, Eleanor Mildred Sidgwick (née Balfour), he helped found both the Society for Psychical Research and Newnham College, Cambridge, one of England's first colleges for women.

Sidgwick published widely, but his major books during his lifetime were *The Methods of Ethics* (first edition 1874), *The Principles of Political Economy* (first edition 1883), and *The Elements of Politics* (first edition 1891). Best known as an ethical philosopher, he was also very influential in other areas, particularly economics. He worked extensively with the Cambridge and London Charity Organization Societies, and in 1885 he was elected president of the economics and statistics section of the British Association; he also contributed to the first *Dictionary of Political Economy*, edited by R. Palgrave, advised his university on economic

policy, and appeared as an expert witness for various government committees on economic policy matters.

The Cambridge School

Sidgwick's importance as an economic thinker has often been underestimated, in part because of his stormy relationship with Alfred Marshall, who is generally regarded as the founder of the Cambridge School (Groenewegen, 1995). Marshall harshly opposed Sidgwick as a 'University politician' and criticized his economic work, but Sidgwick clearly played a vital role in shaping both Marshall and their Cambridge context (Backhouse, 2006; Schultz, 2004). He was, as much as Marshall, caught up in the so-called marginalist revolution:

as Jevons had admirably explained, the variations in the relative market values of different articles express and correspond to variations in the comparative estimates formed by people in general, not of the *total* utilities of the amounts purchased of such articles, but of their *final* utilities; the utilities, that is, of the last portions purchased. (Sidgwick, 1901, p. 82)

But Sidgwick was more involved than Marshall in the methodological debates of the time, seeking to balance both deductive and inductive approaches, and he was also wary of the evolutionary metaphors and talk of 'economic biology' to which Marshall was given. Much the better philosopher, Sidgwick's reflective, qualified utilitarianism and analysis of public goods and the role of the state anticipated early 20th-century welfare economics. Indeed, the welfare economics of Marshall's designated successor, A.C. Pigou, was more in line with Sidgwick's views than with Marshall's (O'Donnell, 1979; Backhouse, 2006). As early as 1913, J.S. Nicholson noted that, not only did Pigou 'apply the same general principle of utility, but the main trend of the argument is the same' (Nicholson, 1913, p. 420). Baumol (1965) complained that Sidgwick's overall approach and 'penetrating discussion' of the 'Pigouvian problem' (the possible divergence between private and social benefits and costs) was 'largely unrecognized', and quoted from book III of the *Principles*, where Sidgwick argues that 'there is no general reason' for supposing that it will always be the case that 'the individual can always obtain through free exchange adequate remuneration for the services he is capable of rendering to society' since, among other things, 'there are some utilities which, from their nature, are practically incapable of being appropriated by those who produce them or who would otherwise be willing to purchase them' (for example, lighthouses, improvements in climate).

Yet even the accounts of Sidgwick's work that recognize his significance often tend to stress different accomplishments. Blaug (1985, p. 479) suggests that the *Principles* may have been the first work 'to question the traditional idea that technical change is necessarily capital-using'. Stigler (1982, p. 41), when discussing how Edgeworth, Sidgwick and Marshall gave currency to the work of Cournot and Dupuit on monopoly and oligopoly, remarked that Sidgwick's *Principles* 'has two chapters (bk II, ch. IX and X) which are among the best in the history of microeconomics, dealing with the theories of human capital and noncompetitive behavior'. Chapter IX concludes that:

the possessors of capital, real and personal, as well as persons endowed with rare natural gifts, are likely to have – by reason of their limited numbers –

important advantages in the competition that determines relative wages; in consequence of which the remuneration of such persons may – and in England often does – exceed the wages of ordinary labour by an amount considerably larger than is required to compensate them for additional outlay or other sacrifices; such excess tending to increase as the amount of capital owned by any individual increases, but in a ratio not precisely determinable by general considerations. (Sidgwick, 1901, p. 337)

Chapter X investigates how and when self-interested action will lead to combination, and it provocatively argues – beyond Mill and against ‘any economist of repute’ – that in many ordinary cases it is possible for workers to combine and win higher wages without such gain having ‘any manifest tendency to be counterbalanced by future loss’. More generally, and anticipating current analyses of labour markets as involving bargaining processes, Sidgwick argues that, when it comes to wage controversies:

Economic science cannot profess to determine the normal division of the difference remaining, when from the net produce available for wages and profits in any branch of production we subtract the minimum shares which it is the interest of employers and employed respectively to take rather than abandon the business and seek employment for their labour and capital elsewhere. (1901, p. 355)

Economics and ethics

This fine-grained (but qualitative) analysis, attentive to expert opinion and the line between description and prescription, but yielding conclusions that for the times were quite sceptical or subversive in their implications, is characteristic of Sidgwick’s scholarly work in general. Even his work in ethics mostly sought to set aside preaching and polemics, proceeding instead by a painstaking comparative investigation of the rational grounds for the major systematic ethical positions. His celebrated *Methods* sought, with something akin to scientific open-mindedness, ‘to consider simply what conclusions will be rationally reached if we start with certain ethical premises, and with what degree of certainty and precision’ (Sidgwick, 1907, p. viii). Sidgwick concluded that, although commonsense moral rules – do not lie, do not murder, do not break promises – could be largely derived from utilitarianism, there was a ‘dualism of the practical reason’ when it came to egoism (pursue one’s own greatest good) and utilitarianism (pursue the greatest good in general), each of which was as ‘rational’ as the other. The dualism of practical reason was in key respects a philosophical representation of collective action problems, and the conception of ultimate good or happiness figuring in both egoism and utilitarianism was a subtle hedonistic account of pleasurable or desirable consciousness that made it clear how difficult yet unavoidable interpersonal comparisons of utility could be. This conception would form the basis for Edgeworth’s attempted ‘hedonometry’, or quantification of hedonism, revived in recent years by Kahneman (for example, Edgeworth, 1877; Kahneman, 1999).

Sidgwick himself favoured utilitarianism, though he was haunted by his inability to defend it fully. His utilitarianism nonetheless clearly (and admittedly) informed his economic views, especially when it came to the ‘art’ of political economy, which concerned the normative considerations that came to be called

welfare economics. When it came to such normative political theory, Sidgwick largely assumed the utilitarian principle as the normative bottom line (Sidgwick, 1901). Despite their differences, Marshall was willing to give Sidgwick credit for his ‘art’, calling the third book of Sidgwick’s *Principles* by ‘far the best thing of its kind in any language’ (in Pigou, 1925, p. 7). He also expressed an admiration for a broader orientation they shared: ‘that we are not at liberty to play chess games, or exercise ourselves upon subtleties that lead nowhere’ (Whitaker, 1996). Neither Sidgwick nor Marshall was enthusiastic about formalization for formalization’s sake.

Still, it is not clear precisely what Marshall admired about Sidgwick’s welfare economics. Although both stressed the role of education in helping to overcome poverty and economic inequality, Sidgwick arguably went beyond Marshall (and Mill) in setting out the cases of market failure, the limits of laissez-faire, and the limitations of economic analysis in general, both descriptive and normative. Backhouse (2002, p. 271) urges that the truly ‘fundamental part of Sidgwick’s argument’ was distinguishing between wealth as ‘as the sum of goods produced, valued at market prices’ and wealth as ‘the sum of individuals’ utilities – what we would now term welfare’. This distinction ‘made it possible, arguably for the first time, to conceive of welfare economics as something distinct from economics in general’, while greatly complicating comparisons of utilities. Analogous arguments are evident in Sidgwick’s sceptical account of the possibilities for comparing wealth in cross-cultural or trans-historical contexts. And the notion of unpurchased utilities, not measured by exchange values, allowed that, as Backhouse puts it, ‘if the marginal utility of a particular good were higher for one person than for another, total utility could be raised by redistributing goods to those who valued them most. This would leave wealth at market prices unchanged.’ Such views, conjoined with a belief in declining marginal utility, suggest serious redistributivist possibilities that both Sidgwick and Marshall downplayed:

Marshall is much more aware of the quantitative side of the problem than is Sidgwick . . . 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 towards egalitarianism and a conservatism that will not risk any interference with incentives, lest output be reduced. (Backhouse, 2006, p. 33)

Economics and politics

Perhaps Sidgwick was overly impressed by the idea that incentives were crucial to production and that complete communism would lead to splendidly equal destitution. Still, he took more gradualist forms of (market) socialism very seriously – so much so that the libertarian Hayek (1960, p. 419) could complain that Sidgwick’s *Elements of Politics* scarcely ‘represents what must be regarded as the British liberal tradition and is already strongly tainted with that rationalist utilitarianism which led to socialism’. The *Elements* and the *Principles* take the laissez-faire principle of individualism – that ‘what one sane adult is legally compelled to render to others should be merely the negative service of non-interference, except so far as he has voluntarily undertaken to render positive services’ – only as a starting point, from which to run a very long course of qualifications and exceptions: education, child care, poor relief, disease control, public works or goods (the famous lighthouse, pure

research, the environment and defence), monopoly, collective bargaining, and others. Sidgwick emphasizes two cases that sharply point up the limitations of economic individualism – the ‘humane treatment of lunatics, and the prevention of cruelty to the inferior animals’ – because such restrictions hardly aim at securing the freedom of the lunatics or the animals, but are ‘a one-sided restraint of the freedom of action of men with a view to the greatest happiness of the aggregate of sentient beings’ (Sidgwick, 1919, p. 141). These are only the most conspicuous of the many difficulties with a principle that betrays a naive faith in ‘the psychological proposition that every one can best take care of his own interest’ and the ‘sociological proposition that the common welfare is best attained by each pursuing exclusively his own welfare and that of his family in a thoroughly alert and intelligent manner’.

Cautious as he was, Sidgwick (1903) was ultimately persuaded that the growth of federalism and large-scale state organizations was likely to continue, though he doubted that the social sciences were anywhere near to discovering actual laws of historical development. Moreover, even if he was cautious about economic or political socialism, he was relatively enthusiastic about ethical socialism, that is, about the possibility of humanity growing more altruistic and compassionate, regarding their labour as their contribution to the common good. He was under no illusions whatsoever, not only about the market failing to reflect claims of desert or merit, but also about the limitations of that abstraction, ‘economic man’, since historical and cultural or national context could dramatically alter the possibilities for moving beyond economic individualism. Perhaps the most disturbing and problematic aspect of his economic and political work was the way in which it lent itself to the racist and imperialistic tendencies of the British Empire (Schultz, 2004). Although he was more sceptical about claims of inherent racial differences than many of his contemporaries, he too often countenanced the possibility of such differences, accepting stereotypes about the varying fitness for physical versus mental labour of different peoples (Schultz and Varouxakis, 2005). And although on the economic side he tended to follow Turgot in doubting the material benefits of colonies, he allowed that there were other forms of remuneration involved:

there are sentimental satisfactions, derived from justifiable conquests, which must be taken into account, though they are very difficult to weigh against the material sacrifices and risks. Such are the justifiable pride which the cultivated members of a civilised community feel in the beneficent exercise of dominion, and in the performance by their nation of the noble task of spreading the highest kind of civilization. (1919, p. 313)

It was in this highly Eurocentric manner that Sidgwick embraced the global leadership of the ‘civilised’ nations in (supposedly) spreading international law and morality and limiting the possibility of war (Sidgwick, 1898).

See Also

- Edgeworth, Francis Ysidro
- happiness, economics of
- Marshall, Alfred
- Mill, John Stuart
- Pigou, Arthur Cecil

- utilitarianism and economic theory
- welfare economics

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