

Keith Tribe Reviews Nahid Aslanbeigui and Guy Oakes, “Arthur Cecil Pigou”

Nahid Aslanbeigui and Guy Oakes, *Arthur Cecil Pigou*. Basingstoke: Palgrave Macmillan, 2015. Pp. x + 309. £75. ISBN 978-0-230-25271.

Reviewed for THETS by Keith Tribe (independent scholar).

Arthur Cecil Pigou is perhaps today best known as the source of the straw man that Maynard Keynes first constructs and then knocks down in Ch. 2 of the *General Theory*: “The Postulates of the Classical Economics”. Things might have been clearer if he had referred to “the Postulates of Marshallian Economics”, for this would have been a more accurate and helpful indication of what Pigou represented at that time. Also a problem here is that Keynes cannot be said to be a “neoclassical” economist in the way that his near-contemporaries Hicks or Robbins were; but then exactly how neoclassicism is supposed to have transcended an (unspecified) “classical” economics has always been obscure – as with “neo” anything, its novelty was its own warrant, identifying and distancing at the same time, both staking a claim and denying any consequences.

How to start talking about Pigou is a problem because there was in the course of the twentieth century so little discussion of his work and significance. And this is a problem with which Aslanbeigui and Oakes visibly struggle, since it is not until p. 17, following four pages of family backstory, that A. C. Pigou is born, and then they omit to tell us in which year this happened, although the reader might presume the date to fall in late 1877 since his parents were married on 22 November 1876 (he was born on 18 November 1877). And this date has relevance to Keynes’ critique, since there were less than six years separating Keynes and Pigou – in fact, only five at Cambridge, Pigou graduating with a first in Moral Sciences in 1900, Keynes graduating with a first in mathematics in 1905. If there really was an analytical gulf separating Keynes from Pigou that spanned so few years, then this implies an even more radical novelty to *General Theory*; the modern reader of Keynes is left with the distinct, but entirely false, impression that Pigou was already superseded, obsolete, outmoded.

This then is the prejudice that has dogged the name of Pigou – the new interwar generation in Cambridge was happy to identify itself with Marshall, but not with Pigou, Marshall’s successor. Aslanbeigui and Oakes have set out to refurbish Pigou’s reputation as an economist; hitherto there was not even a moderately complete bibliography of his writings, and in the early 1900s Pigou had contributed, often anonymously, to a wide range of periodicals, as well as playing a part in several Royal Commissions. One important service of this book is the establishment of the real scope of Pigou’s writing. What also emerges from these early writings is Pigou’s strong interest in ethical and moral questions, deriving in part from what he learned from Sidgwick, and also sharing Sidgwick’s interest in literature and poetry. Pigou’s essay “Robert Browning as a Religious Teacher” won the Burney Prize in 1900, but when submitted as a fellowship dissertation to King’s failed that year to secure him a fellowship. [Karen Knight’s recent PhD thesis, “A.C. Pigou and the ‘Marshallian’ Thought Style” (University of Western Australia 2015) has also covered in detail the broader social interests of Pigou]. His King’s fellowship was instead secured in 1901 with his Cobden Prize essay on changes in the relative prices of agricultural produce.

Aslanbeigui and Oakes have trawled relentlessly through the material they have assembled; and given the lack of existing questions about and argument over Pigou, it has to be said that their presentation becomes in places lumpy and dense. For example, very early on they take up the old chestnut about the controversy around Pigou's election as Marshall's successor in 1908. Much of this standard story turns on Foxwell's sense of betrayal that, after teaching political economy for so many years in Cambridge, Marshall did not see him as his natural successor. While it is true that Pigou was very young, it was also true that Foxwell was quite old, without very much at all in the way of published contribution to the significant changes in economic analysis over the last third of the nineteenth century. By 1904 Pigou already had a better published track record than Foxwell, nearly thirty years his senior. The drama unfolding in 1908 is rehearsed here on pages 21-25, only at the very end revealing the discovery in the university archives of a report on the election, showing that the electors were unanimous in their selection of Pigou – deflating all the subsequent speculation fuelled by Foxwell's petulance.

Only after this (pp. 28ff.) do we get a more detailed treatment of Marshall's difficult relationship with Foxwell in the years running up to the early 1900s. Foxwell's refusal to cooperate properly in the Moral Sciences Tripos teaching placed a heavy burden on Marshall, and in 1900 he saw a way out of this, also believing that Foxwell was about to cease teaching in Cambridge altogether. So Marshall, with the approval of the Moral Sciences Board, paid Pigou £100 to take over the general course in 1901. Foxwell expressed his annoyance at this, also quite clearly establishing an animosity towards Pigou that was expressed both in 1908, and then again in 1916 when he was equally obstructive about teaching on the Economics Tripos. Since the Christmas vacation of 1914 Pigou had been active with other Quakers as an ambulance driver on the Western Front, teaching during term in Cambridge; but when Pigou insisted on facing a tribunal following his conscientious objection to enlistment (at the age of 39) Foxwell (and William Cunningham) engaged in a campaign of gossip and innuendo against Pigou.

And then, long before the 1908 election, Pigou became the point man in the argument over Tariff Reform, but this appears pp. 42ff.. This again is a story laden with myth – about historical economists, Free Trade, and that other economists' letter to *The Times* – and here the very illuminating detail presented by the authors lacks sure political context. The entire history of Irish Home Rule, Liberal Imperialism, and the divisions emerging around the Boer War formed an important context for the Tariff Reform Controversy; but here the starting gun is said to have been fired by a speech that Chamberlain delivered in Birmingham in May 1903 (p. 42). Nonetheless, is it not of interest that Toynbee's posthumous *Lectures on the Industrial Revolution of the 18th Century in England* was based on notes made by W. J. Ashley and Bolton King, the whole revised by Arnold Toynbee's friend, Alfred Milner? The Alfred Milner who was High Commissioner for Southern Africa 1897-1905? The William Ashley, founding Professor of Economic History at Harvard, who unexpectedly emerged as founding Professor of Commerce in Birmingham in 1901, the university foundation with which Joseph Chamberlain, Colonial Secretary 1895-1906, was so closely associated? The Ashley who in 1903 wrote *The Tariff Problem*, to which Pigou responded with *The Riddle of the Tariff*? (Not to mention the part played in all of this by A. J. Balfour, Henry Sidgwick's brother-in-law).

There is then a certain economic tunnel-vision at work in this book, in which the wider social and political context to the arguments about labour legislation, redistribution, and economic welfare is ignored. The authors instead focus upon the detail of Pigou's writings, tracing the

path from *Principles and Methods of Industrial Peace* to *Wealth and Welfare*, and from there to the seminal *Economics of Welfare* of 1920. When, in the 1920s, the intellectual tide begins to flow against Pigou, this is because, as the authors insist, “There are no definitely Pigouvian analytical methods” (p. 100). He treats economic analysis in the classical Marshallian fashion as a toolbox, in which tools are selected to suit (changing) circumstances. In the later discussion of the cost controversies, the authors show clearly how Sraffa’s critique was predicated on a universalism that Pigou (and Marshall) sensibly eschewed (pp. 156ff.).

One further gem in this book is the deconstruction of Robbins’ *Essay on the Nature and Significance of Economic Science* as a critique of the Pigouvian approach to welfare (pp. 175ff.). Susan Howson’s biography has already attested to the intellectual pretensions of Robbins in the early 1930s, and this account adds to that by demonstrating that what Robbins later referred to self-deprecatingly as a “slender essay” (p. 178) is indeed intellectually very slender indeed.

The authors set out to restore Pigou’s reputation as a significant economic analyst by re-examining in great detail the arguments in which he engaged, the materials that he used, and the manner in which he adapted and developed his thinking. Traumatized by the war, with a heart condition from the mid 1920s, he played little part in the Faculty up to his retirement in 1943. He stayed on in King’s, beached intellectually and increasingly cantankerous, dying only in 1959. In this he resembled his mentor, Alfred Marshall, who spent the last forty-five years of his life convinced of his own frailty. This long physical twilight has obscured the real continuing brilliance of his ideas, which are here presented in detail for the first time. While I have above pointed to the lack of context this sometimes involves, it also has to be said that the thoroughness with which the authors have gone about their work makes a major and significant contribution to our understanding of a long-disregarded economist.

Published February 2016 by the UK History of Economic Thought Society (www.thets.org.uk). This work may be copied for non-profit educational uses if proper credit is given to the author and the list. For any enquiries about the review please contact the THETS Book Review Editor: Terry Peach, University of Manchester, UK (terry.peach@manchester.ac.uk).