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Alfred Marshall On Socialism*

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I. The Context Of Marshall's Views On Socialism

Alfred Marshall's views on socialism are interesting because they enhance our understanding of the subject, the author of these views, and social and ethical dimensions of economics generally.

As in so many other instances of interest to social economists, however, we should search for enlightenment not within the main analytical corpus of what Keynes once called "that rounded globe of knowledge which is Marshall's *Principles of Economics*," but in its "concealed crevices" — footnotes, appendices, digressions, unexpected elaborations — and in other out-of-the-way sources, including speeches and letters (1956, p. 48).

Marshall was very much a man of his time and place: late nineteenth/early twentieth century England. The "socialism" about which he occasionally wrote was visionary and programmatic — that is, was more concerned with the process of social amelioration in and reform of capitalism than with the operation of what today are sometimes called "actually existing socialist societies." English socialism drew inspiration from such sources as Owen, J. S. Mill, and Marshall himself, more than from Marx. It focused more on the process of social change than it did on the ultimate end-state *per se*. This process was presupposed to be democratic, peaceful, constitutional, and gradual.

II. Marshall's Approach To Socialism

Marshall's approach to socialism represents one "pole" while Joseph Schumpeter's perspective occupies another. Schumpeter greatly admired the brilliant analyses of Marx (and to some extent other socialists), but was, by social prejudice and personal temperament, deeply opposed to the aspirations and values of the socialist project. Marshall was the polar opposite. He was attracted to socialism's hopes, values, and wisdom, but was unimpressed by its analytical credentials.

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This might have been the end of the matter were it not for Marshall's own views concerning the social and ethical implications of the economics discipline. Marshall tells us that he came "into economics out of ethics" (1956, p. 360). Pigou claims that, for Marshall, economic science is "chiefly valuable . . . as a handmaid of ethics and a servant of practice" and that the discipline's purpose is to "forward social improvement" (1956, pp. 83-84). Marshall's stated "cherished ambition" as a university professor was to send forth from Cambridge University "strong men . . . with cool heads but warm hearts," willing to grapple with "social suffering" and prepared to bend every effort to discover "how far it is possible to open up to all the material means of a refined and noble life" (1956, p. 174).

Thus, Marshall's basic response to socialism was rooted in his own social and ethical approach to economics. Socialists, in his view, had admirably "warm hearts." However, they did not always exhibit "cool heads." His task, accordingly, was to find an appropriate niche for socialist aspirations and values, guard against socialism's "impetuous" (1956, p. 173) proclivities, and provide a wise blend of cool analysis and warm-hearted concern.

III. Socialism's Wisdom

Marshall believed there was much that was both warm-hearted and wise in socialism — and the writings of socialists. In his farewell address as Principal of the University College at Bristol, in 1881, Marshall observes that, in reading, as a young man, the works of socialist writers, he "found much with which anyone who has a heart at all must sympathize" (1956, p. 16). "The world owes much to socialists," he states in his Presidential Address to the Economic Science and Statistics Section of the British Association, in 1890, "and many a generous heart has been made more generous by reading their poetic aspirations" (1956, p. 284). The socialists, Marshall avers, "were men who had felt intensely, and who knew something about the hidden springs of human action of which the economists took no account. Buried among their wild rhapsodies there were shrewd observations and pregnant suggestions from which philosophers and economists had much to learn" (1956, p. 156; 1952, p. 763). Notably, Ricardo and his contemporaries "argued as though man's character and efficiency were to be regarded as a fixed quantity . . ." However, "modern economists" such as J. S. Mill, influenced, *inter alia*, by

socialist writers, understand that human nature is malleable, a “product of the circumstances under which [man] has lived” (1952, pp. 763-64).

Marshall has a loose and generous interpretation of the term “socialist” which permits many, including himself, to be encompassed under its umbrella. Thus, in his famous discussion of “economic chivalry,” in 1907, he writes that “much” of the work of social amelioration

can be better performed by the State than by individual effort . . . In this sense I was a Socialist before I knew anything of economics; and, indeed, it was my desire to know what was practicable in social reform by State and other agencies which led me to read Adam Smith and Mill, Marx and Lassalle, forty years ago. I have since then been steadily growing a more convinced Socialist in this sense of the word” (1956, p. 334).

In a letter, in 1909, in which he considers the “Residuum” (Marshall’s adopted term for those who are genuinely unemployable), he similarly writes:

My own notion of Socialism is that it is a movement for taking the responsibility for a man’s life and work, as far as possible, off his shoulders and putting it on to the State. In my opinion, Germany is beneficially ‘socialistic’ in its regimentation of those who are incapable of caring for themselves; and we ought to copy Germany’s methods in regard to our Residuum (1956, p. 462).

As long as the socialist movement proceeds gradually, and avoids rapid and thereby disruptive change, it may well serve as the banner for successful, widespread social transformation. Thus, as early as 1885, Marshall declares that in “one sense indeed I am a socialist for I believe that almost every existing institution must be changed” (1968, p.173). And, from the perspective of old age, he reflects:

It is probable that a future Social Order may greatly surpass the present in justice and generosity; in the subordination of material possessions to human well-being; and even in the promptness of its adjustments to changing technical and social conditions (1956, p. 367).

In the context of this broad understanding of socialism, it is easy to identify several “socialist” elements in Marshall’s own writings. Three stand out: (1) unwise expenditures; (2) inequitable distribution of wealth and income; (3) poverty.

A. Unwise Expenditures.

Marshall inveighs against wasteful and improper expenditure of money and leisure, notably though not exclusively by the rich: “[M]uch of the expenditure of the very rich tends to lower rather than to raise human character” (1956, p. 463). Indeed, the “well-to-do spend largely on things that do not make life really worth living; and the loss of which would involve no serious detriment to the progress of art and knowledge, or to general refinement” (1956, p. 444)

In general, Marshall believes that “every increase in the wealth of the working classes adds to the fullness and nobility of human life, because it is used chiefly in the satisfaction of real wants.” Among the upper strata of the working class — that is, skilled workers or artisans — signs exist of “that unwholesome desire for wealth as a means of display which has been the chief bane of the well-to-do classes in every civilized country” (1952, p. 136). Thus, the “working classes,” along with the “rest of the population of England,” spend substantial sums “in ways that do little or nothing towards making life nobler or truly happier” (1952, p. 720). The well-to-do squander their opportunities to a much greater extent than the poor, partly because their temptations are so much larger (and their marginal utilities from necessities are so much smaller), and partly because a wise ordering of basic priorities is easier to divine the closer one is to subsistence. Consequently, although education and social progress generally, by improving human character, are salutary, a substantial rationale remains for reallocating spending and leisure from socially lower-order to higher-order needs, and doing so in an egalitarian manner:

[A] vast increase of happiness and elevation of life might be attained if those forms of expenditure which serve no high purpose could be curtailed, and the resources thus set free could be applied for the welfare of the less prosperous members of the working classes; the whole change being so made as not considerably to slacken the springs of productive energy (1956, p. 329).

In this, representative, quotation, promotion of wiser patterns of expenditure is associated with an egalitarian social program. In principle, however, enhancement of nobility and wisdom in the social order through adoption of ethically superior modes of expenditure would be socially desirable even in instances in which inequalities are not reduced. For example, reallocating resources from the activities and provisions of English pubs to those of public parks and museums,

financed by a proportional income tax, might increase human character even when wealth and income distribution remained essentially unchanged.

Marshall's argument, it should be emphasized, is not derived merely from assumptions concerning diminishing marginal utility of income or comparability of utility functions. His position is rooted in social value judgments assessing the consequences of alternative modes of expenditure for "nobility" and "human character," not individual utility. It is analogous to, although it contains a more explicitly ethical component than, John Kenneth Galbraith's (1957) concept of "social balance" in an affluent society. In principle, Marshall could support a social reorganization which enhanced these "higher" qualities of human existence even at the price of a reduction in "ignobly" formed individual utilities.

Marshall expressly recognizes that this analysis is ethically based and presupposes assumptions about "social aims" and the "social good." He posits "progress" as the overarching social aim, where progress encompasses not merely economic growth, but improvement in human character, notably expansion in various forms of economic "chivalry" or concern for welfare of others. "There are some doubts as to what social good really is," Marshall admits,

but they do not reach far enough to impair the foundations of our fundamental principle. For there has always been a substratum of agreement that social good lies mainly in that healthful exercise and development of faculties which yields happiness without pall, because it sustains self respect by hope (1956, p. 310).

From these underlying ethical premises, Marshall contends, we may conclude that no mere technical economy in production can compare with the "triumph" of

stimulating men of all classes to great endeavors by other means than that evidence of power which manifests itself by lavish expenditure . . . we need to turn consumption into paths that strengthen the consumer and call forth the best qualities of those who provide for consumption (1956, p. 310).

B. Inequality.

Wealth inequalities (in a modern, western society such as England), Marshall writes.

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 (1952, p. 714).

Marshall bases his conclusion on several arguments. First, he is deeply suspicious of defenses of inequality based on notions of the absolutivity of property rights, and is supportive, instead, of a social view of wealth and this contribution to progress. "So far as the rights of property have a 'natural' and 'indefeasible' basis, the first place is to be attached to that property which any one has made or honestly acquired by his own labour" (1956, p. 352). Thus, property rights are conditional upon their "place" in an ethical hierarchy, in which the activities of labor, including the labor of business leaders, are "first," those of saving and capital accumulation are next (1952, p. 587), and those associated with landed and inherited wealth rank very low. "Wealth," Marshall asserts, "exists only for the benefit of mankind . . . its true measure lies only in the contribution it makes to human well-being" (1956, p. 366). Economic progress, he believes, requires "free individual responsibility, but not the maintenance of those rights of property which lead to extreme inequalities of wealth" (1956, p. 282). If "progress" is our overarching social value, and if there is "no real necessity" for extreme poverty side by side with great wealth as a means to foster progress, then there is "no moral justification" for such extreme inequality (1952, p. 714).

Marshall's next argument, as already stated earlier, is that a moderate reduction in inequality improves want satisfaction:

When wealth is very unevenly distributed, some have more of it than they can turn to any very great account in promoting their own well-being; while many others lack the material conditions of a healthy, clean, vigorous and effective family life. . . . [W]ealth is distributed in a manner less conducive to the well-being of mankind than it would be if the rich were somewhat less rich and the poor were somewhat less poor (1956, p. 366).

Marshall's final argument is that if the resources freed by graduated income taxation of the rich are allocated to improved social provisioning of the poor, "real wealth will be greatly increased" (1956, p. 366) by the ensuing increase in the productivity and character of the poor. In short, excessive inequality does not only distort economic progress; it constrains it. Moreover, properly engineered reductions in inequality not only humanize progress; they enhance it.

Industrial progress, Marshall states, depends on “getting the right men into the right places” and giving them a “free hand” and sufficient incentive “to exert themselves to the utmost.” It does not follow, however, that the “enormous fortunes” of the late nineteenth century are necessary to this end. Indeed, Marshall claims, extreme inequalities of wealth thwart progress because they “tend in many ways to prevent human faculties from being turned to their best account.” For example, “a good and varied education” and abundant open-air recreation for working class children could be financed by taxes on the rich without serious constraint on capital accumulation and with increased production through the productivity-enhancing effects of fuller cultivation of human faculties and efficacious apportionment of such improved talents through the competitive process (1956, pp. 282-83).

In general, Marshall argues, when workers have “less than the necessaries for efficiency, an increase of income acts directly on their power of work.” Thus, reducing inequalities raises output, as long as the effects of increased labor productivity exceed those of any temporary reduction in capital accumulation. Once labor income is sufficiently high to provide for necessaries, additional income increases can still raise production through favorable effects on the workers’

will to exert themselves. And all history shows that a man will exert himself nearly as much to secure a small rise in income as a large one, provided he knows beforehand what he stands to gain . . . (1956, p. 283).

C. Poverty.

Marshall’s indictment of poverty is uncompromising and sustained. An economic system must conduce to the social good if it is to be legitimated and maintained. Insofar as it promotes social evils, it should be reformed. Society must not shrink from social reconstruction merely because socialists believe that such changes bring their own aspirations closer to attainment.

Marshall bases his conceptualization of the social good in the fundamental nature of human beings. The essential quality of the distinctly human condition, he believes, is the “development and exercise of faculties,” as noted earlier. “Work is not a punishment for fault; it is a necessity for the formation of character and, therefore, for progress.” Even in heaven, Marshall speculates, there must be something that “we can accomplish, is worthy of accomplishment, and

requires effort" (unless human nature is to be "fundamentally changed" after death) (1956, p. 387).

Poverty, understood as the extreme want of material means, thwarts the "development and exercise of human faculties." Its effects encompass a "dwarfing of activities as well as . . . curtailing the satisfaction of wants" (1952, p. 720). It is, therefore, dehumanizing and degrading to those afflicted and both wasteful and hurtful for society. Poverty, Marshall claims, is the "chief cause" of "physical, mental, and moral ill-health" among the bottom quarter of the English population. In addition to the very poor, there are "vast numbers"

who are brought up with insufficient food, clothing, and house-room; whose education is broken off early in order that they may go to work for wages; who thenceforth are engaged for long hours in exhausting toil with imperfectly nourished bodies, and have therefore no chance of developing their higher mental faculties. . . . Overworked and undertaught, weary and careworn, without quiet and without leisure, they have no chance of making the best of their mental faculties (1952, pp. 2-3).

Moreover, poverty in one generation, by blocking the cultivation and proper use of human faculties, results in family and social environments which recreate poverty in succeeding generations. Marshall thus concludes that the cause and "destruction of the poor is their poverty" (1952, p. 3).

Marshall's philanthropic sympathies clearly lie with the poor. Along with the socialists, he insists that "none ought to be shut out by the want of material means from the opportunity of living a life that is worthy of man" (1956, p. 173). He had high hopes that much could be accomplished in the direction of poverty reduction by the extension of "economic chivalry." In the absence of sufficient philanthropic activity by the rich, however, anti-poverty programs by the state are indispensable. Poverty reduction, by improving human talent and character, tends to increase economic progress. However, because the main beneficiary of progress, other than the poor themselves, is society-at-large, individual self-interest will ineluctably tend to under-invest in such programs. Moreover, because one of poverty's lamentable effects (and causes) is the stultification of faculties, the poor (notably, parents) are themselves often uncooperative and require "parental" guidance by state authorities.

For these essential state anti-poverty programs, Marshall tells us, "public money must flow freely. . . ." The state "seems to be required

to contribute generously and even lavishly to that side of the wellbeing of the poorer working class which they cannot easily provide for themselves” (1956, p. 718). Such expenditures constitute an investment in people at least equal in importance to other forms of investment.¹

Marshall’s special focus is on children: education, to remove children from premature entry into the labor force, to provide greater leisure for study and play, to cultivate “character, faculties, and activities” (1956, p. 718), and, especially, as a means to stimulate reduction of unskilled labor relative to skilled and professional labor; parks, recreation facilities, and regulation of building construction, to provide opportunities for “fresh-air joyous play of the young” (1956, p. 387); “public aid and control in medical and sanitary matters” (1952, p. 718); and reduction of working hours, *inter alia*, as a means to foster greater time for family life and better parental supervision (especially by mothers) of children.²

Such programs are indispensable if working class children are to become “able workers and good citizens” (1952, p. 721). The first priority should be on children because

it is the young whose faculties and activities are of the highest importance . . . The most imperative duty of this generation is to provide for the young such opportunities as will both develop their higher nature, and make them efficient producers (1952, p. 720).

IV. Capitalism’s Warts

The social aims of reducing inequality and poverty are defended, in Marshall’s writings, by a warm-heartedness which he shares with socialists. A cool-headed commitment to the basic organon of economic theory as Marshall interprets it, however, evidently worked

¹“The notion that the investment of funds in the education of the workers, in sanitation, in providing open air play for all children etc. tends to diminish ‘capital’ is abhorrent to me: Dead capital exists for man: and live capital that adds to his efficiency is every way as good as dead capital. It is not more important to have cheap maize than cheap wheat, merely because maize is the raw material of pigs, and wheat of men” (1956, p. 464).

²“Able workers and good citizens are not likely to come from homes, from which the mother is absent during a greater part of the day; nor to homes to which the father seldom returns till his children are asleep . . .” (1952, p. 721).

as a barrier against embracing a comprehensive socialist argument or agenda.

For example, Marshall believes that modern industrial economies are in practice sufficiently competitive (or, more precisely, sufficiently characterized by “economic freedom,” that is, “self-reliant habits, . . . forethought, [and] deliberate and free choice”) and that monopoly is the exception rather than the rule (1952, p. 10). On the other hand, in certain instances at least, monopoly may provide a superior economic performance. Lower expenses on advertising, coupled with greater availability of economies of scale and technical improvements, may yield a lower supply schedule under one large monopoly firm than “if the same aggregate production were distributed among a multitude of comparatively small rival producers.” In this event, it may well be true that the “equilibrium amount of the commodity produced under free competition would be less than that for which the demand price is equal to the monopoly supply price” (1952, pp. 484-85).

Marshall recognizes economic fluctuations, inflation, depression, and unemployment as empirical phenomena and characterizes them as “evil” (1952, p. 711). In *Money, Credit, and Commerce*, published at the end of his life, he states that the causes affecting the discontinuity of employment “are the deepest concern to the students of the conditions of social well-being; and they are designed to have a prominent place in the final volume of the present series” (1923, p. 234). This promise, never fulfilled, goes back to a lifetime research and publications plan stated in its first formation as early as 1895 (Keynes, 1956, p. 60).

Marshall attributes these social evils significantly to institutional features of the capitalist market economy. He ascribes the “chief cause of all economic malaise,” in considering the inherent difficulties of adjusting money wages to prices in an expanding economy, to “reckless inflations of credit” by private financial institutions (1952, p. 710). In a money-using economy, “though men may have the power to purchase, they may not choose to use it” (1952, p. 710). In an environment made uncertain by the separate and independent actions of private firms, investment is subject to fragility and sudden contractions: “For when confidence has been shaken by failures, capital cannot be got to start new companies or to extend old ones” (1952, p. 710). Because of economic interdependence in demand relations among independent firms, a demand failure in the investment sector can cause a cumulative, mutually reinforcing contraction in the entire economy:

Those whose skill and capital is specialized in [fixed capital] trades are earning little, and therefore buying little of the produce of other trades. Other trades, finding a poor market for their goods, produce less; they earn less, and therefore they buy less: the diminution of the demand for their wares makes them demand less of other trades. Thus commercial disorganization spreads: the disorganization of one trade throws others out of gear, and they react on it and increase its disorganization. The chief cause of the evil is a want of confidence (1952, p. 711).

Under such circumstances of economic “disorganization,” price reductions, instead of eliciting restoration of equilibrium with its associated full employment, tend to stimulate speculative downward movements, in which credit contraction serves as both cause and effect:

When credit is shaken, and prices begin to fall, everyone wants to get rid of commodities and hold of money which is rising in value; this makes prices fall all the faster, and the further fall makes credit shrink even more, and thus for a long time prices fall because prices have fallen. At such a time employers cease their production because they fear that when they come to sell their finished product general prices will be even lower than when they buy their materials . . . (1956, p. 191).

In a slump, that which is prudent for an individual firm becomes folly for society as a whole. Each individual employer finds a “stoppage” or at least reduction in production his “easiest course,” hoping “to improve the market for his own goods.” However, “every stoppage of work in one trade diminishes the demand for the work of others; . . . if all trades tried to improve the market by stopping their work together, the only result would be that everyone would have less of everything to consume” (1956, pp. 191-92).

Marshall never developed these ideas into an integrated theory of income and employment as a whole. That was left to his students, Pigou and, especially, Keynes. Moreover, Marshall believed that macroeconomic disfunctionality was moderate, rather than disabling, in magnitude.³ The basic elements for such a theory, however, as partially adumbrated above, are plainly found in Marshall’s writings.

³“Inconstancy of employment is a great evil, and rightly attracts public attention. But [it appears] to be greater than it really is.” Although several factors, including “the instability of credit, do certainly introduce disturbing elements into modern industry; yet . . . there seems to be no good reason for thinking that inconstancy of employment is increasing as a whole” (1956, pp. 687-88).

For our purposes, the main point is that although Marshall did not include these ideas as part of his self-professed “socialist” perspective, they are consistent with it. They all postulate the view that capitalist market economy contains endemic and systemic proclivities toward macroeconomic instability and unemployment, that these problems, like poverty and inequality, damage the social well-being, and that, at least by implication, their resolution will require collective action by government acting on behalf of society as a whole.

In addition to monopoly and instability, Marshall identifies two other problematic features of capitalism, which imply or could be incorporated into a socialist critique and program. First, the industrial revolution of the late eighteenth and early nineteenth centuries brought a “new organization of industry” and an associated substitution of economy-wide labor markets for the custom and local bargaining characteristic of pre-industrial societies. Although these changes “added vastly to the efficiency of production,” they brought “great evils.” The goods “cheapened by the new inventions were chiefly manufactured commodities of which the working man was but a small consumer.” Workers could have benefitted indirectly if English manufacturers had been able to trade freely their goods for imported food. However, this was “prohibited by the landlords who ruled in parliament.” Thus, the worker was impelled to sell his labor in a market in which the “forces of supply and demand would have given him a poor pittance even if they worked freely” (1952, pp. 748-49). In fact, labor markets were not equally “free”; workers were often disadvantaged and unempowered relative to employers. The typical worker, Marshall states,

had not the full advantage of economic freedom; he had no efficient union with his fellows; he had neither the knowledge of the market, nor the power of holding out for a reserve price, which the seller of commodities has, and he was urged on to work and to let his family work during long hours, and under unhealthy conditions (1952, p. 749).

These phenomena, Marshall explains, reacted back negatively on workers’ efficiency and on the “net value of their work, and therefore it kept down their wages.” Child employment and excessive working hours were not new to the industrial revolution. “But the moral and physical misery and disease caused by excessive work under bad conditions reached their highest point among the factory population in the first quarter of the [nineteenth] century” (1952, p. 749).

Conceivably, society would have been able to absorb the changes of capitalist industrialization and market economy more easily had they evolved gradually over centuries of time. To a great extent, however, “the evils . . . arose from the suddenness of this increase of economic freedom” (1952, p. 750).

Similarly, capitalist market economy would have been less disruptive at its inception had the new captains of industry exercised greater “economic chivalry.” Unfortunately, the manufacturers were “chiefly strong self-made men, who saw only the good side of competition.” Attributing their success in amassing great fortunes to their own energies, they tended to assume that “the poor and the weak were to be blamed rather than to be pitied for their misfortunes.” Nothing more was needed, they believed, than to make competition “perfectly free and to let the strongest have their way. They glorified individuality of character, and were in no hurry to find a modern substitute for the social and industrial bonds” holding people together in earlier societies (1952, p. 749).

Because of the rapidity with which capitalist market economy was introduced and the short-sighted and mean-spirited perceptions of early capitalist manufacturers, the task of tempering and *de facto* socializing capitalism was left for later generations:

Now first are we getting to understand the extent to which the capitalist employer, untrained to his new duties, was tempted to subordinate the wellbeing of his work people to his own desire for gain; now first are we learning the importance of insisting that the rich have duties as well as rights in their individual and in their collective capacity; now first is the economic problem of the new age showing itself to us as it really is (1952, p. 750).⁴

Marshall identifies a second feature of capitalism wherein public and private interest diverge, the analysis and resolution of which contain elements consonant with a socialist argument and agenda. In Marshall’s classical view of the matter, land is fixed in supply and,

⁴What Marshall gave with his left hand, he often took away with his right. For example, at the end of the quotation cited in the text, he goes on to qualify his critique of early capitalist employers by observing that they were “hurried along by urgent necessities and terrible disasters,” such as loss of the American colonies, a string of unusually bad harvests, and, most importantly, the phenomenally expensive Napoleonic Wars (1952, p. 750).

unlike labor and capital, is by nature incapable of adjustment based on effort and sacrifice.

Consequently, a defense of private ownership of land grounded in incentives for growth and progress is problematic. Indeed, Marshall observes,

the term *landowner* does not exist in English law: and English public opinion has never admitted that the *landholder* has the same rights of usance, without reference to the public interest, in regard to his land, as he has in regard to his carriage or his yacht.⁵ Morally, everyone is a trustee to the public — to the All — for his use of all that he has: but the trusteeship under which he “holds” land is of a specially binding nature (1956, p. 464).

Therefore, Marshall concludes, wise statescraft is bound by a “greater responsibility to future generations when legislating as to land than as to other forms of wealth,” and from both economic and ethical viewpoints, “land must always and everywhere be classed as a thing by itself” (1952, pp. 802-03). Private ownership of labor and capital is integral to capitalist market economy because their associated incomes are “derived from property made by man.” In principle, however, public ownership of land could be a sensible element in what Marshall elsewhere calls a “socialist” program. “If from the first the State had retained true rents in its own hands, the vigour of industry and accumulation need not have been impaired . . .” (1952, p. 803).

Marshall does not recommend that the state “quietly resume the full ownership of land” (1956, p. 464), (at least not “suddenly”), but more on grounds of expediency than principle. A “sudden appropriation by the State,” he declares,

of any incomes from property, the private ownership of which had once been recognized by it, would destroy security and shake the foundations of society. Sudden and extreme measures would be inequitable; and partly, but not solely for that reason, they would be unbusinesslike and even foolish (1952, p. 803).

⁵A similar passage appears in (1952, p. 803), the implications of which for taxation of land sites is discussed below: “[E]xtreme rights of private property in land . . . have grown up almost imperceptibly from the time when the king, representing the State, was the sole *landowner*. Private persons were but *landholders* subject to the obligation to work for the public wellbeing: they have no equitable right to mar that wellbeing . . .” (1952, p. 803).

On the other hand, Marshall's opposition here is not to a process of socialization of land, but to "sudden and extreme measures." "Caution is necessary" (1952, p. 803). By implication, a gradual extension of public ownership of land and/or regulation of rents would be consonant with Marshall's vision of wise social change.

Marshall is especially concerned with what he calls the "conflict between public and private interests" in construction on urban land sites. A "closely peopled district," he argues, is "impoverished" by each new or higher building. The threat to "fresh air and light and playroom [is] so grievous as to lower the vigour and the joyousness of the rising generation." For the sake "of a little material wealth" now for owners of land sites, we waste and exhaust the energies of the working population which are crucial for creation of future wealth. The underlying cause of high site values is the undue "concentration of population" associated with industrial development and the flow of workers seeking employment to industrial centers. Thus, "rich private gains" accrue through essentially "public" causes. "Large expenditure is needed to secure air and light and playroom" necessary for public wealth. Private owners have "no equitable right" to harm the public well-being by "congested building." Therefore, the "most appropriate source" to defray the public expenses necessary to cope with these anti-social effects of private interests are these "extreme rights of private property in land" (all quotations from 1952, pp. 659, 803).

Marshall also identifies a special position for inherited wealth. Although the "earning of great wealth generally strengthens character," he states, "the spending of it by those who have not earned it, whether men or women, is not nearly an unmixed good" (1956, pp. 462-63). Inherited wealth differs in two ways from wealth earned from labor or capital. First, whatever rights of property accrue from work or "waiting," such rights do "not automatically pass to [one's] heirs." Thus, "steeply graduated duties on inheritance . . . has approved itself increasingly to the ethical conscience and to the practical counsels of administration: and this in spite of the fact that such taxes are paid out of capital, for the heir seldom sets apart a sinking fund out of his income." Second, the disincentive effect of death duties is plausibly much lower than that from taxes imposed during one's lifetime. "The annoyance which a man finds on reflecting that his heirs will inherit somewhat less than he has owned does not seem to affect conduct much," and revenues needed for public expenditures "may be safely got by a moderate increase of these [death] duties" (1956, p. 352).

V. Collectivism's Danger's

Despite the attractiveness of socialism's aims and values and the numerous indications of divergence between public and private interest under market capitalism, Marshall believes that socialism contains distinct perils. First among his fears was rapid social change. *Natura non facit saltum* (nature makes no leaps) is the motto inscribed on the title page of Marshall's *Principles*. "Progress," says Marshall, "must be slow." Certainly, institutional change must be "very much too slow to keep pace with the rapid inflow of proposals of the prompt reorganization of society on a new basis." If new institutions "are to endure they must be appropriate to man: they cannot retain their stability if they change very much faster than he does" (1956, pp. 248-49). We "cannot move safely," Marshall declares, "if we go so fast that our new plans of life outrun our instincts." Human nature changes, stimulated in part by socio-institutional innovations. Still, changes in human nature are a matter of growth and, therefore, are gradual. "[C]hanges of our social organization must wait on it, and therefore they must be gradual too" (1956, p. 752). The "socio-economic mechanism," Marshall insists, "is more delicate and complex than at first sight appears; . . . large, ill-considered changes might result in grave disaster" (1956, p. 712). "Projects for great and sudden changes are now, as ever, foredoomed to fail, and to cause reaction . . ." (1956, pp. 751-52). We may thus anticipate "little good and much evil from schemes for sudden and violent reorganization of the economic, social, and political conditions of life" (1956, p. 713).⁶

Strictly speaking, these claims pertain not to socialism but to the speed and character of movement toward it. In principle, therefore, if the process of transition to socialism were gradual and peaceful, as, for example, the founders of the Fabian Society propose (Crossman, 1952), this element of Marshall's argument, based heavily on his conservative temperament, would be largely mooted. Plainly, Marshall believes that socialists, even moderate English social democrats, are "impetuous" and impatient to get on with social reconstruction at a

⁶"Competition is a monster now grown of overwhelming strength. If we were perfectly virtuous, he would now feel himself out of place and slink away. As it is, if we resist him by violence, his convulsions will reduce society to anarchy. But, if he can be guided so as to work on our side, then even the removal of poverty will not be too great a task" (1956, p. 361).

fairly rapid pace. Moreover, the very moderateness of English socialism contains an element of danger:

And now that democratic economics are so much more popular than they were a generation ago; now that the benefits of socialistic and semi-socialistic action are so much more widely advertised, and its dangers so much underrated by the masses of the people, I think it is more important to dwell on the truths in Mill's *Liberty* than on those in his *Essays on Socialism* (1956, p. 444).

Marshall's second criticism of socialism pertains to relationship between leaders and non-leaders. As to leadership, Marshall observes, "all socialist schemes," especially those "of German origin," are "vitiated" by underrecognition of the strategic role in business played by owners and managers. Socialists focus too much on competition as "the exploiting of labour by capital, of the poor by the wealthy," and too little on the "constant experiment" by "the ablest men" in resource allocation, organization of work and production, and invention (1956, p. 283). Such men are not mere capital-providers. Their work is as indispensable to successful business as Julius Caesar or Napoleon were to the conduct of successful military victories (1956, p. 284).

The corollary of socialism's neglect of business leadership is its tendency to exaggerate workers' powers and capabilities to organize and operate modern business and society. Marshall wonders whether workers are sufficiently prepared, in education, skill, character, and patience, to play the leading role in society proposed for them by (many) socialists. On the one hand, with

better house-room and better food, with less hard work and more leisure, the great mass of our people would have the power of leading a life quite unlike that which they must lead now, a life far higher and far more noble (1956, p. 172).

Moreover, Marshall believed that workers must come to play a greater role in their own improvement. For example, "the main evil" of late nineteenth century anti-poverty programs is their "failure to enlist the cooperation of the working classes themselves." They "alone can rightly guide and discipline the weak and erring of their own number . . ." (1956, p. 373). To an increasing extent, aided by

the telegraph and the printing press, of representative government and trade associations, it is possible for the people to think out for themselves the

solution of their own problems. The growth of knowledge and self-reliance has given them that true self-controlling freedom, which enables them to impose of their own free will restraints on their own actions . . . ” (1952, p. 751).

All these changes augur well for the potentialities of collective projects of and by, as well as for, the working class. On the other hand, growth of the workers, in education, character, and self-restraint, is a gradual process. In the meantime, because “human nature improves slowly” (1952, p. 720), “too great a risk would be involved by entrusting to a pure democracy the accumulation of the resources needed for acquiring yet further command over nature” (1952, pp. 712-13).

On the whole, trade unions have exercised a “liberating and elevating influence.” At the same time, unions can engage in “restrictive influences,” promoting the interests of entrenched minorities against the well-being of the majority. Under such circumstances, employers who combat unions’ restrictive practices “often do fight the battle of the masses against class selfishness” (1956, p. 384). In an 1897 letter, Marshall also indicates a mixed view of unions:

I have often said that T.U.’s are a greater glory to England than her wealth. But I thought then of T.U.’s in which the minority, who wanted to compel others to put as little work as possible into the hour, were overruled. Latterly, they have, I fear, completely dominated the Engineers’ Union. I want these people to be beaten at all costs: the complete destruction of unionism would be as heavy a price as it is possible to conceive: but I think not too high a price (1956, p. 400).

Although “chivalry” is a scarce quality among all social classes, its underdevelopment is a special problem for those trapped in poverty and misery. In the “common man,” that is, the man “who is not endowed with the qualities of leadership, . . . jealousy is a more potent force than chivalry” (1956, p. 341). Consequently, wise social change, not merely the conduct of business, rests on leadership provided by educated and sensitive men — that is, men with “warm hearts” and “cool heads.” Workers have great potential for the gradual evolution of self-reliance. They are also, however, capable of mean-spirited, selfish behavior — against other workers, business, and society at large. The “truths in Mill’s *Liberty*” are that liberties of individuals and minorities, although conducive to social well-being, may be as threatened by an uneducated majority, prematurely thrust into the arenas of power, as by

a tyrant or oligarchy. The working class, especially its poorer components, is likely to be the main beneficiary of a movement toward socialism. "But in relation to other classes, I regard the Socialistic movement as not only a danger, but by far the greatest present danger to human well-being" (1956, p. 462). A "purely democratic" movement for social change thus carries within its own potential for conflict with the public good. It is essential to "escape," he declares, not only from "the cruelty and waste of irresponsible competition and the licentious use of wealth," but from "the tyranny and the spiritual death of an ironbound socialism as well" (1956, p. 291).

Third, it is not merely an "ironbound" socialism to which Marshall objects. A "watershed," he states, "divides the great majority of economists from 'Collectivists' — i.e., those who would transfer to the State the ownership and management of land, machinery, and all other agents of production" (1956, pp. 333-34). Socialism in *this* sense, Marshall claims, "even if brought about gradually and slowly, as the more responsible 'Collectivists' propose, might cut deeper into the roots of social prosperity than appears at first sight" (1952, p. 712).

Marshall's main complaint is that he sees "no principle of progressive improvement in socialism" (1956, p. 16). Economic growth depends substantially on inventions and capital accumulation. But "experience shows creative ideas and experiments in business technique, and in business organization, to be very rare in Governmental undertakings. . . ." And most productive instruments acquired by government "have been bought with resources borrowed mainly from the savings of business men and other private individuals" (1952, pp. 304, 712). Until the "whole people" acquire "a power of unselfish devotion to the public good which is now relatively rare," "every great step in the direction of collectivism" is a "grave menace" to even a "moderate rate of progress" (1952, p. 713; 1956, p. 342). Moreover, collective ownership of the means of production would not only "deaden the energies of mankind," and thereby "arrest economic progress"; it "might probably destroy much that is most beautiful and joyful in the private and domestic relations of life" (1952, p. 713). Therefore, as soon as "collectivist control," by its spread, had considerably narrowed the

field left for free enterprise, the pressure for bureaucratic methods would impair not only the springs of material wealth, but also many of those higher qualities of human nature, the strengthening of which should be the chief aim

of social endeavor (1956, p. 334).

In effect, Marshall qualifies his indictment of government enterprise in two major ways. First, “creative ideas and experiments” are also “not very common in private enterprises which have drifted towards bureaucratic methods as a result of their great age and large size” (1952, p. 304). Second, private corporations have “one great source of weakness”: Shareholders, who “undertake its chief risks,” have no “adequate knowledge of the business.” Typically, they are “almost powerless” to rectify bad management and, in any event, “cannot always judge whether the business is well managed” (1952, p. 303). Thus, strictly speaking, Marshall’s critique of “collectivism” presupposes young, relatively small, competitive, proprietary enterprises as counterpoint. If this presupposition is rejected, the cohesion as well as the clarity of Marshall’s account becomes suspect. Concretely, his indictment of government enterprise does not imply advocacy of large-scale, private, corporate oligopoly as an alternative, and his prejudice against “collectivism” does not constitute a rejection of several important features of “socialism.”

VI. Marshall’s Synthesis

So, Marshall tells us that competition is both creative and destructive; socialism is both attractive and repellent; workers are both impoverished and potentially noble; businesses are centers of both selfishness and potential chivalry; and large-scale enterprise, both public and private, can deaden human energies and thwart economic progress. Can these diverse elements be integrated into a cohesive synthesis? Evidently, Marshall’s view is affirmative, although, as noted at the outset, his readers are impelled to construct their own versions of such a synthesis from ideas found in the “crevices” of his writings. Three main synthesizing ideas are discussed herein.

A. Every Worker a Gentleman Be; Every Gentleman a Worker He — Or the Withering Away of the (Unskilled) Working Class.⁷

According to Marshall, work, in its generic sense, is a necessary

⁷This is a variant of the definition of a university, given in the “Tale of the Wandering Scholar,” in Chaucer’s *Canterbury Tales*, as a place where “every scholar a student be, every student a scholar he.”

means for material life. However, in its “best sense,” work as the “healthy energetic exercise of faculties, is the aim of life, is life itself.” If one’s work promotes “culture and refinement” of character, if it stimulates one’s mental faculties, if it fosters social intercourse, kindly habits, and broad sympathies, then that work is the occupation of a “gentleman.” If, by contrast, one’s work does not “elevate the character and educate the faculties,” but instead keeps one’s character “rude and coarse,” exhausts the body and stultifies the mind with “long hours of hard and unintellectual toil” or, even if physically light, crushes one’s “inner life,” then, by occupation at least, one “belongs to the working classes” (1956, pp. 103-08, 115).

Aristotle, among numerous other ancient writers, believed that a good life for the few was predicated on the existence of the slave labor of the many. Modern society, Marshall states, has “outgrown this belief” in a literal sense, and now rejects slavery as sapping “moral life in every state . . . ” (1956, p. 109). It has substituted, though, a contemporary variant of Aristotle’s position, *viz.*, that there must be vast multitudes of people — the “lower” or “working classes” — “doomed” from birth to “weary toil” to provide others — “gentlemen” — the “requisites of a refined and cultured life,” but “prevented by their poverty and toil from having any share or part in that life” and thus “scarce any opportunity of mental growth” (1956, p. 109; 1952, p. 3).

In an early article, in 1873, Marshall provides a vision of a future society — resembling “in many respects” those of “some socialists” and containing some of the flavor of the “wild deep poetry of their faiths” — in which the distinction between “gentleman” and “working man” has disappeared because everyone, by occupation, is a gentleman (1956, p. 109). In such a society, everyone’s

activities and energies will be fully developed . . . [M]en will work not less than they do now but more; only . . . most of their work will be a work of love; . . . whether conducted for payment or not, [work] will exercise and nurture their faculties. Manual work, carried to such an excess that it leaves little opportunity for the free growth of his higher nature, that alone will be absent; . . . In so far as the working classes are men who have such excessive work to do, in so far will the working classes have been abolished (1956, p. 118).

In his *Principles* (1952, p. 4), Marshall makes the same point, albeit more prosaically, by posing a direct question: Is it “really impossible

that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty and the stagnating influences of excessive mechanical toil"? The young Marshall of 1873 not only declares that it is possible, but predicts that it "will" happen.⁸ In the *Principles*, Marshall coyly states it depends, not only on "economic facts and inferences," but on the "moral and political capabilities of human nature" (1952, p. 4). In general, he is optimistic.

Marshall's optimism stems from his joint expectations of the continuation of economic growth and the implementation of a vigorous program of public investment in people, especially in education. The nation, he states, "has grown in wealth, in health, in education and in morality. . . ." The working class has also experienced "steady progress." The steam-engine has eliminated

much exhausting and degrading toil; wages have risen; education has improved and become more general; . . . while the growing demand for intelligent work has caused the artisan classes to increase so rapidly that they now outnumber those whose labour is entirely unskilled. A great part of the artisans have ceased to belong to the 'lower classes' in the sense in which the term was originally used; and some of them already lead a life more refined and noble than did the majority of the upper classes even a century ago (1952, pp. 751, 3-4).⁹

In short, the movement toward a day in which the "working classes have been abolished" and every worker is a "gentleman" is already in process. If the "perils of collectivism" are avoided (and, by tacit presupposition, recessions and unemployment are moderate), capital accumulation and technical improvement should continue to generate growth in demand for labor in general and skilled labor in particular. Meanwhile, expanding education should enhance skills and labor productivity (and thus reinforce growth), thereby both reducing unskilled labor and ensuring high pay for that (smaller) amount of manual labor that still needs to be done (1952, pp. 712-19).

⁸In 1923, commenting on his 1873 article, Marshall observes that it "bears marks of the over-sanguine temperament of youth" (p. 101n).

⁹Skilled artisans are quite conscious of the "superiority of their lot" over that of unskilled workers. And properly so, for many are "steadily becoming gentlemen," that is, steadily acquiring greater education, valuing cultivated leisure, developing independence and greater respect for themselves and others, and "accepting the private and public duties of a citizen" (1952, p. 105).

B. That Great Order of Modern Chivalry — Cooperation.

“Productive co-operation is a very difficult thing, but it is worth doing” (1956, p. 246). Collective decision-making is slow and, occasionally, rancorous; business management is difficult and not easily mastered; capital is vital, but not easily or inexpensively obtained; leaders who meet the joint qualifications of business accumen and commitment to the cooperative faith are few — and mortal.

On the other hand, cooperatives, notably those engaged in production as well as trade, have their own special advantages. Unlike government enterprises, their small scale and private ownership generally exempt them from the “social perils of bureaucratic methods.” Unlike shareholders in a large corporation, worker-owners are in a strategic position to judge the quality of business management and to detect any managerial “laxity or incompetence.” Unlike both government enterprises and private corporations, worker cooperatives incur low supervisory costs because workers’ pride and own pecuniary interests makes them “averse to any shirking of work . . .” (1952, pp. 304-05).

Marshall lauds cooperation for its contributions to social well-being which go well beyond industrial efficiency and business success. “The days of romantic chivalry,” he laments, “are past. [B]ut there is as loud a call as ever for courage and chivalric self-sacrifice for great and worthy ends.” Cooperation, he declares, is “the great order of modern chivalry.” Thus, in addition to the fact that cooperative enterprises avoid the major “evils” of both governmental and private corporate businesses, the cooperative movement deftly mediates between the “broad and strong business basis” of capitalism and the “high social aim[s]” of socialism by (“alone”) combining both qualities (1956, pp. 240, 251).

Marshall identifies several contributions of workers’ cooperatives to “high social aims.” First, workers are strong in number. Through association, they can exert great power, based on mutual knowledge and trust and pooling of their individually small savings. This can “go a long way towards getting a free scope for their activities, and towards emancipating them from a position of helpless dependence on the support, and the guidance, and the governance of the more fortunate classes” (1956, p. 228).

Next, “The Waste Product” of contemporary business society is “the higher abilities of many of the working classes; the latent, the

undeveloped, the choked-up and wasted faculties for higher work, that for lack of opportunity have come to nothing.” Cooperatives can diminish the “evils which result to the mass of the people from the want of capital of their own” — that is, both the “insufficiency of material income, and want of opportunity for developing many of their best faculties” (1956, pp. 228-29).

Third, the “great evil of our present system” is that the means to stimulate human exertion “have in them too much that is selfish and too little that is unselfish.” A “chief aim” of cooperation is to remove this evil. He “who lives and works only for himself, or even only for himself and his family, leads an incomplete life; to complete it he needs to work with others for some broad and high aim.” The “production of fine human beings, and not the production of rich goods, is the ultimate aim of all worthy endeavour.” Association fosters these higher social purposes (1956, pp. 228, 238).

Last, although the progress of the cooperative movement may be small, “it has in it the seeds of growth, because it will educate the working classes in business capacity, and in the moral strength of united and public action for public purposes” (1956, p. 228). Therefore, on the one hand, cooperatives should “attain a larger success in the future than in the past” (1952, p. 307). On the other, cooperative workers, nurtured by bonds of association, will plausibly grow in character and civic virtue, become better citizens, and thereby pose less of a threat to other social classes. In consequence, the scope for collective projects by and on behalf of the democratic majority will expand.

Thus gradually we attain to an order of social life, in which the common good overrules individual caprice, even more than it did in the early ages before the sway of individualism had begun. But unselfishness then will be the offspring of deliberate will; and, though aided by instinct, individual freedom will develop itself in collective freedom (1952, p. 752).

It is sometimes said that workers’ cooperatives have been tried, but found wanting. But this, Marshall observes, presupposes workers who are uneducated and unskilled. If we suppose, instead, a generous and effective education of working class children, then, over time, many should acquire the capabilities and skills of middle class managers.

With an expanding pool of such people to draw on to lead cooperatives, problems of both management and credit should subside.¹⁰

C. Social Possibilities of Economic Chivalry.

A society characterized by a modest dose of collective enterprise, a larger but still no doubt relatively small cooperative sector, a significant realm for government taxation and expenditure, and abolition of at least the lower, more unskilled, components of the working class based, in part, on cooperative and governmental institutions, would still contain a dominant sector characterized by private enterprise and market economy. How would this sector be integrated with the ethical values and social aspirations guiding the cooperative and government sectors?

To some extent, Marshall believes this dominate sector of the modern economy is self-regulating through processes of “free competition.” Private firms, when they can avoid the bureaucratic methods of old age and excessive size, are often “managed by business men quick of thought and quick of action, full of resource and inventive power, specially picked for their work and carefully trained” (1956, p. 244). “[F]ree exchange” turns to account the “combative and predatory energy of the present crude nature of man.” It is the “driving force” which has brought dramatic improvements in “material comforts and intellectual training” even to the “crowded districts” of urban workers. These benefits accrue through an “almost mechanical action” of an “intricate” market organization which in the main “works smoothly,” its “wastes through frictions and maladjustments . . . small in proportion to its achievements . . .” (1956, p. 367).

As noted earlier, however, Marshall does not rely on assumptions of pure and/or perfect competition to bolster his argument; nor does he deny in fact the growth of large, monopoloid corporations, in addition to ordinary market imperfections and limitations. Consequently, “chivalry” by business leaders could be, in principle, an additional form of social control of business.

¹⁰Strictly speaking, Marshall states, cooperative workers’ associations “have not been tried.” What “have been tried” are associations of “uneducated men,” unable to conduct “extensive and complicated business.” What now needs to be tried are associations “among men as highly educated as are managers now. Such associations could not but succeed; and the capital that belonged to them would run no risk of being separated from them” (1952, p. 114).

To some extent, business chivalry already exists. Because much of the “best ability” in Western societies is engaged in business, then, unless human nature is “irredeemably sordid,” there is “much nobility” in business. Indeed, the “chief motive” to the “highest constructive work” there is a “chivalrous desire to master difficulties and obtain recognized leadership.” Still, society under free enterprise falls “far short of the finest ideals . . .” It is essential, therefore, that a “much higher general level of economic chivalry” be developed (1956, pp. 331, 342).

Marshall believes that, guided by education (and educators),¹¹ economic chivalry, by both individuals and society as a whole, can be substantially expanded. Public opinion can serve potentially as an informal “Court of Honor,” dispensing social approbation or disapprobation so as to guide business enterprise. Business conduct which was “noble” in aim and method would be nurtured by “public admiration and gratitude.” Wealth obtained by chicanery, false advertising, fraud, or “malignant destruction of rivals” would be denied social legitimacy. Because idleness would be “despised,” the rich might “set themselves to public tasks which would prepare the way for progress in the future, but would not yield sufficient immediate fruit to secure liberal endowment from a democracy.” The “growing opinion” that leaving large bequests to relatives at one’s death is an “ignoble use of wealth” should increase private philanthropic support of public projects, both before and at death (1956, pp. 343-45).

Marshall expects that economic chivalry by individuals and the community as a whole will be mutually stimulative. “The two together” should provide the necessary tax resources for needed government expenditures for education and other anti-poverty measures. The “chivalrous rich man” will supplement government programs by generous private philanthropy and will “cooperate with the State” in relieving social suffering (1956, p. 345). Thus, a

devotion to public wellbeing on the part of the rich may do much, as enlightenment spreads, to help the tax-gatherer in turning the resources of the rich to high account in the service of the poor, and may remove the worst evils of poverty from the land (1952, p. 719).

¹¹“To distinguish that which is chivalrous and noble from that which is not, is a task that needs care and thought and labour; and to perform that task is a first duty for economists sitting at the feet of business men, and learning from them” (1956, p. 343).

Thus, Marshall believes that if “we can educate this chivalry, the country will flourish under private enterprise.”¹² He uses this argument primarily as a weapon against “sudden” and comprehensive “collectivism.” It in no way constitutes a rejection of any of his views on (his conception of) “socialism.” To the contrary, a robust private sector, informed by chivalry, and complemented by workers’ cooperatives and wise “socialist” programs by democratic governments, would constitute a “true Socialism, based on chivalry . . . full of individuality and elasticity,” in contrast to a crude “collectivism,” based on “iron bonds of mechanical symmetry” (1956, p. 346).

Thus, a study of Marshall’s views on socialism reveals him as deeply committed to both human improvement and integration of ethical and explanatory modes of thought. It provides insights on social reconstruction which, though heavily informed by his temperament and prejudices (and those of his time and place), ring clearly today.

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¹²Of course, in principle, if chivalry could be educated, society could also flourish under a system of public enterprise. Thus, “should collectivists succeed in showing that human nature had at last been so firmly based in chivalry that their great venture might be tried without running violent risks, some other civilization than that which we can now conceive may take the place of that which now exists. It may, of course, be higher” (1952, p. 346). Such speculation, however, does not modify the basic logic of the argument. In light of Marshall’s conservative temperament, it is crucial to accept the fact that society “is where it is” in historical time. Given capitalist market economy, with its array of advantages and disadvantages, the task is to keep the best elements of the private enterprise/free competition baby while throwing out the super-individualist, *laissez-faire* bathwater, incorporating such “socialist” elements as are needed to accomplish this efficaciously.