

ALFRED MARSHALL'S LECTURES ON PROGRESS AND POVERTY

GEORGE J. STIGLER
University of Chicago

HENRY GEORGE'S criticisms of private property in land were so congenial to one prominent tradition in 19th century English thought that it is difficult to separate out his influence. John Stuart Mill was writing in behalf of the Land Tenure Reform Association as late as 1873,¹ proposing a confiscatory tax on future *increments* of land values. The Ricardian rent theory, with its emphasis upon the nonfunctional nature of the payment for an "original and indestructible" factor of production, was in fact the grand parent of a century of criticism of private property in land.

Even with so congenial a reform tradition, and even with the enthusiasm and publicity generated by the Irish Land League in 1879 to 1881, there can be no doubt that George was a powerful and influential propagandist for land reform in England. His *Progress and Poverty* appeared in a separate English edition in 1881—a year after its initial publication in the United States—and in three years sold 100,000 copies.² He went to Ireland the same year as a reporter for the *Irish World*, and his subsequent, foolish arrest under the Prevention of Crime Act aroused wide and sympathetic interest in his ideas. He entered the British lecture circuit—which nevertheless continued to be an export industry—in September of 1882, and was honored by much controversy in the press. A year later he was back for an extensive and popular lecture series.³ One of his converts to economics and land reform was George Bernard Shaw.⁴

Most economists of the 1880's paid little attention to this lively subject,

¹ John Stuart Mill, *The Right of Property in Land*, in *5 Dissertations and Discussions: Political, Philosophical and Historical* 279 (1874), reprinted from the *Examiner* of July 19, 1873.

² George may well have been correct in asserting that his book "circulated in Great Britain as no economic work had ever circulated before"; Henry George, *A Perplexed Philosopher* 73 (1893). Indeed, the richer word "sold" could have replaced "circulated."

³ See Elwood P. Lawrence, *Henry George in the British Isles* (1957).

⁴ See George J. Stigler, Bernard Shaw, Sidney Webb, and the Theory of Fabian Socialism, *Essays in the History of Economics* 268 (1965).

but Marshall was a conspicuous exception.⁵ While still professor at University College in Bristol, he delivered the three lectures which are printed for the first time since their initial appearance in a newspaper. The general contents of the lectures may be briefly sketched.

The first lecture argues that there has been a vast rise in the standard of living of English workingmen, but that a persistent (if slowly diminishing) rear guard of paupers still disfigures the society.

The second lecture must have been an overly rich diet for most listeners: it presents the general marginal productivity theory of distribution; discusses the effects of economic growth upon the functional shares; and finally argues that the proper route to the elimination of poverty is to educate (in the broadest sense) the unskilled and inefficient workers out of existence. The lecture is remarkable also for its quantitative estimates of the structure of national income and Marshall's most candid expressions of the small role he would assign to labor unions.

The final lecture is a frontal assault on nationalization of land. The irrelevance of the historical origin of private property in land is argued with cogency. Marshall defends the English agricultural land system against peasant proprietorships (the apparent alternative) on a comprehensive scale. In two respects, however, Marshall proves to be something of a surprise. He pays very little attention to the effects of alternative land systems upon the cultivation and the rent of land as compared with the effects upon the distribution of income—surely a tacit over-acceptance of the Ricardian theory. And he is willing to approve fairly radical land reforms, such as the limitation of all sales of state land to 100 year leases and the purchase by the state of survivor interests in land.

The analytical form of the lectures is thoroughly Marshallian and even this indirect reporting captures his style. (Indeed, the written lectures are so literate that they were probably prepared or edited by Marshall.) This earlier work differs from the later in the greater vigor—and at times acerbity—of expression.

An actual confrontation took place in 1884 at Oxford University, where Henry George gave a lecture before a group which included Marshall. The hilarious account of the proceedings is reproduced below in an appendix. The self-assured, aggressive Marshall who led the questioning of George will be an unfamiliar figure to most economists. In any scientific sense of course there was no debate: Marshall used the theory of competitive markets, which George did not understand, to refute George's charge of a monopoly in land.

⁵ Another was Arnold Toynbee, who was equally critical because George's reforms were too conservative; see *Progress and Poverty, Lectures on the Industrial Revolution* 267 (4th ed. 1894). This set of two lectures was printed as an appendix to the 4th British edition of Toynbee's *Lectures*. It is not included in all the editions. It was printed separately as a pamphlet in 1883 in London.

Again, Marshall was viewing the problems of economic growth and of poverty through the eyes of a well-informed economic historian, whereas George's vision was narrowly confined to land tenure, and essentially static, not to say anachronistic.

Henry George could not be expected to entertain a high opinion of his leading English critic. Marshall's *Principles* "may be considered the latest and largest, and scholastically the most highly endorsed, economic work yet published in English."⁶ This neutral introduction is soon followed by characterizations such as "utter incoherency" and "incomprehensible."⁷ Marshall repaid the debt with a few disparaging references in his *Principles*.⁸

The letters between Alfred Russel Wallace and Marshall (which were assembled by R. H. Coase) offer an interesting footnote to the controversy. Wallace, a brilliant and many-sided man, was the co-discoverer with Darwin of natural selection. John Stuart Mill introduced him to the Land Tenure Reform Association, which disappeared after Mill's death in 1873. Wallace began a more active and a more radical participation in land reform discussions in 1880. The fullest statement of his views was given in *Land Nationalisation* (1882).⁹

The Wallace-Marshall letters are concerned only with the historical facts on the trend of the living standards of the working classes. They display Marshall's confident handling of the historical materials and remind us of his one-time intention to write a general economic history. Wallace would perhaps accept today the verdict of natural selection that his land reform proposals were ill-suited to their environment.

The two published versions of the lectures were compared by R. H. Coase, who also prepared the footnotes accompanying the lectures.

⁶ Henry George, *The Science of Political Economy* 125 (1898).

⁷ *Id.* at 126, 208.

⁸ *Principles of Economics* (1st ed. 1890) at 138, 714 n.2, and a neutral passage at 379 n.1 which was the only one retained after the fifth edition (1907). See the entries under Henry George in vol. 2 of the ninth edition, edited by C. W. Guilleband (1961).

⁹ He also published a volume, first submitted to a competition on the subject of trade depressions; Alfred Russel Wallace, *Bad Times* (1885).