

Peter Groenewegen, *The Minor Marshallians and Alfred Marshall: An Evaluation*. London: Routledge Studies in the History of Economics, Taylor and Francis Group, 2011. ISBN 978-0-415-57020-6. £95 hardback.

Readers of the *Marshall Studies Bulletin* are familiar with the literature on post-Marshallian economics that has advanced various different interpretations of Marshall's legacy. As Peter Groenewegen rightly points out in the introduction to his volume, study of the lives of major Marshallians, and of their theoretical contributions to economic analysis – focusing mostly on three individuals (Pigou, Maynard Keynes and Robertson) – has been extensively developed over the last decades (Collard, 1981; Groenewegen, 1995; Fletcher, 2000; Raffaelli *et al.*, 2011). This new contribution remains concerned with Marshall's legacy and, in this sense, lies squarely within the wider tradition of post-Marshallian economics. However, it departs from the long-standing focus on Marshall's three most famous students and, instead, examines the contributions of ten 'minor' Marshallians who have received considerably less attention in the literature, from either a biographical or an analytical perspective. Most of these 'minor' Marshallians (J.S. Nicholson, A.W. Flux, C.P. Sanger, S.J. Chapman, J.H. Clapham, D.H. MacGregor, F. Lavington, W.T. Layton, C.R. Fay and G.F. Shove) were themselves students of Marshall, except for F. Lavington and G.F. Shove, who were taught by Pigou and Keynes, after Marshall retired in 1908. The detailed discussion of the lives and contributions of these 'Marshallians' in a single volume gives the book its authenticity as well as providing the reader with an enriched, and therefore also refreshingly innovative, perspective on post-Marshallian studies. The clear and straightforward style, as well as the impressive amount of significant biographical detail used to evaluate Marshall's and Marshallian influences on the thought processes of these ten economists, make this contribution considerably more substantial than might at first appear.

In its contribution to the history of post-Marshallian economics, Peter Groenewegen's volume fulfils two main ambitions – biographical and theoretical – which traditionally are often dealt with separately by scholars. This book encourages the reader to understand post-Marshallian studies beyond the traditional scope that confines the enquiry into Marshall's legacy to an understanding of its impact from an exclusively theoretical point of view. In this sense, the book combines intellectual history (dealing with life, academic context and professional career within and outside academia) and history of economic thought, stressing the Marshallian flavour involved in each author's contribution to economic analysis. All the chapters in the volume follow the same pattern, consisting of three or four sections, with the first section being a biographical account – based on the interactions of the economist in question with Marshall – followed by two or three sections assessing the Marshallian influence on his ten students' intellectual development.

Essentially, the main biographical elements result from dispersed secondary sources which are often unknown, rarely cited or infrequently combined. When brought together, they build up a fair reconstruction of the life of each minor Marshallian, despite, in most cases, limited existing biographical evidence. The biographical prelude to each chapter is at the heart of the book, for it uses these biographical elements to point out the more general intellectual programme independently carried out by these minor Marshallians.

In particular, it is interesting to learn that Joseph Shield Nicholson (1850-1927), who studied political economy with Marshall while reading for the Moral Sciences Tripos in 1876, later exchanged books with him while they developed a reciprocal critical opinion of each other's work – Marshall criticising Nicholson's lack of theory and Nicholson criticising Marshall's

vague and old-fashioned historical material used in his *Principles*. The “stormy” relation between Marshall and Nicholson reached its apogee over Pigou’s appointment (rather than Foxwell) as Marshall’s successor to the Cambridge Chair of Economics. Overall, whilst being one of his earliest students, Nicholson was also the least loyal to Marshall and developed a strong critique of Marshall’s consumer’s surplus as a device for measuring value (utility). One anecdote on this matter is worth reporting here, as it exemplifies Nicholson’s critical approach to Marshall in his consideration of consumer surplus. In a short 1894 article published in the *Economic Journal*, Nicholson stated that applying a utility measurement to coal was impossible, since it was a vital necessity in the household budget. Interestingly, in the third edition of his *Principles*, this criticism was thought appropriate as Marshall modified the content of his example: coal was abandoned and replaced by tea as a commodity.

To a lesser extent, John Harold Clapham (1873-1946) never explicitly fell out with Marshall but could still be considered as a critical Marshallian. Marshall encouraged him to specialise in economic history, a fact which led him to become the first Professor of Economic History in Cambridge in 1928. While Clapham admired Marshall, he still considered him as an economist “whose opinions, if untrue, would have to be clearly and assuredly challenged” (in his view, this was especially the case in the use of the laws of returns by economists, formalised in Clapham's 1922 article on ‘empty economic boxes’) keeping in mind “how poor an economic historian Marshall actually was” (page 80).

The eight other minor Marshallians were overall more loyal to their ‘master’; each of their biographies, as recalled by Peter Groenewegen, brings out some interesting aspects appropriately linked with the nature and the orientation of their respective theoretical contributions. Mention could be made here of Alfred William Flux (1867-1942)’s marriage in 1897 to Harriet Emily Hansen, of Danish origin, which might explain his sudden interest in the preparation of Scandinavian statistics. More importantly, Flux’s mathematical education – highlighted by his gaining a first in the Cambridge Mathematical Tripos at St John’s College, Cambridge and by his early assistance with Marshall’s mathematical appendix in the first edition of the *Principles* (1890) – led Flux to apply Euler’s theorem to the economic problem of distribution and the generalised theory of rent, based on the association between the income gained from rent and the earnings of productive agents. Very little recognition has been given to his discussion of Euler’s theorem, although it showed him to be an academic highly qualified in theory and therefore a ‘splendid catch’ for Marshall.

Biographical elements are also insightful in the case of Charles Percy Sanger (1871-1930), as Peter Groenewegen shows that his strong abilities in languages allowed him to become an ‘ardent book reviewer’ for the *Economic Journal* between 1895 and 1903; a period during which he reviewed books written in German, French and Italian over a wide range of topics. With a background similar to that of Nicholson", his successful education in the Mathematical Tripos in 1893, beyond catching Marshall’s eye, enabled him to pursue a series of practical posts for the Board of Trade, although he ended his career as a barrister, highly regarded within the legal profession.

Sydney John Chapman (1871-1951)’s University education in History (1891) and his decision not to enter the Anglican priesthood led him to become an economic historian (especially well known for his book on the Lancashire cotton industry, published in 1904), while his fortuitous enrolment in an Economics class taught by Marshall in the Moral Sciences Tripos (1894) allowed him to acquire knowledge that stood him in good stead when he later became Permanent Secretary to the Board of Trade (1919) and Chief Economic Adviser to the government (1927).

Biographical sources cited by Peter Groenewegen on David Hutchinson MacGregor (1877-1953), one of Marshall’s favourite students, could be completed by the following references: an obituary written by Philip Walter Sawford Andrews in the *Oxford Magazine* (1953), oral

sources (mainly reported by students and colleagues of his to Fred S. Lee in the 1980s), and his *Report of Travels*, published in 1913. Some of his correspondence with other economists¹ and some notes and memoirs collected among his former students² could also enrich Peter Groenewegen's biography. During his stay at Cambridge, MacGregor prepared his *Industrial Combinations*, published in 1906, which resulted in his being elected Fellow of Trinity College, Cambridge in 1904. After his appointment as Professor of Political Economy at the University of Leeds in 1908, the publication of his *Report of Travels* in 1913 indicated that he had been appointed as an Albert Kahn Travelling Fellow between September 1911 and September 1912³. The nature of this one-year fellowship is neither very clear nor described in any biographical accounts (including the present volume)⁴. The Albert Kahn Travelling Fellowships were the result of an agreement between Albert Kahn and the University of London, but except for this *Report* there is no other evidence that MacGregor visited the University of London during this period. Therefore this phase of his life might be worth investigating in further biographical research.

Walter Layton (1884-1966) has an unusual academic profile as his promising early involvement in academia, starting as an assistant lecturer in Economics in 1908 and followed by the publication of two books and several journal articles on Economics, was cut short by the outbreak of WWI and his involvement in the Board of Trade before he joined the Ministry of Munitions and switched to economic journalism in the early 1920s⁵. After buying the *Economist* in 1928, he became increasingly influential and his liberal views gained credibility when applied to economic issues. Despite Layton's short career in academia, Peter Groenewegen's volume still reveals a Marshallian influence when it comes to the analysis of entrepreneurship, fair wages and trade unions put forward by Layton.

Initial undergraduate studies in History between 1902 and 1905 paved the way to the life and career of Charles Ryle Fay (1884-1961) as a Cambridge social and economic historian. In his biographical account, Peter Groenewegen shows how the attendance at Marshall's Economics lectures in the History Tripos influenced Fay, as a young graduate, to write a dissertation for a Fellowship at Christ College (1908) under Marshall's guidance and supervision. By contrast with other minor Marshallians, little biographical detail is given about Fay's life and the evolution of his Cambridge career. Nevertheless, his ten year (1921-1931) stay in Toronto after accepting the Chair of Economic History was punctuated by his regular visits to Marshall up to the death of the latter in 1924. Upon his return from Toronto, Fay occupied a position as reader in Economic History until his retirement in 1949.

Frederick Lavington (1881-1927) and Gerald Shove (1888-1947) came to Cambridge too late to benefit from Marshall's teaching. However, Peter Groenewegen includes them in his account of minor Marshallians, since they were both taught by two of Marshall's more eminent students, Pigou and Maynard Keynes. Lavington, a mature student, developed very limited contacts with the 'master' and his lack of consideration by his peers – illustrated by the infrequent citation of his eight published journal articles – may partly be explained by his

¹ In particular, see 19 letters from David Hutchison MacGregor to Oscar Browning, OB/1/1023/A 1900-1906 (Cambridge University, King's College Archive Centre) and correspondence between Harrod and D.H. MacGregor in Harrod's archives (reproduced in Besomi, 2003).

² Here, see "Notes from D.H. MacGregor's Seminar on Trade Cycle Theory and Lectures on Economic Analysis, Oxford University, 1932-1933", (in Samuels, 2008: 149-196) and Oxford Economics and Oxford Economists 1922-1971, Recollections of students and economists, Oxford: Bodleian Library, donated by F.S. Lee, (1993).

³ This short book (61 pages) has never been referred to in earlier contributions. A copy can be found in the Bodleian Library (Oxford), bound with 6 other A.K. [Albert Kahn] travelling fellowships works.

⁴ The *Report*, structured in four sections, expressed MacGregor's interest in studying forms of industrial organisation in different countries, such as China, Japan, India, Russia and the United-States.

⁵ Further details about Layton's life can be found in Cristiano (2011).

early death at the age of forty-six. His first employment in the Capital and Counties Bank from 1897 to 1908, just before he entered Cambridge, determined his strong interest in financial economics. In Peter Groenewegen's opinion, although Lavington was influenced by a Marshallian analytical framework, his work on money and banking under uncertainty and risk in some respects anticipated Keynes' theoretical developments.

Peter Groenewegen's description of Gerald Shove's life and eccentric personality is also relevant to an understanding of this minor Marshallian's contribution. Importantly, after Shove entered Cambridge in 1907, his close friendship with Maynard Keynes, who considered him as his protégé and secured him election to the Apostles, as well as his 1915 marriage to Newnham student Fredegond Maitland, a niece of Virginia Woolf, explains, to a certain extent, a series of book reviews published in the *Economic Journal*. This series of publications was made despite the 'dismissive reports' by Pigou and Cannan on his fellowship dissertation for King's College in 1914 and his failure, due to excessive partying, to improve his initial academic prospects as a young Cambridge graduate. Yet he obtained a lectureship in 1923, at the age of 35. Shove continued Marshall's programme and paid particular attention to the need for realism in Economics (exemplified by his involvement in the late 1920s cost controversy debates and the publication of his article on increasing returns and the representative firm) which made him critical of Pigou, his former teacher at Cambridge.

These biographical elements that shaped the background to the Marshallian nature of these ten intellectual contributions are original and relevant, helping to provide a better understanding of Marshall's legacy. The various degrees of loyalty demonstrated by these ten economists towards their 'master' are directly linked to the nature of their theoretical contributions and their position *vis-à-vis* the Marshallian research programme. Overall, although Peter Groenewegen does not explicitly outline a homogenous scientific programme shared by all the figures involved, his conclusions devote particular attention to "broad generalisations" which can be made "about the nature of Marshall's contributions" (page 170). Hence, while Peter Groenewegen paves the way towards further research on the overall contribution made by these ten minor Marshallians, his volume leaves additional room for a new research agenda oriented towards the theoretical unity that may be found among these ten post-Marshallian economists. In particular, in line with his final discussion on the matter, among the three main aspects raised in the volume (1. links between theory and facts, 2. Marshallian concepts and 3. Marshallian method and style with the use of Mathematics often located in the appendix and the insertion of diagrams found in the footnotes – especially Flux and MacGregor) there are two that could be discussed further here.

First, all the minor Marshallians studied in the book were keen to blend theory with empirical facts. To name but a few, Chapman believed that "the two methods of theory and fact finding supplement each other closely" (page 59), Clapham pointed out "the importance of facts and of realistic theory" (page 80) and MacGregor maintained "a firm hold on realism in his work" (page 82). This issue will be worth investigating further and more systematically in future research since it raises the question of the nature of this link between theory and facts. The role of assumptions in the analysis could be one theme of this discussion. While Marshall argued that analytical assumptions need to be inspired by industrial (and frequently historical) facts, this does not imply that his method of analysis is either purely inductive or deductive. Put differently, it would be interesting to analyse the extent to which these ten minor Marshallians manage to link abstraction, induction and deduction, in a specific manner. To a certain extent, the formulation of "stylised facts" based on history could be the basis for this discussion. In this respect, the existence of three economic historians among the ten minor

Marshallians has considerable importance, because it questions the significance of history in the formulation of analytical assumptions by economic theorists.

Secondly, a series of Marshallian concepts is also a common ground in most of these ten economists' contributions. In the field of economic organisation, this is especially the case with the notion of 'quasi-rent', challenged by Nicholson but relevant in the minds of Flux, Chapman, Layton and Shove, and with the concept of 'representative firm', rejected by Flux and considered as extremely useful by MacGregor and Shove. Within the sphere of what is called 'macro-analysis', Marshall's treatment of the quantity theory of money in his evidence to the Gold and Silver Commission was criticised by Nicholson while being constructively used by Lavington and Layton. The account of these Marshallian concepts could be studied more thoroughly in the future to evaluate whether these ten minor Marshallians had in common a broader approach to Economics and to the economic system (as did other Marshallians such as Philip Andrews or George Richardson), less specialised than that which is illustrated in the book regarding each individual's contribution. A possible research avenue could be concerned with the way these economists praised the three levels pointed out by Marshall, namely the level of the organisation of the firm, the industrial level and the level of the whole productive system.

Beyond these two elements mentioned by the author himself in his conclusion. I believe two additional aspects could have been investigated further. First, it is striking to observe that these ten minor Marshallians were all engaged in activities undertaken by the Board of Trade (some having spent a short amount of time while others were hired for several years). No systematic analysis of this common involvement has been conducted in the volume, although it could be of significant interest in terms of the role of these economists in British economic policy. In some respects, the importance of linking theory with facts as a common ground of their contributions could partially explain their role in economic advising. The extent to which Marshall encouraged them towards these activities could be of potential interest and would be worth scrutinising in the future. Secondly, and perhaps, on a lighter note, Marshall's consideration of women and, more particularly, his attitude to women students represents an original discussion which has not been systematically studied. MacGregor's memoirs on this specific issue are worth quoting here: "I have known [Marshall] lecture for twenty minutes with perfect gravity, and then say that 'all I have been saying up to now is perfect nonsense'. He would expect the women to have taken it down, but hoped better from the men". (MacGregor 1942, 1982 cited at page 84).

In his concluding discussion, Peter Groenewegen seeks to evaluate the extent to which Marshall's economic organon (as defined in his 1885 Inaugural Lecture) was spread by these ten minor Marshallians. In this respect, the author wonders whether it can be said "that the careers of these ten 'minor' Marshallians support a Marshall 'success story' as a Professor of Economics at Cambridge who directly, or indirectly, guided their economic endeavours to do good", *i.e.* helping "the world to better understand the manner by which social suffering could be reduced and greater material opportunities could be provided to society at large" (page 174). Marshall was proud of the products from his "Cambridge stable". The geographic scope of diffusion of Marshall's ideas through these ten minor Marshallians is indisputable, since it reached major parts of Great-Britain (Oxford, London, Manchester, Leeds and Sheffield) and Canada (resulting from the ten years during which Fay held an academic position in Toronto). Through their diverse contributions, these ten Marshallians disseminated the Marshallian economic organon by working independently on subjects such as industrial economics and competition (MacGregor, Fay and Clapham); life and labour (Fay); monetary and financial

economics (Layton, Lavington and, to a lesser extent, Nicholson); mathematical economics (Flux and Sanger); and, last but not least, economics of the firm (Shove). Hence, as stated by Peter Groenewegen in the final lines of his volume, the three major Marshallians referred to in this introduction were “joined in this task by a generation or two of ‘minor’ Marshallians, of whom ten were individually investigated to shed light on the nature and extent of their Marshallian views”. The author adds that “their activities likewise indicate how very successfully Marshall’s aims at Cambridge were achieved through the economists he trained during his years as professor at Cambridge” (page 177).

Overall, beyond its relevance to and interest for post-Marshallian studies, Peter Groenewegen’s great volume also contributes to the field of intellectual history and indirectly argues that scientific ideas do not develop in isolation from the social, cultural and political milieu in which they evolve. In this respect, this type of research strongly supports the importance of biography in the history of Economics, arguing that “individuals express their lives in science, and their science is an expression of their lives” (Weintraub, Forget, 2007: 1). This trend of research is increasingly relevant to the history of economic thought, as exemplified by a special issue published in the *History of Political Economy* in 2007⁶.

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⁶ On this matter, see, in particular, Weintraub, Forget, 2007; Hacochen, 2007; Backhouse, 2007; Dimand, 2007; Groenewegen, 2007.

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