ECONOMICS

THE ELUSIVE ARTHUR PIGOU

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DISCUSSION PAPER 12.05
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A. C. Pigou’s published scholarly work has left an enduring legacy of his philosophical and economic thought, but biographical information on the man remains fragmentary, although some high quality brief biographical reviews have been prepared. These include the pamphlet *Arthur Cecil Pigou 1877-1959 A Memoir*, prepared at Cambridge shortly after Pigou’s death by J. Saltmarsh and P. Wilkinson (1960), an encyclopaedia entry by Austin Robinson (1968), a book chapter by David Collard (1981), and the new introduction to Pigou’s *The Economics of Welfare* by Nahid Aslanbeigui (2010). In addition, some journal articles also include useful biographical details, such as those by David Champernowne (1959), Harry Johnson (1960) and Aslanbeigui (1992, 1997). But all this is in marked contrast to the two other iconic economists of the Cambridge school, with both Alfred Marshall and John Maynard Keynes being the subject of comprehensive biographies that have been published in the form of truly impressive tomes.¹

Collard (1981) once described Arthur Pigou’s elusive standing as being “caught between the shadow of Marshall and the pyrotechnics of Keynes”. Other factors that contributed to this elusive standing include a life-long discipline of keeping his professional and personal life distinctly separate; personal traits that, as Saltmarsh and Wilkinson (1960, pp. 16-17) have recalled, revealed a great shyness towards casual acquaintances (particularly with regard to women); and a tendency to be “brusque when privacy was invaded without warning” (Saltmarsh and Wilkinson (1960, pp. 16-17). Indeed, Arthur Pigou seemed to have vigilantly maintained personal privacy with regards to his life outside that of scholarship and work which, when advancing in age, led colleagues to regard him as reclusive. Contemporary scholars now have the opportunity to reconsider Arthur Pigou’s underlying motivations and experiences; but, alas, this has to be done with the aid of little or no additional primary resources because his personal and working papers were almost completely destroyed after his death (Aslanbeigui 1997).

The purpose of this chapter is to reconstruct a general biographical account of Arthur Pigou’s life. But with available records on his life being fragmented, it has not been possible to fully develop a ‘moving picture’ of his life. As a consequence, we have had to arrange the text, which combines a chronological sequence of Pigou’s professional life, with an ad hoc thematic presentation of personal aspects of Pigou’s adult life. We delve into Arthur Pigou’s family and heritage in section 2. His life at Cambridge is then discussed in broad chronological order. Specifically, his student life is considered in section 3, focusing on the breadth of his studies, his extra curricula university activities and his fellowship theses. The period from his election to fellowship at King’s College to his appointment as the Cambridge professor of political economy is discussed in section 4. A reflection on the life of the ‘the Prof’ is contained within section 5. Issues considered in that section include his idiosyncrasies related to his work habits and his mentoring of students; the general character of his scholarly contributions; and the role he played in the intellectual leadership of the economics discipline at Cambridge. The chronological sequence is broken in section 6, which is thematically arranged and reports on aspects of Pigou’s personal life as an adult. This includes some reflection on the general nature of his relationships with women and men; his passion for mountaineering; the ordeals

resulting from his commitment to pacifism; and his views on politics and his relatively modest contributions to public service. The chapter concludes in section 7 with final reflections that point to the gaps still to be bridged before a good understanding of Arthur Pigou can be developed.

2. Family, Heritage and School

Arthur Cecil Pigou was born at Ryde on the Isle of Wight in 1877. He was the first born son and eldest child of Clarence George Scott Pigou, an army officer in the 15th Regiment, and his wife Nora Frances Sophia (Lees), the second eldest daughter of Sir John Lees, the 3rd Baronet of Blackrock. Arthur’s brother, Gerard Clarence, was born the following year and his sister, Kathleen Marie, in 1881.

The wedding of Arthur’s parents was colourfully reported in the *Isle of Wight Times* as ‘Ryde’s “Royal Wedding” of 1876’. From the recent recounting of that wedding prepared by the Ryde Social Heritage Group (2010), it is evident that both the general standing and wealth of the Lees and the Pigou families were high at the height of the Victorian era. The Pigou family were of Huguenot descent and had vigorously established themselves in British society over four generations as merchants, civil servants and army officers with connections in India and China (Sherwood and Chater, 2005). Arthur’s second cousin, Frederick Alexander Pigou, inherited a stake in the family business, including the manufacture of gunpowder in Dartford. Indeed, during his youth, Clarence Pigou (Arthur’s father) spent some time living with Frederick Alexander Pigou’s family in Putney so he could pursue his education in Great Britain while Clarence’s father continued with his commitments in India.

Within the extended Pigou family, a tradition had developed whereby the eldest son of the family attended Harrow School, dating back to the late 1820s when Henry Minchin Pigou (1791-1874) sent his son, Frederick John (1815-1847), to that school. This lineage continued, with Arthur’s father, Clarence, attending Harrow during the 1860s. The fourteen year old Arthur Pigou became the fifth member of Pigou lineage to attend Harrow when he commenced there in 1891. The School Register records Arthur’s family address as “The Larches”, Pembury, Kent. This was a quiet village, and is the place where the Pigou family settled during the 1880s. Arthur’s formative years, prior to his commencement at Harrow, were spent as a member of a well-connected, comparatively wealthy and extended family of the Victorian era. He would certainly have been subject to the tutelage required to

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2 The Baronetcy of Blackrock in the County of Dublin was created for John Lees, soldier, politician, and administrator on 30 June 1804 in the Baronetage of the United Kingdom (Lundy, 2012).

3 Both the Lees and Pigou families’ settlement in Ryde coincides with Ryde’s own increased popularity and expansion after Queen Victoria’s and Prince Albert’s commissioning of, and subsequent extended periods of residence at, Osborne House in East Cowes where Queen Victoria would eventually die in 1901.

4 Phillip Taylor (2011) has completed a paper chronicling the life of Frederick Alexander Preston Pigou (1838-1905) in which the general wealth and business history of the Pigou family in Kent is detailed.

5 English census records the country of birth and death of Arthur’s paternal grandfather, also named Arthur Pigou, as India. Pigou’s own father, Clarence’s, place of birth is also listed as Calcutta, India, in English census records.

6 The Pigou family is listed in the 1881 English census as living in Pembury, the members of the household included Clarence and Nora Pigou, Nora’s sister, Arthur Cecil Pigou, Pigou’s brother Gerard and five servants (Administrative County of Kent, 1881).
prepare him for entrance to Harrow, where his contemporaries included Sir Winston Churchill (the Conservative First Lord of the Admiralty and later Prime Minister), Leopold Amery (the Conservative First Lord of the Admiralty and Colonial Secretary) and his friend George M. Trevelyan (the British Historian). D.G. Champernowne (1959) describes Pigou at Harrow as “a god among mortals”, which, given his peers, is a remarkable achievement. Arthur is certainly recorded as having excelled at Harrow, both academically and in athletics, and winning the respect of both teachers and peers. He was elected a School Monitor in 1894 and in his final year he was made Head of the School. Arthur left Harrow at the end of 1895 after having won the Clayton Scholarship for Modern Studies, which he used to attend King’s at Cambridge to study History and Modern Languages.

Arthur’s father, Clarence Pigou, and his sister Constance are recorded in English census records as spending some of their formative years living with the family of Frederick John Pigou. Frederick was married to Margaret Catherine Johnston, and her younger sister, Cecilia Charlotte Jane Johnston, married Clarence’s Father. The Harrow school register lists Frederick John Pigou as having been disinherited by his father, Henry Minchin Pigou, for marrying without his permission. Frederick John went on to work for the London and Birmingham Railway Company in 1840, and became Station Master at Rugby. He died at the young age of 31, leaving his wife an annuitant, living on dividends from investments. It remains unestablished which son, if any, Henry Minchin Pigou left his considerable fortune to. The executor is listed as his second eldest son, the Reverend Henry Clarence Pigou, and tracing records from the England and Wales National Probate Calendars 1861-1941 indicate that the bulk of Henry Minchin Pigou’s fortune in its entirety did not pass down to the families of his sons Frederick John or Arthur. Whether or not this family history of disinheritance and untimely death impacted on the young Arthur is, of course, speculative, but it is difficult not to resist the temptation to speculate that his family history may have contributed to certain of his more particular personal characteristics, such as his tendency to shun any form of pretence. For example, Saltmarsh and Wilkinson (1960) recalled Arthur Pigou as a character who was “indifferent to the ornaments and innocent vanities of life” dressing with a “sartorial insouciance”. When this is coupled with his many acts of generosity (funding students, taking friends on overseas trips, funding climbing trips, donating vehicles in the war efforts etc.), Arthur Pigou’s personal relationship with “wealth” did not seem inclined to accumulation for its own sake. Rather, he seemed to have an ambivalent attitude towards “wealth” per se, being more interested in its

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7 This is indicated by the England and Wales Census records for the year 1861 as cited in Taylor (2011).
8 Margaret, born in 1815, and Cecilia born in 1820, parents listed as Alexander Carruthers Johnston and Cecilia Ann Johnston on Baptism records.
9 At the time of his death in 1874, Henry Minchin Pigou’s fortune was listed as in the vicinity of £60,000 to £70,000 thousand pounds (Principal Probate Register, 1874). The value of Henry Minchin’s estate would approximately be equivalent to £30 million today with respect to average earnings (using the website “Measuring Worth” www.measuringworth.com/ukcompare).
10 However, the listing of estate values which can be traced through the Probate Registers for both the families of both Frederick John Pigou and Arthur Pigou (A.C. Pigou’s paternal grandfather) indicate they were still in a comfortable financial position. The probate listing of Margaret Pigou is listed in the year 1897 “to Frederick Alexander Preston Pigou Effects £12393 13s, 1 1d”. The source of annuity after her husband’s death remains unestablished. The probate listing for the widow of Arthur Pigou who survived him in the year 1908 is listed “to Henry Oldham and Montagu Lewis Parkin solicitor Effects £20660 19s, 1d”. The probate listing in 1905 of Clarence Pigou is listed as “to A.C. Pigou Effects £8184 10s, 11d”.
utility; permitting him to pursue his life in a simplified manner, with time to devote to reflections on states of consciousness, and to assist and benefit his wider social circle.

Another point of interest arising from Pigou’s family background is his immediate family’s continuing close connections to the British military forces. Arthur’s brother, Gerard, joined the Royal Navy, serving in the Admiralty as a Captain during World War I. Their sister Kathleen married their cousin, Arthur Hugh Oldham, who was a Naval Commander. Arthur Oldham was the son of Arthur Pigou’s paternal aunty, Ella Frances and her husband Sir Henry (Hugh) Oldham. Sir Oldham had earned military distinction in China and India, and had been awarded the Knight Commander of the Royal Victorian Order on the celebration of Queen Victoria’s diamond jubilee. He later became Colonel Retired Pay and Lieutenant of H.M.’s Corps of Gentlemen-at-Arms, the Queen’s personal body guards. The question then arises as to whether Arthur reacted against these apparently strong familial connections to the military when he adopted and maintained pacifist sentiments during both World War I and World War II. In the case of World War I, this became a matter contentiously debated in a public forum (see section 7).

Surviving documents contain only snippets of information about the relationship that the young Arthur enjoyed with the rest of his family. For example, his published essay *Robert Browning as a Religious Teacher* (1901) is dedicated to his mother and, in his final will and testimony, he left a substantial sum of money to Anthony John Pigou, his brother’s son. Also, Saltmarsh and Wilkinson (1960) report that “his only concession to sartorial elegance at the High Table” at Cambridge was “a double-breasted lounge jacket filched from a parcel of clothes which his aunt was sending to a Church Army shelter” and Pigou’s generosity, in reference to Arthur receiving a small legacy as a young man - “he blued the lot on taking some friends for a trip abroad”. Both of his siblings married and had children. They remained settled in London and the South East of England, although Arthur outlived both his brother and sister (by two and four years respectively). Branches of the extended Pigou family immigrated to Canada, Australia and New Zealand around the turn of the 20th century and Pigou descendants became notable in several fields including Elfrida Pigou (1911-1960), who became a prominent Canadian mountaineer, and Francis Pigou (1832-1916), who was the Dean of Bristol.

3. Student Life at Cambridge

When Pigou was admitted to King’s College Cambridge in October 1896, he was full of energy and enthusiasm for the prospect of academic and co-curricular activities open to students residing in Cambridge. Having achieved academic success at Harrow and obtained a minor scholarship in history and modern languages to study at Cambridge, he was quietly confident in his own intellectual abilities. But to develop his intellectual potential and benefit fully from his experience as a student at one of the most elite universities in the world, he was also very conscious of the need to engage with College fellows, as well as his peers, on social ideas. In that regard, he was a conscientiously ‘engaged’ student throughout his residency at King’s College.

Pigou’s first area of study as a student at Cambridge University was the ‘undivided Historical Tripos’. This program of study was, at least for the period when he was an undergraduate student, ‘undivided’ in the sense that it was not offered as a two part program, which, for example, was the case with the Moral Sciences Tripos. The historical element of the Tripos was also oriented towards the practical goal of
developing students’ capacities to learn and reason in matters of politics and public affairs. During this period Pigou was mentored by his tutor Oscar Browning, with tutor and student entering into correspondents on a range of issues. Among other things, the relationship between Browning and Pigou was helpful to Pigou being promoted to an undergraduate scholarship in 1898, which assisted Pigou financially when completing his undergraduate studies. It also led to Pigou being invited to the King’s College Political Society, which Browning had founded to further the scientific study of political issues (Browning 1910: 245-236). It was also during the time that Pigou was being mentored by Browning as a student in the Historical Tripos that signs of Pigou’s interest in economics and ethics emerged.13

In 1899 Pigou obtained his first Bachelor of Arts degree by obtaining a ‘first’ in the undivided Historical Tripos. Given Pigou’s growing interest in economics and ethics, and the fact that the Historical Tripos was oriented towards educating statesmen, it is perhaps not surprising that he then immediately commenced Part II of the Moral Sciences Tripos, which he also completed with a ‘first’, this time in 1900. During this period Pigou further developed his understanding of economics and ethics and political philosophy, largely under the influence of a new mentor, namely Alfred Marshall, who, as well as being very influential in securing posts for Pigou at Cambridge, was to prove the greatest single influence on the development of Pigou as a scholar.

In the later stages of his studies in the Historical Tripos, Pigou had commenced work on a number of projects that led to him being awarded a number of prizes from the Cambridge academic community. In 1899 he received the Chancellor’s Medal for English verse, which was awarded in recognition of his ode to Alfred the Great, a literary treatment that refers to ‘truth’s bright star’ and ‘Reason’s light’. In 1900, while studying for Part II of the Moral Sciences Tripos, Pigou entered his essay on Robert Browning as a Religious Teacher into competition for the Burney Prize – a prize awarded to the best essay submitted dealing with the philosophy of religion – which he won, with the essay subsequently published (Pigou 1901). In the following year Pigou submitted his dissertation on The Causes and Effects of Change in the Relative Values of Agricultural Produce in the United Kingdom during the last Fifty Years (Pigou 1901b) to the competition for the Cobden Prize. Once again, that submission was successful and Pigou was awarded the Cobden Prize in 1901.

As Pigou turned his mind to his future career, he decided to enter the fellowship competition at King’s College, which requires submission of a fellowship thesis which is assessed by referees associated with the College. In 1901 he submitted his Burney Prize winning essay on Robert Browning as his fellowship thesis. It was perhaps a curious choice because, in the same year, Alfred Marshall had persuaded the Moral Sciences Board to allow Pigou to present Marshall’s ‘General Course’ in economics and one may have expected Pigou to submit an economics dissertation for the fellowship competition. When that point was put to Pigou, however, he expressed surprise and responded that his study surely “comes under the

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11 Oscar Browning discusses the ‘Historical Tripos’ developed at Cambridge in his biography (1910, p. 234).
12 In an undated letter from Pigou to Browning kept at the King’s College Archive Centre (Archival Reference: OB/1/1281/A), Pigou expresses his gratitude to Browning for arranging the scholarship. Saltmarsh and Wilkinson (1960, p. 4) characterised Pigou’s receipt of this undergraduate scholarship as a promotion.
13 The evidence for this comes from Pigou’s letters to Browning (see McLure forthcoming).
14 Pigou’s attempts to obtain a fellowship, and the referees’ assessments of his fellowship dissertations, are discussed in McLure (forthcoming).
Moral Sciences Tripos.” (Pigou, circa 1900-1901, letter to Oscar Browning, King’s College Archive Centre: OB/1/1281/A). While Marshall was not a referee for this fellowship dissertation, he was nevertheless asked by the Provost of the College for his views on Pigou and wrote that “my hopes as to what he will achieve for economics and for social well-being are as high as they well can be. … With perhaps one exception, I have never wished so strongly to see any student retained at Cambridge, as Pigou”. (Marshall, 8 March 1901, letter to the Provost, King’s College, cited in McLure forthcoming). But notwithstanding this strong support from Marshall, the dissertation on Robert Browning was not successful in obtaining a fellowship for Pigou at King’s in 1901.

In the following year, Pigou submitted his Cobden Prize winning dissertation to King’s College as part of the fellowship round. This time Marshall was a referee for the study and he wrote a very strong report in support of Pigou. Herbert Foxwell was also invited to report on the dissertation, but he initially declined the invitation because of the ‘antagonistic position’ between Pigou and Foxwell as lecturers at Cambridge. However, he eventually accepted the invitation to review Pigou’s dissertation. The resulting report was very supportive of Pigou’s historical judgements and the quality of his writing, but it was also very critical of the extent to which Pigou attempted to apply economic theory to the history of agricultural commodity values, rather than by employing the more conventional methodologies of economic history that Foxwell regarded as more suitable. But these qualifications were not strong enough to offset the positive aspects of both Marshall’s and Foxwell’s reports and Pigou was elected a fellow of King’s College in 1902.

4. The Fellow

As a student and college resident at Cambridge, Pigou worked at developing his knowledge of history, economics, ethics and poetry by being fully immersed within the moral sciences tradition. Between being elected as a Fellow of King’s College, in 1902, and being appointed as the Cambridge University Professor of Economics at Cambridge University, in 1908, the story of Pigou’s intellectual development continued along a similar line, although the analytical insight he applied to the economic dimension of social and ethical problems increased. He also acquired new teaching duties that befitted a fellow, initially by relieving Marshall from his general course in economics and then, more formally, as the Girdler’s Lecturer in economics at Cambridge from 1904 until 1907.

Perhaps the most obvious continuity, as Pigou moved from student to fellow, was his continued interests in scholarly prizes, winning the Adam Smith prize at Cambridge in 1903 for an essay, which was revised and published in 1905 as the Principles and Methods of Industrial Peace (Pigou 1905). This award winning essay, which also formed the basis of eight lectures of the 1903-04 Jevons’ Memorial Lectures he presented at University College London on Associations of Employers and Employed, Arbitration and Conciliation, is of interest to intellectual historians for the framing of labour market problems with reference to ethics.

15 Foxwell was, at that stage, a senior and experienced economics lecturer at Cambridge University. He felt that Pigou did not have the knowledge to teach the general course in economics (Kadish 1989, p.193) and, as such, was not supportive of the Moral Sciences Board’s decision to support to Marshall’s request for Pigou to be lecturer of the general course in economics. This issue is discussed further in McLure (forthcoming).
“The problem of this book is ethical to determine what principles and methods ought to be employed in the settlement of industrial differences … But the solution of the ethical problem can only be reached with the help of an investigation of actual and recent experience…”

(Pigou 1905, p.xi)

While he recognised that the issue of industrial peace ‘is not confined to the narrow circle of economists’ (Pigou 1905, p. vi), the analysis is still rich in economic ideas, with the explicit and formal use of economic analysis reserved for the appendices. At the most general level, Principles and Methods of Industrial Peace enunciates Pigou’s view that social problems are themselves ethical in character; whereas economic analysis – in the case of this book economic analysis was generally derived from Marshall’s Principles, but Edgeworth’s Mathematical Psychics was influential too – with historical instruments also solving the ethical question. As such, Pigou was consciously aligning his views on the relevance and purpose of economics with those of his teacher, Alfred Marshall. Indeed, even the subject of this book was suggested to him by Marshall (Pigou 1905, p. vii). The book is also of historical interest for its focus on an issue that subsequently featured prominently in his formal definition of economic welfare, namely, improving the living standards of the working poor and their families. 16 It also features an important theme of his subsequent work on welfare economics, namely, the complexities associated with balancing efficiency, in this case efficiency in the setting of wage rates, with broader redistributive goals.

Two related issues emerge from Pigou’s early fellowship period. First, how did Pigou attempt to reconcile the potential conflict between efficient outcomes that maximise national income with fair outcomes that may generate a reduced national income? Second, what did Pigou have to say about the ethical character of social problems? The first can be considered in the context of the British public policy debate that was emerging between 1902 and 1904 on the question of tariffs, which suggests that Pigou’s first concern was increases in national income. The second needs to be considered with reference to Pigou’s essays on ethics published in The Problem of Theism (Pigou 1908), some of which had been previously published in journals.

Pigou’s opposition to economic policies being based on tariffs was first to emerge in debates on trade policy undertaken within the Cambridge Union. Notable in that regard was Pigou’s confrontation with Sir Howard Vincent (Saltmarsh and Wilkinson 1960, p.7), who had founded the United Empire Trade League in 1891 following the failure of the Fair Trade League that largely emerged as part of the ‘protest movement’ that emerged to oppose the 1860 ‘Cobden Treaty’, which had heralded the rising acceptance of free trade principles in English public policy (Zebel 1940, p. 182).

The issue of protection came to prominence again early in the new century in the wake of the British Government’s 1902 decision to tax the importation of corn to cover costs associated with the Boar War. The British Colonial Secretary Joseph Chamberlain then started to reflect on the idea of increasing public revenues through broad increases in tariffs, which culminated in political and public campaigns on

16 “It is prima facie desirable that arbitrators should seek somewhat to modify the general distribution of wealth awarding to poor workpeople higher wages than the trend of economic forces would naturally bring about, provided that these wages seem likely to come from the pockets of relatively wealthy persons” (Pigou 1905, p. xi).
tariffs that he led in 1903 – even after he had resigned as Colonial Secretary from 16 September – and again in 1904, and then again in the lead up to the 1906 general election. Chamberlain is reported to have said that: “Henry Parks left as his legacy to the Australian people the watchword ‘One people and one destiny’. They are noble words. It is our task to extend them to the whole British Empire” (Joseph Chamberlain, cited in The [Adelaide] Advertiser, Thursday 20 March 1902, p. 669). His vision of strengthening both Britain and the empire was, in large part, to be implemented by complementing increases in ‘protective tariffs’, mainly imposed on manufactured goods imported from across the world, with lower ‘preferential tariffs’, mainly imposed on agricultural goods imported from Empire countries. Pigou critically assessed Chamberlain’s protectionist policies is his booklets, The Riddle of the Tariff (1903a) and Protective and Preferential Import Duties (1906a), and in his subsequent essays published in the Fortnightly Review, ‘The Known and the Unknown in Mr Chamberlain’s Policy’ (1904a), and the Edinburgh Review, ‘Mr Chamberlain’s Proposals’ (1904b) and ‘Protection and the Working Classes’ (1906b). All these essays are critical of protective tariffs and imperial preference, with Pigou estimating the loss of national income due to tariffs and noting that redistribution in response to preferential tariffs tended to favour landlords ((1904a [2002], (1904b [2002])); and rejecting the proposition that protection increases economic stability (1906 [2002]). Collard (2002, pp. xii-xiii) astutely pointed out that while the polemical tone of these papers is readily evident to the reader, the level of analysis with which they are supported would not be out of place in the Economic Journal.

Of course, the role of the tariffs issue was politically contested and controversial at that time, with divisions within government and across the public and Pigou was not acting in isolation. Indeed, as Coats (1968) has shown, economists of various persuasions had lined up on both sides of the debate. Pigou aligned himself with economists noted for their contributions to economic theory and analysis, who were often playing a prominent public role in supporting free trade. Perhaps most notably, Pigou joined Edgeworth, Marshall and eleven other prominent economists in signing a joint letter that was published in The Times on 15 August 1903 under the heading “Economics Professors and the Tariff Question”, which questioned the logic of protectionism.17 Leo Amery – a contemporary of Pigou and fellow languages student at Harrow, enthusiastic supporter of Chamberlain (writing in The Times under the pseudonym a “Tariff Reformer”) and, subsequently, a Conservative Cabinet Minister – dismissed this public letter as ‘pontifical’ in its arrogance and ‘a worthy example of the palmiest days of Ricardo and McCulloch” (Amery 1908, p. 4). Economists with ‘historicist sympathies’, such as William Ashley, William Hewins and Herbert Foxwell, tended to offer support for Chamberlain’s position (Moore 2003, p. 60). Ashley, in his The Tariff Problem (1903), provided perhaps the most sober and careful study of the limits of free trade.18 Among other things, he pointed to issues such as ‘dumping’ by monopolies that emerge during cyclical fluctuations and the circumstances when protection can attract ‘fresh capital’ from overseas.19

Pigou, however, was directly critical of some of Ashley’s conclusions in The Riddle of the Tariff (Pigou 1903). In particular, he concluded that the proposition that protection may attract ‘fresh’ capital from abroad was unsound, because, in the

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17 The letter is reprinted in Coats (1992, pp. 315-314)
19 Amery had also taken direct aim at Pigou in the Times during the height of the debate, suggesting that Pigou’s works on protection (The Riddle of the Tariff) simply highlighted his ignorance of economics (Takami, 2012, p. 10).
general case, protection is economically injurious and leads to an overall reduction in profits earned on capital (although Pigou did not address the ‘particular case’ in which investment is attracted behind the tariff ‘wall’ into a particular – protected – industry). Others, in turn, were critical of Pigou’s booklet highlighted his ignorance of economics and Longford Lowell Price argued that Pigou’s analysis relied excessively on perfect competition (Takami, 2012 pp 10-11). Curiously, Lloyd, who accepted some of the qualifications associated with the protectionist critique of free trade, was the judge for the ‘Cobden’ Prize in 1901: he therefore awarded that prize to Pigou, and, indirectly, helped Pigou to win a fellowship at King’s College.20

In addition to applied questions in economics, such as questions of trade policy and industrial relations, Pigou devoted time to core issues in equilibrium economics that laid the formal foundation for his subsequent work on welfare theory. Particularly important in that regard are ‘Some Remarks on Utility’ (Pigou 1903b) and ‘Producers’ and ‘Consumers’ Surplus’ (Pigou 1910). The former study struggled with the relationship between demand and utility when an individual’s assessment of the marginal value of their consumption changed with consumption by others. In modern Pigouvian language, it considered whether demand related externalities exist when goods are not common across society as a whole, but are common amongst a subclass of society that one may aspire to, such as diamonds and tuxedos among the wealthy elite. His conclusion at that early stage was that such matters exist but that they represent a relatively small influence on an individual’s consumption and can be ignored in a first approximation study of individual demand. In ‘Producers’ and ‘Consumers’ Surplus’ (1910), however, Pigou had developed his analytical apparatus considerably in manner that systematically accounted for externalities (although, without using the term): both demand related externalities, where an individual’s demand is influenced by others consumption of consumer goods, and supply related externalities, where the supply of a good affects the wellbeing of people who are not a direct party to the exchange of the good in question. The efficiency consequences of these factors are discussed in that paper, as are corrective measures.21

Finally, and importantly, Pigou continued his interest in ethics and philosophy. This was no passive interest either. Rather, it was an area of study that he took seriously. In 1908, three of Pigou’s earlier articles from the International Journal of Ethics, namely ‘The problem of good’, ‘The ethics of the Gospels’, and ‘The ethics of Nietzsche’, plus one article from the Independent Review, namely ‘The optimism of Browning and Meredith’, were republished in his book The Problem of Theism and Other Essays (Pigou 1908), which also included three new chapters: ‘The general nature of reality’, ‘The problem of Theism’ and ‘Free will’. Some of these works are obvious extensions of his undergraduate works, with the Browning and religious themes of his Burney Prize winning essay being revived in the chapters on the optimism of Browning and Meredith, the problem of theism, and ‘the ethics of the Gospels’. Other chapters were to influence subsequent work on welfare economics.

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20 In his referee’s report on Pigou’s King’s College fellowship dissertation, which was a revised version of his winning Cobden Prize essay, Marshall supported his very strong recommendation in favour of Pigou by quoting extensively from a letter that he had received from Lloyd that enthused about the ‘remarkable capacity for economic argument’ that Pigou demonstrated in his Cobden essay (see McLure forthcoming).

21 The relevance of ‘Some Remarks on Utility’ (Pigou 1903b) and ‘Producers’ and ‘Consumers’ Surplus’ (Pigou 1910) to Pigouvian welfare economics, and the consequence differences between Pigou’s and Pareto’s approaches to economic and social welfare, are considered by McLure (2010).
For example, the first sentence of the first chapter of *Wealth and Welfare* (Pigou 1912, p. 3) commences by citing G.E. Moore from *Principia Ethica*: “If I am asked ‘What is Good?’ my answer is that good is good. Or, if I am asked ‘How is good defined?’, my answer is that it cannot be defined, and that is all I have to say about it” (Moore, 1903, p. 6) and Pigou then goes on to discuss the relationship between economic welfare and welfare in general. Similarly, in the essay ‘The problem of Good’, Pigou is concerned with the views of G. E. Moore, although he also considers the great late Victorian philosophers, Sidgwick (in Cambridge) and T. E. Green (in Oxford) and, in the process, engaging in discussion with Mr J. M. Keynes and the Rev. J. R. P. Sclater, who are acknowledged in the preface to *The Problem of Theism* for making “useful suggestions upon special points” (Pigou 1908, p.viii). It should also be noted that the chapter entitled ‘The general nature of reality’ is particularly notable for drawing out the methodological issues of social enquiry that derive from philosophical thought and which pertain to his subsequent method of science, in that it recognises that at least part of the independent reality that social scientists deal with concerns the spirits of living men.

Consequently, in the lead up to Pigou being appointed Professor of Economics at Cambridge University, his preparations for serious reflection on economics was preceded by philosophic reflection on the nature of what is good, the nature of science and the tools of economic analysis. In other words, he was laying the grounding for his seminal works in the field of welfare economics.

5. The ‘Prof’

Pigou’s 1908 appointment to the chair in Professor of Political Economy at Cambridge University was controversial. Pigou was only 30 years of age upon succeeding Marshall and, although he had shown great promise in the application of the theoretical tools that Marshall had developed, the extent of his experience and maturity of thought was limited by his young age. Pigou, however, was close to Marshall and had embraced the Marshallian theoretical framework, teaching it with distinction as a Fellow. The other candidates all had greater experience: Foxwell at Cambridge, William Ashley from Birmingham University, and Edwin Cannan from the London School of Economics. But Foxwell and Ashley were proponents of the historical method in economics, with Ashley being the leading protagonist on the protectionist side of the debates surrounding Chamberlain’s proposals, and Cannan had not embraced Marshallian thought so unequivocally as Pigou. The ‘electors’ (the selection panel for the post) may well have recognised Cannan as a strong candidate but, in the judgement of Ronald Coase (1972, p.482-483), they probably only seriously considered the two candidates from Cambridge. That is, the ‘electors’ choice was fundamentally between Foxwell and Pigou. The voting pattern of the electors is not known, although it is certain that Marshall was active in lobbying in Pigou’s favour and that some of the electors found that activity to be inappropriate, unwarranted and distressing. As a consequence, while Pigou was elected as Marshall’s successor at Cambridge, it is almost certain that he did not enjoy the

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22 For further discussion on Pigou’s appointment see Coase (1972), Coats (1967) and Jones (1978).
23 The active electors for Marshall’s successor to the position of Professor of Political Economy were Lord Courtney, F. Y. Edgeworth, J. N. Keynes, J. S. Nicholson, R. H. Inglis Palgrave, V. H. Stanton and W. R. Sorley (Coase 1972, p. 478).
unanimous support of the electors. One further consequence of this controversy was the rekindling of the antagonism that Foxwell felt towards Pigou, which had commenced when Marshall initially appointed Pigou in 1901 to take his general course in economics. After the election of Pigou in 1908 to the Cambridge Chair, Foxwell was particularly bitter towards Marshall over the behind the scenes role he played in the lead up to the election, which, in an effectively two horse race, Foxwell saw Marshall as acting against him to deny him the post that he felt he had already earned. However, in a letter written to a colleague shortly after his failure to be appointed Foxwell describes Pigou as “a brilliant man and personally an excellent fellow” and comments that Pigou had “been particularly kind and delicate in his communications with me” (Foxwell, written approximate one week after the election, letter to Clara Collet, cited in Coats, 1972). Foxwell’s antagonism in the light of such expressed sentiment may suggest his embitterment lay more squarely with Marshall’s behaviour and his own (failed) ambitions of securing the chair in Political Economy at Cambridge.

The ‘Prof’s’ Idiosyncrasies as Teacher, Mentor and Scholar

Notwithstanding the background controversy to Pigou’s elevation to professorship, his appointment was properly marked with a celebratory dinner. From 1908 to 1943, Pigou continued to work as Professor of Political Economy at Cambridge. During that time he worked in a particularly hard and focussed way, but always setting time aside for playful socialising as well as energetic recreation. From early in his professorship Pigou was generally referred to as the ‘Prof’, especially by the few who were privileged to enter into his private life. One such person, Donald W. Corrie, who read and commented on the manuscript of Wealth and Welfare (Pigou 1912) recalled –

“a rapidity with which he [Pigou] could relax after serious work and plunge with boyish enjoyment into any sort of hair brained spree, and at [illegible] notice assume the gravity of the Professor of Economics in discussion with Layton, Fay or Keynes” - (letter to Saltmarsh ACPI/Corrie, Page 4 (back) of February 19, 1960)25

But to the general student body, the recollection of Pigou is perhaps slightly different from that of Corrie. Austin Robinson, an undergraduate in Pigou’s classes, recalls Pigou’s eloquence and clarity of exposition, but also notes a degree of reserve:

“We admired Pigou; after a lecture we would sometimes shyly ask him a question, and he would answer, either jocularly or even more shyly. But most of us as undergraduates hardly knew him outside a lecture room ...” (1968).

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24 Coats (1972, p. 488) suggests that ‘moderates’ among the electors, like Nicholson and J. N. Keynes, were displeased by Marshall’s lobbying in favour of Pigou. Coase (1972, p.483-484) suggests that they probably voted against Pigou and in favour of Foxwell.

25 Peter Groenewegen (2012) considers Charles Ryle Fay (1884-1961) and Walter Layton (1884-1966) as minor Marshallians. Fay, an economic historian, remained an academic during the course of his working life teaching and writing economic history but he also completed a treatise on the cooperative movement in Great Britain and abroad. Layton wrote on labour economics and the price level. He left academia to become a financial journalist and newspaper editor, later becoming the proprietor of the weekly Economist. (See Groenewegen’s book for an in-depth consideration of both men as Marshallian economists).
As a student at Cambridge University and as a young fellow at King’s College, Pigou had been active in public debate through the Cambridge union, but this changed drastically sometime after his elevation to professorship. While he continued to be a supporter of his colleagues and mentor to younger economists at Cambridge, he became much more circumspect and withdrawn when it came to professional matters. This appears to be partly related to Pigou’s experiences during World War I (see Section 7, under the subheading The Ordeals of a Pacifist).

In regard to his own work, Pigou attempted to develop or refine his contributions without generally attending conferences. Rather, he would read published materials and respond formally, either via published articles or noting correction to errors made in subsequent editions of his books. He remained essentially a theoretical economist developing his line of thought with little collaboration, although he did seek assistance in mathematical and other analysis (Robinson, 1968). For example, Pigou sought out the assistance of Keynes in the revising of Wealth and Welfare in 1912-13, and called upon the strong mathematical abilities of the young Frank Ramsey during the late 1920s (Duarte, 2009). Ramsey provided mathematical assistance in relation to two propositions Pigou was developing, one being on credit and the other on unemployment, both of which were subsequently published as articles in the Economic Journal (1926, 1927b). Ramsey also assisted Pigou with revisions and modifications which would appear in the third edition of The Economics of Welfare and in the development of Pigou’s treatise on public finance (1928). It has been argued by Collard (1996, p. 588), Duarte (2009, p. 461) and Gaspard (2005, p.3) that Ramsey’s two major economic articles, A Contribution to the Theory of Taxation (1927) and A Mathematical Theory of Saving (1928) directly arose from considerations arising from his collaboration with Pigou during this time. An argument substantiated by correspondence from Pigou to Keynes –

“Ramsey is writing out a paper on some results he got in the course of doing sums for me – with a marvellously simple generalised formula about taxes. Don’t let him be too modest to produce it for the Journal”

(Pigou, before March 1927, letter 4124 to Keynes, cited in Bridel & Ingrao, 2005, p. 160)

During the late 1930s, Pigou would also seek the mathematical assistance of D.G. Champernowne who was appointed Lecturer in Statistics during 1938.

It was in this manner that Pigou developed his economics: in singular contemplation; loyal to the Marshallian apparatus; utilising qualitative analysis rather than statistical argument; using germane mathematical argument; drawing upon his philosophical grounding and; seeking assistance from time to time from selected colleagues. These were the tools he honed in his professorial role in order examine what was “good” in terms of ethics and the economic welfare for individuals and society and to develop tools for public policy to effect that which could be considered “good” of individuals and society.

His method of supporting colleagues and potential colleagues also tended to be private in character, relying on deep reflection on text, quite private discussion and correspondence. His mentoring and support for Joan Robinson is perhaps the best
example of this, although it is not the only one. 26 Aslanbeigui and Oakes (2009) outline the considerable support Joan Robinson received from Pigou when she was working on *The Economics of Imperfect Competition*, with Pigou providing algebraic support for Robinson’s treatment of some issues. This work by Pigou was subsequently published in *Economic Journal* as a note in the 1933 March edition of the journal, but in this note he generously paid tribute to Robinson for her original insights.

Joan Robinson was eventually appointed Faculty Lecturer in 1938, suffering a nervous breakdown in that same year. Pigou wrote a letter to her in the spring of 1939 enquiring about her well-being and offered her to stay at his house in Buttermere as a place to convalesce. In the summer of 1939, Pigou wrote a further letter taking the opportunity to advise her on her teaching. That letter, reproduced in full in the appendix to this chapter, is of considerable historical importance for revealing Pigou’s approach to mentorship and highlighting his preferred approach to writing up the outcome of scholarly research. In regard to mentorship, the letter reveals that Pigou is not willing to constrain original scholarship or the dissemination of new ideas, but, in the interests of recognising the depth and scope of past writers in the history of economics, he urges caution against extreme polemics other than in formative debate and discussion. In regards to his own writing, the basis of Pigou’s approach to rhetoric is implicitly outlined in that letter. The key point being that he did not seek to emphasise differences between scholars. When direct comparison is called for, then the emphasis is on commonalities. Again, extreme polemics are to be avoided and it is evident that Pigou would never have expressed the expectation that his work would ‘revolutionize ... the way the world thinks about economic problems’.

Finally, Pigou tended to avoid appointment to committees that were administrative in nature and he started to lose vigour in his lecturing style as he became older (Robinson 1960). Indeed, Pigou recorded his sadness and frustration from ailing health problems that derived from suffering heart attacks in 1927 and 1938, as discussed in section 6, in a poignant poem, which draw extensively on imagery from Dante’s *Inferno*. That poem, in the form of correspondence to his friend D.W. Corrie, is also reproduced in the appendix to this chapter.

**Major Scholarly Contributions – A General Overview**

Pigou was a scholar of high international repute, writing over a dozen books and contributing over 100 articles. His first truly great work, *Wealth and Welfare*, was published in 1912, four years after his professorial appointment. Pigou commences this book by writing that ‘welfare’ cannot be defined, but, ‘economic welfare’, or the part of ‘welfare’ that is directly related to the national income, can be defined, at least to the extent that economic changes are seen to lead to an improvement in economic welfare. In that regard, Pigou associates three social changes with an increase in economic welfare: 1) an increase in the magnitude of the national income; 2) an increase in the absolute share of the national income accruing to the poor; and 3) a diminution in the variability of the national income, especially in the part that accrues to the poor.

A fundamental issue of the book concerns the respective harmony (consistency) and inconsistency (disharmony) between each of the three goals above.

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26 Pigou also provided considerable support to Richard Kahn particularly in the consideration and endorsement of Kahn’s fellowship dissertation, providing advice to Kahn to publish the work without delay; advice Kahn did in the end act upon (see Aslanbeigui & Oakes, 2010).
Economic welfare is enhanced, at least in a probabilistic sense, when an outcome enhances one or more of these three goals without detracting from the other goals. But Pigou does not rule out the possibility of an economic welfare improvement even in the face of ‘disharmony’, such as when there is a trade-off between efficiency and distributive fairness.

In general, the book is based on a synthesis of the Marshallian analytical apparatus and the mature variety of utilitarian philosophy associated with Sidgwick. Using the analogies introduced in his subsequent book, *The Economics of Welfare* (1920), Pigou attempted to add to the ‘light’ of economic theory to make it more capable of yielding ‘fruit’ for the broader community. The most enduring feature of this book is the discussion of ‘hindrances’ to the maximisation of national income that result from divergences between the levels of utility of private individuals, who act without regard to others, and social utility, which includes spill over welfare consequences for individuals who are not the direct parties to economic exchanges. With *Wealth and Welfare*, Pigou therefore laid the foundations for the study of ‘externalities’ (although, again, without using the term) that result from investment. He did so by confining his analysis of welfare to ‘that part of welfare that can be brought into relation with the measuring rod of money’ and focusing on changes in aggregate expenses across the industry to identify marginal supply prices.

Although Pigou’s work was well received, his analysis was not without criticism. Allyn Young (1913), in an otherwise appreciative review of Pigou’s *Wealth and Welfare*, identified a flaw in Pigou’s analysis of industries with increasing returns. To calculate the supply price, Pigou examined changes in the total supply of the industry. But Young (1913) demonstrated that Pigou’s aggregate approach to supply had the effect of attributing rents that firms realise from economies of scale to the marginal net product of resource. As a result, Young questioned Pigou’s conclusion that taxes and bounties could be considered for industries that do not exhibit constant returns to scale. It was Pigou’s particular treatment of industry wide increasing returns that J.A. Hobson (1914) utilised in his attack on marginalism. Hobson argued that Pigou’s analytical argument concerning industry returns ‘virtually endorses the criticism that “marginalism” assumes a statical condition of industry’. Marshall would also later be found to have harboured doubts as to Pigou’s use of the statical method in this regard and expressed concern that the theory required some consideration with regard to its translation into realism (Bharadwaj, 1972). This would not be the only time that Pigou’s adherence to analytical technique would undergo criticism. Pigou’s friend and colleague at Cambridge, John Clapham (1922a, b), would also take him to task over his use of analytics without its relatedness with historical data. In 1926, Piero Sraffa produced a seminal paper which showed that increasing and decreasing returns were incompatible with Marshallian partial equilibrium analysis. Pigou (1928b) would acknowledge elements of Sraffa’s argument, but responded with his own counter-argument to Sraffa’s claims.

Pigou built upon the framework developed in *Wealth and Welfare* to produce *The Economics of Welfare* first published in 1920. Nearly double the length of *Wealth and Welfare*, Pigou added further sections related to labour relations, public

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27 The ongoing debates concerning this theoretical issue would later culminate in the “increasing returns-symposium” in which appeared in *The Economic Journal* in 1930.

28 Aslanbeigui (1996; 1997) provides an historical account of how the cost controversy affected Pigou’s analysis noting that his responses led to his separation of external and internal economies of an equilibrium firm, constructing the average and marginal cost curves, and outlining the conditions for equilibrium.
finance and the size and distribution of the national dividend. Subsequent revisions of *The Economics of Welfare* were published, the last and fourth edition in 1932. During its various iterations Pigou revised his treatment of the laws of returns responding to criticisms and errors in his original work, and added to and removed sections. Pigou would later develop sections removed from *The Economics of Welfare* into other complete books. Pigou’s consideration of the variability of the national dividend was originally included in *Wealth and Welfare* and the first edition of *The Economics of Welfare*, but this was eventually removed, revised and extended, and published as a new book *Industrial Fluctuations* (1927). His discussion of public finance would be reproduced in *The Political Economy of the War* (1921) and later extended into *A Study in Public Finance* (1928). It was, however, Pigou’s major theoretical considerations first outlined in *Wealth and Welfare* and subsequently popularised in *The Economics of Welfare* (which is perhaps best regarded as a subsequent edition of *Wealth and Welfare*) which established welfare economics as a field of study internationally, as well as making it an integral component in the education of Cambridge economists during the 1920s and 1930s.

Pigou’s welfare analysis would later be displaced by the 1930s development of the ‘new’ welfare economics, which was primarily promoted by economists associate with the London School of Economics. Lionel Robbins’ (1932) influential paper changed the tone and scope of economic inquiry emphasising economics as a positive science, narrowing economic inquiry to that which excluded normative propositions. Robbins effectively argued for value neutrality in economics suggesting that interpersonal comparisons of utility were unscientific and condemned Pigouvian arguments of progressive income taxation based on the assumption that the marginal utility of income declined so that total utility could be increased by income transfers from the rich to the poor (Aslanbeigui, 1990, pp. 621-622). John Hicks (1935), influenced by the work of Vilfredo Pareto, took up the challenge to develop welfare analysis based on an ordinalist view of utility.

Pigou would not formally respond to the challenge of his position on welfare economics or its displacement by the new welfare economics in the 1940s, until 1951 when ‘Some Aspects of Welfare Economics’ appeared in *The American Economic Review*. Pigou’s focus remained on the ability of the concept of the diminishing rate of marginal utility to inform policy development on problems of poverty and inequality. In accepting the fact that utilities are not measurable, Pigou proceeded in his analysis to consider comparability which he believed something could be said. Comparability of economic welfare between representative groups of people was considered possible by Pigou ‘on the basis of analogy, observation and intercourse’ such that a certain level of economic welfare may be presumed to yield similar amounts of satisfaction, emphasising, however, the requirement to consider income distribution with the desirability of economic efficiency. Pigou’s ultimate conclusion that ‘if economic welfare were not something to which the notion of greater or less were applicable, Welfare Economics would vanish away’ provided comment on the various arguments concerning the strict conditions of Pareto’s laws in applied policy development and theoretical augmentation in order to remain workable at practical levels. Pigou’s cardinal approach to measurements in welfare considerations would later re-emerge in the works of John Rawls (1972) and Amartya Sen (1970).

Ronald Coase (1960) would later challenge the Pigouvian analysis of externalities and the requirement of government intervention in the form of taxes and bounties and present an alternative mechanism. Coase argued that in a zero transaction-cost world, the assignment of appropriate property rights would provide a
basis for negotiation between two parties that would lead to the internalisation of the externality. Even in a world in which transaction costs existed, Coase argued that government intervention may also incur high costs which would not permit optimal solutions to be met. 

Pigou would also suffer a professional blow from within the circle of his own colleagues at Cambridge, in particular from John Maynard Keynes, in Keynes work The General Theory of Employment Interest and Money (1936). In the late phase of the Great Depression, Keynes attacked Pigou’s analysis on the basis that it represented the classical view which Keynes found deficient in addressing the persistent and high unemployment that was being experienced. He did this by utilising powerful rhetoric, when criticising Pigou’s work on unemployment as representative of the classical view, which he employed as a foil in order to advance his own ideas.

The method of polemics which Keynes adopted in The General Theory affronted Pigou in two ways. Firstly, Keynes challenged the analytical foundations of what had been one of Pigou’s consistent concerns during the course of his professional career as an economist; the consideration of unemployment and its impact on society. Pigou had published Unemployment in 1914, Industrial Fluctuations in 1927 and extended his consideration of unemployment in The Theory of Unemployment published in 1933 which Keynes would argue seemed ‘to get out of the Classical Theory all that can be got out of it’. Pigou’s position that frictional resistances prevented appropriate wage adjustments to take place instantaneously implied labour market imperfections were the fundamental source of unemployment. Based on these views, Pigou believed that monetary or fiscal policy could be used to moderate fluctuations in employment and flexibility in wage rates would ensure full employment. Keynes, however, having observed the persistence of unemployment during the depression, even in the presence of declining money wages, argued that unemployment was an equilibrium phenomenon and rejected the proposition that competitive markets would, in the long run, be self-correcting to a level of full employment. Rather, Keynes asserted that markets could settle at certain levels of unemployment and he argued that nominal wage cuts would not alleviate the problem of unemployment. Keynes advocated government spending (by deficit creation) as a means to increase effective demand and, as a consequence, also increase employment.

Secondly, Pigou disapproved of the way that Keynes sought to promote and disseminate his own theories. In short, Pigou saw Keynes as creating a straw man in order to discredit Marshallian analysis. Pigou responded by an equally scathing review of the General Theory making pointed reference to Keynes’ attack on his intellectual predecessors:

“Einstein actually did for Physics what Mr Keynes believes himself to have done for Economics. He developed a far-reaching generalisation, under which Newton’s results can be subsumed as a special case. But he did not, in announcing his discovery, insinuate through carefully barbed sentences, that Newton and those who had hitherto followed his lead were a bunch of incompetent bunglers” - (Pigou, 1936, p. 115)

It is generally accepted that the relationship between Pigou and Keynes over the course of their respective careers was respectful and productive. One of Pigou’s

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29 Although Coase’s work appeared after Pigou’s death, Aslanbeigui (2010, pp. lv-lvii) constructs a possible critique that may Pigou may have presented.
earlier actions as Professor of Political Economy had been to privately fund Keynes’ lectureship at Cambridge before Keynes’ election as a fellow in 1909 (Kahn, 1984, p. 189). Pigou certainly valued the advice Keynes gave on his manuscripts, be it economic or philosophical in nature and both were involved in the day to day activities of the Cambridge School. Also, regardless of the controversy surrounding Pigou’s and Keynes’ theoretical analysis it should be recalled that both Pigou and Keynes in the early years of the 1930s jointly signed policy advice recommending government spending to combat unemployment. Both men were unwell with heart conditions during the period of controversy surrounding The General Theory and they both continued to work closely on the administration of the Economic Tripos and King’s College and matters regarding policy.

But, notwithstanding this, Pigou does appear to have interpreted Keynes’ actions as detracting from the importance of Pigou’s prior theoretical contributions (Collard, 1981; Leeson, 1998). Pigou had, for instance, considered the nature of ‘involuntary’ unemployment and had earlier developed work on an employment multiplier. Leeson (1998) further points to the inconsistency of Keynes’ rhetorical attack of Pigou as a ‘classic’ in light of Pigou’s obvious recognition of failures of the price mechanism and his prescriptions of government intervention when such failures occurred. Ambrosi (2003), on the other hand, considers Keynes’ actions as a response to earlier frustrations arising from Pigou’s reception to ideas Keynes’ was forming from the early 1930s. Pigou’s review of Keynes’ A Treatise on Money had contained a barbed criticism of Keynes’ ‘carping at “current economic theory” – whatever precisely that may be’ and pointed out that Keynes’ theory had Robertsonian foundations (Pigou, 1931 as cited in Bridel and Ingrao, 2005 p.161). However, in reconstructing their theoretical work Ambrosi (2003) finds Pigou’s and Keynes’ research agendas were not dissimilar in many respects.

The controversies with Keynes during the 1930s probably diminished Pigou’s reputation. As such, he may have been considered as one of ‘yesterday’s men and women’ resisting the change lead by ‘today’s men and women’. But, in typical fashion, Pigou continued to carefully analyse the issues raised by Keynes’ General Theory, responding with his own further consideration on the matter. Pigou’s immediate response was to produce ‘Real and Money Wage Rates in Relation to Unemployment’ (1937), a controversial article which Keynes sought to delay from being published being of the view it was ‘the work of a sick man’, a comment due in part to Pigou’s ill-health at the time, but also because of his disagreement with Pigou’s assumptions concerning the monetary system and the flexibility of real wages. Pigou continued to develop his analysis concerning employment incorporating the implications from Keynes’ General Theory. This work included Employment and equilibrium: a theoretical discussion (1941) and the article ‘The Classical Stationary State’, published in 1943, in which Pigou developed a link between real balances of wealth and consumption and, in the process, suggesting a mechanism by which an economy could ‘self-correct’ in response to falls in aggregate demand. Real wealth was defined by Pigou as the sum of the money supply and government bonds divided by the price level and Pigou argued that as unemployment rose, the price level would drop which in turn would raise real balances. Consumers with increased real levels of wealth would then increase consumption, moving the economy towards full employment. Pigou, however, conceded that an economy could settle at a level of employment below the full employment rate when prices and wages were sticky. Pigou’s real balance effect, now popularly known as the ‘Pigou effect’, provided a link between Keynes’ framework and the equilibrium model.
Pigou followed that work with *Lapses from Full Employment* (1945) and five years later he would articulate his views of Keynes’ theory in *Keynes’ ‘General Theory’: A Retrospective View* (1950). In this article Pigou accepted certain elements of Keynes’ work, but as Collard notes, also maintained several reservations as well (Collard, 198, p.127). Pigou continued to work long after his retirement at the age of 66, not only in the contemplation of employment, but in studies on income (*Income, An Introduction to Economics* and *Income Revisited: Being a Sequel to Income*), British economic history (*Aspects of British Economic History 1918-1925*) and money (*The Veil of Money*).

**Leadership at Cambridge**

At King’s College, Pigou made numerous contributions to the Elector’s Committee for fellowships, with his judgement on the intellectual talents of applicants held in very high regard. As Saltmarsh and Wilkinson have highlighted: “His colleagues came to listen for his verdict, as foxhounds listen for the tongue of the oldest and sagest hound in the pack” (1960, p. 11). Notwithstanding Pigou’s worsening health problems as his tenure increased, Pigou’s ‘sense of justice’ was recalled as an outstanding feature in handling the problems of running the faculty during his Professorship. As Robinson (1960) recalls, “If you were working with him, you had to satisfy him that what you proposed was a completely just solution of the problem at hand”.

But the ‘Prof’ did not stamp his authority on the future direction of the economics program in that he never attempted to shape the discipline in his own image. The manner in which he worked – his quiet isolation and his innate shyness – did not lend themselves to the qualities of leadership that Keynes later weld, especially with the younger generation of Cambridge economists who had collaborated with him during the development of the *General Theory*. Nevertheless, it was under the leadership of Pigou that many of the second generation of Cambridge economists were trained, including many of the younger Cambridge economists who gravitated into Keynes’ camp.

But none of this means that Pigou was indifferent to Cambridge appointments. Rather, he was more concerned with the intellectual qualities of the appointee, and on that score he had confidence in the judgement of Keynes, than with appointing protégées who followed in his exact footsteps. Indeed, in 1935, he invited J. R. Hicks to apply for the post of lecturer at Cambridge. Hamouda (1993, p. 290) has speculated that Pigou’s job offer to Hicks was motivated by a desire to balance the authority of Keynes and his younger followers, on the one hand, with Pigou, Robertson and Hicks on the other. But another interpretation is also evident that is simpler, less Machiavellian, and more consistent with Pigou’s personality. That is, notwithstanding the divide between the ‘old’ and the ‘new’ welfare economics, with Pigou and Hicks on different sides of that divide, Pigou simply recognised Hicks’ great intellectual qualities and he sought to employed him on that basis. Interestingly, Hicks appeared to like Pigou and was happy to engage him in discussion on issues in economics and he found a subtle way of achieving that end: “The thing to do is never to press him [Pigou], or argue with him; just throw out a remark to see if it tempts him” (Hicks, November 12, 1935, letter to Ursula Webb, as cited in Marcuzzo & Sanfilippo, 2008, p.86).

It is perhaps true that, from the mid-1930s onwards, that the intellectual distance grew over time between Pigou and the younger economists who were
associated with Keynes, including Richard Kahn, James Meade, Austin and Joan Robinson, and Piero Sraffa (although the closeness of that association varied). But for a largely singular scholar like Pigou, that distance may well have been more incidental than deliberate; and appeared more deliberate and cultivated than it actually was. Moreover, the distance was implicitly reciprocated by the younger economists too, who were intent on extending economics and taking it in directions inspired by Keynes. Also, Pigou was approaching 60 years of age when the *General Theory* was published, so he naturally had a very different manner to that of Keynes in his intellectual engagements with his younger colleagues and students.

Pigou’s method of leadership is also revealed in his actions to smooth over the tensions which had developed at Cambridge during the 1930s. Dennis Robertson, who succeeded Pigou to the Chair of Political Economy in Cambridge University in 1944, had, unlike Pigou, continued to harbour some bitterness towards Keynes after the 1937 debates leading to estrangement between the two scholars, with the younger economists gravitating towards Keynes’ circle. In a study of the correspondence between Pigou and Keynes, Bridel and Ingaro (2005) outline how the deterioration of Keynes and Robertson’s working relations came to a head with the formation of a research project investigating depression and recovery in Britain. Pigou is shown to have been sensitive to Robertson’s resentment at being excluded from the project and attempted to diffuse the situation by suggesting the formation of an advisory committee to the project which would include Robertson, Keynes and himself. The committee members of the project, which had included Austin Robinson, Sraffa and Champernowne, bitterly fought Robertson’s inclusion from that advisory committee. Pigou’s attempt to smooth things over failed, with Robertson resigning from his position at Cambridge and taking a position at the London School of Economics. However, the episode demonstrates Pigou’s sensitivity towards his colleagues and the sensitivity shown in this case was not an isolated incident. For example, in his correspondence to Keynes during World War II, Pigou expresses general concerns for Keynes’ health and concerns for Sraffa’s possible internment as an enemy, war having been declared between Britain and Italy. Pigou wrote to Keynes advising him that he had suggested to Sraffa to write to Keynes’ mother to ask her “to keep a friendly eye on his mother when he gets pinched” (Pigou, letter 12 June 1940 to Keynes, cited in Bridel & Ingrao, 2005, p. 159).

The final period of Pigou’s Professorship before his retirement must be considered in the context of the stresses around him, including his own health which was to deteriorate significantly in the late 1930s. But in the dire political and economic times of the Second World War, Pigou maintained his position and, to a large extent, his working relationships with others around him.

*Politics and Short Periods of Public Service*

Pigou is reported as not having a natural aptitude for government and administrative work and is recalled as disliking “grassing” and “jaw” (Saltmarsh & Wilkinson, 1960, p.10). And, as Takami (2011) has pointed out, there is no evidence to suggest that Pigou, unlike many of his colleagues, joined the Fabian Society, which was active at Cambridge. Nor did he sympathise with socialist doctrines. Austin Robinson (1968) describes Pigou as a liberal in 1912, “neither an extreme radical nor a socialist”, a position corroborated by Saltmarsh and Wilkinson (1960, p.14) who suggest that Pigou was “no party man”.

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Nonetheless, he still performed some public service, although perhaps not as much as he would have if his experiences during World War I had not had such an effect on him. After providing part-time assistance to the Board of Trade during World War I, he then served on the Cunliffe Committee on Foreign Exchange (1918-1919), and the Royal Commission for Income Tax (1919-1920). He also served on the Chamberlain Committee on the Currency and the Bank of England Note Issue (1924-1925), the report from which precipitated the restoration of the gold standard at the old parity of exchange, a move Keynes would later savage because of its adherence to traditionalism. In 1930, Pigou joined the Committee of Economists, chaired by Keynes (other members of the Committee included Robbins, Sir Josiah Stamp and H.D. Henderson) to review current economic conditions in Great Britain and the causes, and to advise on conditions of recovery. At Cambridge Pigou avoided committee work. A major exception to this was his forty-year long commitment to the committee of Fellowship Electors.

6. The Private Life of a Very Private Man

Champernowne (1959, p. 264) has recalled Pigou’s “refusal to be diverted by any other ambitions” enabling him “to live a completely uncomplicated life”. This uncomplicated life encompassed two life-long endeavours: his intellectual and professional endeavours at Cambridge; and mountaineering, an activity that was introduced to him by his King’s College colleague, the economic historian J.H. Clapham, during the first decade of the 20th century (Robinson, 1968). Pigou spent the majority of his life at King’s College, Cambridge from his arrival there as a student in 1896 until his death in Cambridge on 7 March 1959. When not at King’s, Pigou became a proficient climber, climbing the Alps of Europe and around the Lake District in England where he built a cottage at Lower Gatesgarth, Buttermere in 1911. Pigou was a member of the ‘British Alpine Club’ and outside his academic writings there is a small collection of articles written for the Alpine Journal and The Climbers’ Club Journal recalling various climbing experiences and remembrances of friends. It is around these two principle life-long activities and interests that Pigou’s relationship with friends and colleagues primarily emerged.

Women and Men

A notoriously shy person, Pigou is reported to have “revelled in misogyny” (Saltmarsh & Wilkinson, 1960, p.18). While Pigou’s awkwardness with women extended to his private life, the matter is perhaps illustrated by a work practice. Specifically, he was in the habit of dictating to female stenographers from one of his rooms at King’s College, through a half-opened door to another room, where the stenographers were required to sit and, on completion, be expected to return the resultant typescript using the College mail system (Graff, 1987). But this misogyny was symptomatic of a broader shyness and isolationist tendency. It also needs to be set against his mentoring support for Joan Robinson and his generosity and hospitality towards climbers and others who mixed in his social circle. Aslanbeigui (1997) has substantiated suggestions of Pigou’s chauvinistic attitude toward women and found that that attitude even permeates his economic thinking, but, she also finds that his views in that regard were consistent with the stereotypical attitude towards women.
prevalent in the late Victorian era – typified by patriarchal dominance and common-held beliefs of male superiority – in which Pigou was nurtured.

Perhaps not surprisingly, Pigou never married. Skidelsky describes Pigou in the *dramatis personae* entry in his biographical work on John Maynard Keynes as –

“...happiest in the company of his male students. He took them mountain climbing, wrote them letters laced with Italian couplets, and with a favoured few, like Donald Corrie, indulged in Cumberland wrestling ... in the seclusion of the grass area on the north of the Chapel at dead of night”. (Skidelsky 1983, p.980)

Collard (1996, p. 18) concludes, also from extracts of Keynes’ correspondence, that “it seems likely that the young Pigou would have had male partners”. However, Collard tempers these conclusions in light of Champernowne’s reminiscences in personal correspondence with him that “although Pigou enjoyed the company of intelligent, good-looking young men his feelings were platonic and sublimated”. Champernowne’s assertions appear consistent with Florence Tamagne’s (2007) two volume work on the history of homosexuality in Europe. In her work she traces the cult of homosexuality arising in the British public school system and at Cambridge and Oxford universities towards the end of the nineteenth century and early twentieth century. In the period immediately before the formation of the Bloomsbury group, Tamagne states that –

“Cambridge was characterised by its discreet tolerance, good taste, and restraint. The student, if they were homosexual, regarded this preference as an almost intellectual choice and very often kept their sexuality within a framework of asceticism and chastity. The adoration of boys was asserted as a philosophical ideal derived from the Greeks; it was idealized to the point of removing any sensuality and any concrete sexual implication. These ideas had a lasting influence ... on the basis of such premises – [and] could defend homosexuality as a noble activity, an ideal of purity and abnegation as opposed to heterosexual debauchery and the shameless quest for pleasure. At the same time, this attitude did nothing to facilitate a liberation of morals; the ideas were tolerated but the acts were not.” (Tamagne p. 126)

The fact that Pigou’s closest relationships remain in essence, suggested, private and guarded in the literature suggests that Pigou’s recorded attitudes towards men fit within the contextual reconstruction as presented by Tamagne. Recollections of Pigou’s character simply suggest that he formed close and long term friendships, primarily with men, during the course of his life. Many of these friends went on to, in Pigou’s terminology, ‘crash’ (marry) and to have families of their own, with Pigou’s circle widening to include their wives and indeed their children.30

30 Pigou is remembered for having been particularly fond of children for whom he would develop amusing stories. Collard (1996, p.32), when exploring Pigou’s relationship with his publisher Macmillan, reports Pigou’s suggestion of publishing stories which he had over the years “tried out successfully on several children”.

21
Friendship and Mountaineering

When not at Cambridge, the hub of Pigou’s life centred on mountaineering. His house located in Lower Gatesgarth, Buttermere became a place where he “entertained a perennial stream of guests” including his close circle of friends, honeymooning couples, and students from Cambridge. Saltmarsh and Wilkinson (1960, p.19) recall mountaineering as largely providing Pigou’s avenue for contact with undergraduates recalling that Pigou was a good and generous friend to them, organising climbing parties, playing tennis and fives, lending them books, generously donating funds for travel, and retaining an interest in the Admission of Scholars in order to ‘pick a winner’. Pigou organised climbing expeditions both at Buttermere and to the Alps in Europe and became, himself, a competent climber. Although Pigou retained his life-long passion for climbing, his own climbing expeditions were severely curtailed at the age of forty-seven by a heart condition which presented after a climbing expedition in 1925. This condition remained with Pigou to the end of his life and generally affected his vigour after the late 1920s, Pigou suffering from major attacks in the late 1920s and again in the late 1930s. Pigou would, however, go on to support the climbing ambitions of younger men such as Wilfrid Noyce who had come to King’s College on an open scholarship from Charterhouse in 1936. Pigou made it possible for Noyce to climb for two seasons under experienced guides: Armand Charlet in 1937 and Hans Brantschen in 1938. Noyce would later become a member of the 1953 British Expedition that made the first ascent of Mount Everest. Noyce’s family members celebrated at Buttermere when they received the news that Everest had been climbed and, which (Saltmarsh & Wilkinson, 1960, p. 22) recalled as perhaps one of the happiest moments in Pigou’s life, an occasion where “he was with difficulty restrained from giving the baby champagne”.

The attraction of the mountains for Pigou can be gleaned from the various articles which he wrote regarding his adventures. It is also evident from writing by other mountain climbers who mention Pigou, which tend to stress the companionship amongst fellow climbers and the conversations they would have during climbs regarding a wide variety of things. For example, Wilfrid Noyce (1961) in the ‘Correspondence’ section of the Alpine Journal, when clarifying the philosophy of a fellow climber who had found that the majesty of mountains inspired his contemplation of metaphysical possibilities makes a comparison of him to Pigou. Noyce writes that “He was as logical an agnostic as A.C. Pigou in his refusal to be driven on, through the many things he marvelled at but did not understand, into something he personally could not believe”. Indeed, Pigou maintained such agnostic sentiments throughout the course of his adult life (Saltmarsh and Wilkinson, 1960).

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31 Further details of Pigou’s climbing achievements can be found in his obituary written by H.C.A. Guant (1959) appearing in the Alpine Journal.
32 This event is remembered in detail in Philip Noel-Baker’s (1959) obituary on Pigou appearing in Nature.
33 In his biography of the famous British rock climber, John Menlove Edwards, Jim Perrin (1993) recounts the relationship that developed between Noyce and Menlove during 1936, with the relationship ending on Noyce’s enrolment at King’s. The relationship between Noyce and Pigou, who was much older than Noyce (Pigou would have been approaching 60 years of age, 40 years Noyce’s senior), became lifelong and close. However, there is little to suggest that this friendship extended anywhere beyond a young man and a sponsor. Pigou remained friends with Noyce after his marriage in 1950 and the subsequent birth of his two sons and Pigou generously remembered Noyce in his final will and testimony.
The period immediately before World War I has been described as Pigou’s heyday (Saltmarsh and Wilkinson, p.19). After this period Pigou transformed from a “gay, joke-loving, sociable, hospitable young bachelor of the Edwardian period” (Johnson, 1960, p. 153) to an individual increasingly retreating to an intimate circle of friends and focused on his intellectual pursuits centred at Cambridge, and mountaineering. He would, however, keep these elements in his life distinctly separate, not wanting to “talk shop” outside his professional commitments at Cambridge. Guests at Buttermere would know better than to talk economics at all (Robinson, 1968). The reasons the youthful, “Viking-like” Pigou transformed into something of a recluse after the late 1920s has been attributed to his experiences in France and Italy during World War I, and his debilitating heart condition that affected his general vigour and which curtailed his passion in climbing (Champernowne, 1959; Johnson, 1960; Saltmarsh & Wilkinson, 1960), and the impact of internal politics at Cambridge (Collard, 1996).

Pigou maintained pacifist sentiments throughout the course of his adult life. He ‘despised and hated the senseless folly of war’. Though of military age at the commencement of World War I (Pigou was then 36), he did not join the armed forces. Instead Pigou continued with his teaching commitments at Cambridge, providing part-time assistance with the Board of Trade, and spending vacation periods driving for the Society of Friends’ Ambulance Unit commanded by Philip Noel-Baker, and the First British Ambulance Unit commanded by George Trevelyan. Pigou had bought a Ford car for use of officers of the Friends’ Ambulance Unit which was later transformed into a small lorry which Pigou would drive. Pigou is remembered for taking on particularly dangerous jobs, working close to battlefronts in both France and Italy. Pigou’s experiences during World War I, his observation of human waste, misery and destruction, are recalled uniformly as fundamentally changing his character. In a letter to the editor of The Nation, Pigou describes his experiences and the impact upon society as he saw it:

“I have seen the shattered ruins of Ypres Cathedral; I have watched the mud-stained soldiery staggering homeward from their trenches; I have been near by when children in Dunkirk have been maimed and killed from the air. And the sorrow, terror, and pain that these things represent – the pitiful slaughter of the youth of seven nations, the awful waste of effort and organizing power, the dulling and stunting of our human sympathies …” (Pigou, 1916)

Pigou’s position of conscientious objection during the war also produced a considerable amount of ill-will in his own immediate society. Conscription was introduced in Great Britain towards the end of 1915. In 1916 the Military Services Act commenced conscription of unmarried men between 18 and 41 and later widened to incorporate married men, and men up to 51 by 1918. Although the act included a “conscience clause”, objectors had to face a tribunal to argue their case as why they should not be called upon to join the army. In Pigou’s case, Cambridge University made a special case to exempt him on the grounds that his duties as Professor of Political Economy were indispensable. Pigou’s position on the war and his possible military service became publicly debated via a series of letters written to the editors,
and reported in, local (The Cambridge Daily News) and national (The Morning Post and The Times) media. William Cunningham, for example, accused Pigou of trying to “shelter himself behind his colleagues” (as cited in Aslanbeigui, 1992, p. 100).

Aslanbeigui (1992) suggests that the perpetrators of the public attacks on Pigou were linked to Herbert S. Foxwell. As already mentioned, Foxwell was bitterly disappointment by Pigou’s eventual appointment as Alfred Marshall’s successor and that bitterness may have influenced the role that Foxwell played in Pigou’s Borough Tribunal hearing. During that tribunal hearing, Foxwell contradicted John Neville Keynes’ assertion that Foxwell was unable to take over Pigou’s commitments at Cambridge in Pigou’s absence. Following this refutation, J. N. Keynes and the University were placed in an awkward position, effectively forcing Keynes to indicate that Foxwell would not be a suitable replacement for Pigou and to explain why. Pigou’s case for non-conscription stood and Foxwell was humiliated (Aslanbeigui, 1992). The war therefore impacted on Pigou manifoldly; not only from what must have been extremely confronting experiences arising from his activities as an ambulance driver near the French and Italian fronts, but also from the quasi-political machinations arising from his tribunal hearing and, in the period leading up to his hearing, having his professional (and moral) position attacked by those closer to home.

7. A Brief Final Reflection

Pigou appeared to find an avenue to address his intellectual concerns in the interests of all people, especially working people, by drawing upon his philosophical reflections of what was “good” for the individual and society and utilising the analytical tools of economic theorising developed by Marshall in order to provide means by which society might benefit from the “fruits” of economic knowledge. The discipline of economics provided a means to develop measures that would ameliorate emerging and ongoing social problems. In Pigou’s words “[I]t is … the social enthusiasm which revolts from the sordidness of mean streets and the joylessness of withered lives, that is the beginning of economic science” (Pigou, 1920, p.5).

Pigou retreated from direct policy debate and politics, a process which was more marked after his World War I experiences, but this allowed him to make reflection on text his modus operandi. He regarded the writing of essays as an essential pedagogical device for students to learn. His own writings too were based on quiet, sober reflection on text. He eschewed dramatic rhetorical forms that culminated in polemics centred on ‘headline’ issues, preferring to focus on the detail of what is fundamentally important and work through those issues carefully and patiently. As he noted in the Preface to The Economics of Welfare (1920), “The complicated analyses which economists endeavour to carry through are not mere gymnastic. They are instruments for the bettering of human life” (p. lxix).

Pigou the scholar can perhaps be characterised by a handful of words: quiet, shy, profound, useful. That said, many gaps in our understanding of this important economist remain. For example, for someone so shy with women, how can his important mentoring of Joan Robinson to be reconciled with misogyny? Similarly, how much of Pigou’s changed behaviour was due to his experiences in World War I? There are many such open questions about Pigou and we must conclude that Arthur

35 Aslanbeigui (1992) refers to J. N. Keynes’ Dairies, June 1 and 4, 1908.
Pigou the man remains elusive in many regards. But we hope that some of the gaps in our knowledge about Pigou, the man and the scholar, will be reduced by publication of Pigou’s forthcoming biography, which is currently being prepared by Nahid Aslanbeigui and Guy Oakes.

Appendix to Chapter

1) Letter from A.C. Pigou to Joan Robinson, Summer 1939 (JVR\vii\374\2)\(^{36}\)

Dear Mrs Robinson,

The Lecture list committee yesterday approved the plan of asking you to give lectures on monetary themes preliminary to Keynes’ lectures on his own stuff. I approve of the plan, but should like, if you will let me, to explain why I have felt a slight hesitancy about it.

I think that in recent years the men have been put into a terrible muddle by having controversies, largely, in my opinion, about minor more or less verbal difference, emphasized to them, and it will be good, for their side, to have monetary lectures given by people more in agreement with one another than was the case when Dennis was here. On the other hand, I think it would be a great pity if they got the impression that everybody who wrote about money before Keynes was an imbecile and that his way was a sort of sacred gospel of which every word was inspired. My hesitancy was that you, being so very much a Keynesian, might unconsciously treat other people’s theories as merely stepping stones to his. I hope very much that you will treat them objectively of course. I don’t suggest that you shouldn’t criticize them or should suppress your own view. It’s really a matter of degree; but I’m sure you will see my point. Here’s an illustration. Keynes said incidentally in the course of our talk (I don’t suppose he would really stick to it) that Marshall regarded money merely as a veil of all points of view. When one remembers Marshall’s express statement that the Principles is based on the assumption that stable price are maintained, together with the immense trouble he took to clarify a stable price-scheme (he told me once, if I remember rightly, that he kept a draft of the article by him for 10 years before publishing it), the idea that he thought money unimportant and nothing but a veil seems to me fantastic. What I’m really getting at is to express a hope that you will not use other theories just as illustrations of Keynes, but will treat them on their merits. Please forgive this. It’s really rather an impertinence for me to write it. But, as it’s all in a very friendly spirit, I hope you won’t mind.

Yours sincerely,

A.C. Pigou.

\(^{36}\)Naldi (2005) reproduces the second paragraph of this letter. Where difficulties were encountered in deciphering A.C. Pigou’s difficult to decipher handwriting, we have relied on Naldi’s transcription.
King’s College
Cambridge.

My dear Donnie,

The city is full of silence; and I – to whose ears the murmured merriment of voices had not of late been wholly strange – I wonder what this might mean. And as I came to the gates of the college, I saw written above it in letters of dull fire the words

Per me si va nella cita dolente;
Per me si va tra la perduta gente.

And from the gate there issued an old man swaying slowly from side to side and murmuring of meteorology. With this aide I replied to the apartment set aside for me. Bleakness without and within! Desolate workmen desecrating D Court; the sound of the hammer was heard in the land, dismal, reiterated, slow. At last through the mist there tottered weary forms. Come, they said, let us at least dine; and they did consume the goodly duck and did ask me, the latest comer to that dim abode, to tell them of the world that lay beyond the fastened gates, And I said; there is summer in the hedgerows and bracken on the hills, they hunt otters; they make puns. And a tall shade, moustachioed and grave, upon whose forehead was written I am Reddaway, and on his breast in amethyst O.B., turned to me and asked: And do they use the puns because it’s otter, and I answered ‘That is their punishment’. Thereafter, there was silence till one said: There was in Cambridge a man who sought to know philosophy; and he entered the shop of Messers Macmillan to demand some book wherein all that men knew thereon should be put down. And the man of the shop meditated for a time and departed. And when he returned it was seen that he bore with him – the works complete of Mr Arthur Benson. At this a faint smile burled among the assembled shades, and they wandered homeward amid the gloom. And so the days pass in Malebolge. We are dropping down the ladder rung by rung.

That is the news of us; this, the account of us; so the stars cry to us; so the mists seem. Ave amice; vegetaturi te salutant. Write unto me in this museum of the antique, and so may it face thee well. Given unto the gate-keeper at the door of the inferno on this 19th day of September by

Ever yr affectionate friend,
A.C. Pigou.

[Editorial Note: The original letter is typed but unsigned, presumably because of Pigou’s poor health at the time]
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