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Cambridge and Development Economics

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1 Introduction: Classical Political Economy and the Early Influences on Development Economics

In painting a backdrop for the emergence of ideas related to development economics, it is useful to briefly consider pre-classical and classical notions of human progress, though these will not be explored in depth in this chapter. The ‘developmentalist’ tradition, as Ha-Joon Chang (2014) describes, is not a school of thought per se; it was no such unified movement with core ideas, defined founders, or any specific population of following. Rather it was ‘dispersed, with multiple sources of inspiration and with a complicated intellectual lineage’ (ibid.: 113), including physiocratic ideology. Debate and discussion on moral philosophy was at its height during the seventeenth and eighteenth centuries in an enlightened Western Europe,

The authors are grateful to Dr Shailaja Fennell for her helpful comments and advice.

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and the influence of science and reason over a staunchly Catholic society was paving the way for increasingly self-determined possibilities for *superlative, infinite, and perfect* human progress. The doctrine of human perfectibility was an ideal since Antiquity and hugely influenced by the Aristotelian–Augustinian heritage (a conflicting, often chaotic set of ideas of infinite human progress and the inevitable Armageddon). Nevertheless, French, English, and German moral philosophers of the eighteenth and nineteenth centuries were inspired by the movement in emphasis from Catholic, obedientary perfectibility (perfect submission to a deity) towards technical perfectibility (maximum efficiency in specialised tasks) and teleological perfectibility (perfect attainment, thus creating perfect human satisfaction) (Passmore 1969).¹

In 1794, with the publication of his *Sketch for a Historical Picture of the Progress of the Human Mind*, Condorcet (like the British theorist, William Godwin, both of whom Malthus famously rebuts in his *An Essay on the Principle of Population* (1798)) made open and unfettered claims for mankind's absolute perfectibility.² However, a more pessimistic (Malthusian or 'dismal') tradition of developmentalist ideas came in the form of Genevan philosopher Jean-Jacques Rousseau (1712–1778),³ whose early discourses are concerned with inequality and whether this phenomenon arises under 'natural laws' (Rousseau 1755 [1992]). David Hume came to share Rousseau's views on the limits of natural progress and perfectibility. Together they sowed the seeds of what was to become the 'Order of Progress', emphasising the necessity of technology, science, and social organisation in manipulating nature to attain something *better* or *optimal* if not akin to perfectibility.

Though not a Cambridge man, another important later thinker who greatly influenced the analysis of economic, political, and social phenomena was Karl

¹ For instance, Fontenelle found influence upon the publication of his *Digression sur les Anciens et les Modernes* (1688) in which he highlighted the controversial possibility of infinite *growth*, by the accumulation of intergenerational knowledge of mankind, and the ability, therefore, to amass human capital. In publishing *Théodicée* (1710), Leibniz was noted for his idea of universal perfectibility and plenitude within a pre-established divine equilibrium of harmony. The work of the likes of Buffon took a decidedly Western, and immediately colonial view of human progress, creating a 'white man's burden' in calling the European the pioneer of civilisation and superiority.

² Condorcet refers to human well-being as a function of the problems of seasonal subsistence and the limited 'means of satisfying his wants' (Condorcet 1794 [1955]), although he divides progress into ten epochs of technological history which permit adjustment to the prevailing ideas and preserve equal and perfect growth (Rist 2008: 3). In his work *Political Justice* (1793), Godwin asserted that a thriving human population measures perfect conditions, citing intellectual capacities as a distraction from reproductive capacities when facing population pressures.

³ Rousseau spent some years in exile in Staffordshire, under the protection of Scottish philosopher David Hume (in turn a close companion of Daniel Malthus, father of Thomas Robert).

Marx. Marx's work, which combined early ideas on social progress in classical political economy with the evolution of capitalism, has been an important influence on the Cambridge School over the years. This was particularly the case with respect to the Cambridge controversies in capital theory in the 1950s to the 1970s (Cohen and Harcourt 2003). Marx tied together the idea of perfecting human society and inclusive material well-being with class structures endogenously formed within society itself. He describes this phenomenon in the following terms: 'Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many. This is centralisation proper, as distinct from accumulation and concentration' (Marx 1867: 586). Marx also observed in relation to the forces of competition that these 'act as external coercive laws for the individual capitalist, which compel him to keep his capital to preserve it. But he cannot, except by progressive accumulation' (ibid.: 555). Hence the basic law of capitalism is described, 'accumulate accumulate, that is Moses and the Prophets' (ibid.: 652). Within the Cambridge controversies over capital growth theory, equilibrium theory, and ideology in modelling, the Cambridge School cited Marxian influences. For instance, the meaning of capital—and as a corollary the means of measuring its accumulation—was argued by the English 'Cantabrigians' to lie in the analysis of capitalist classes.

It is against this backdrop—this swarm of interlocking ideas on the prospect of mankind's progress, future perfectibility, and measurement of this perfectibility—that we trace how Cambridge theorists influenced ideas on the nature of development economics. In this light, we might consider development economics from its very foundations in the doctrine of human perfectibility as an instinctively appealing aspect of what was to become political economy. This chapter is, in some respects, a prequel of the conventional post-war narrative on development economics, as it is commonly known today. It cannot claim to include all those Cambridge men and women who contributed to the evolution of development economics. However, it focuses specifically on how this story drew in Cambridge academics and how this influenced the origin and elaboration of some of the defining motivations, methods, and ideas of development economics in early political economy. We follow the Malthusian trail of multidisciplinary thinking from its informal origins and motivations in responding to Christian doctrines of human perfectibility (the idea that human society can be improved and perfected) and post-Enlightenment ideas of optimising (not perfecting) human welfare. We go on to describe the Marshallian ideal of economics as a subject for the betterment of social ills, and how this paved the way for the eventual establishment of the profession of economics at Cambridge. This approach

depicts a positive and rich contribution from the Cambridge tradition to the evolution of development economics from traditional ideas concerning the *economic, sociocultural, and political study of human progress*.⁴

2 Paley and Malthus: The First of the Cambridge Development Economists

We begin with the observation that notions of human *perfectibility* are today immediately associated as the impetus for the work of Malthus, who Keynes famously regarded as ‘the first of the Cambridge economists’ (Keynes 1933 [1972]: 78). This was not idle praise. Malthus made some of the earliest major contributions to the subject of development economics in terms of both his ideas and methodology, and also to many other areas of economics. Malthus’s influence was vast; he was a long-time personal friend of Ricardo. Their respect for each other’s work was mutual, although they did not always agree with each other. The work for which Malthus is most famous is not considered rigorous in its methodology and argument by today’s standards of data availability, but it indicates some of the earliest high-quality scholarship in development economics and provided many real-world applications to issues in the field. Perhaps more importantly, his work in political economy was the impetus for contemporary theories in fields related to long-term economic sustainability, including demography and statistics, poverty, welfare, agriculture, macroeconomic policy, environmental economics, and evolutionary biology.

Keynesian historiography of economic thought ties together Malthus and William Paley in that each could claim to have been the first Cambridge economist—at least ‘in a sense’ (ibid.: 79, fn. 2). The intellectual climate in Cambridge around the late eighteenth century favoured theological and philosophical ideas, which formed the basis of an emerging subject, political economy. Waterman (1996) remarks upon the rather limited early involvement of the Cambridge tradition in this emerging field. He reports little evidence from Cambridge University and college library records that there was any substantial interest in political economy (including Smith’s *Wealth of Nations* 1776) until Malthus’s *Essay* (1798) brought the subject into the spotlight with his provocative message asserting the ominous imperfectability

⁴Including all abstract ideals of material well-being, progress, economic growth, social justice, personal growth, ecological equilibrium, capabilities, dignity and fulfilment, political independence, democracy and political participation, and opportunity (Sen 1999).

of mankind. In examining their respective influences on the development economics discourse, however, it is useful to consider Malthus and his predecessor Paley side by side. On the one hand, this is because they were amongst the first to speak of and *popularise* economic ideas in economic language in Cambridge and in Britain generally.⁵ On the other hand and most significantly, they personally influenced one another a great deal. As such they might rather be considered the first of the Cambridge *development economists*.

Malthus's earliest influences were significant and entrenched in the Church of England, utilitarianism, and liberal thought and pacifism. He arrived as a student at Jesus College, Cambridge, in Michaelmas Term 1784, at a time when 'the University was just stirring from a long sleep, and Jesus, which had been among the sleepest, was becoming a centre of intellectual ferment. Malthus probably owes as much to the intellectual company he kept during his years at Jesus as to the influence and sympathy of his father' (Keynes 1933 [1972]: 79). Indeed, Daniel Malthus, whose own family hailed from Cambridgeshire, took a great deal of interest in the education of his precocious son, and tutored him himself along with Richard Graves⁶ and Gilbert Wakefield.⁷ Moreover, as mentioned above, Daniel Malthus, who was a gentleman of means, was a personal friend of both Hume and (when he was in England) Rousseau. Moving within the same circles, it may be presumed that there was some spillover of ideas and academic influence on the younger Malthus. While at Jesus, Malthus praised his new environment of scholarship and intellectual curiosity, noting in a letter home: 'I think it seems rather the fashion to read' (Malthus quoted in *ibid.*: 78). His peers included the likes of natural historian E.D. Clarke, while Coleridge arrived some years later. The work of Paley had a vast influence over Malthus due to the still-prevailing tutorial systems at Cambridge, which promote a culture of intellectual discipleship. Malthus's Tutor was the social reformer, William Frend, who had been taught by Paley himself. Moreover, as Keynes observes in his *Essays on Biography* (Keynes 1933 [1972]), Paley's *The Principles of Moral and Political Philosophy* was published in 1785, Malthus's first year at Cambridge and is likely therefore to have been a significant intellectual stimulus for him.

⁵ Though having highlighted problems in political economy as a key area of intellectual debate, it was Smith who solidified this interest and garnered attention throughout Britain.

⁶ The author of *The Spiritual Quixote*, a satirical work on Methodists.

⁷ A heretical clergyman and a Fellow at Jesus College, Wakefield was famously arrested in 1799 for 'expressing a wish that French revolutionaries would invade and conquer England' (Keynes 1933 [1972]: 78).

Morality, in the sense of responsibility and duty in society, is a common theme running through the work of both Paley and Malthus⁸—a theme which continues in the work of contemporary development economists including Amartya Sen, Thomas Piketty, and Ha-Joon Chang. Paley's *Principles* can be interpreted as a treatise on the moral obligations and rights of the liberal individual to civil government, the constitution, the administration of justice, and the establishment of the Church of England. In Paley's work, this aspect of principled social cohesion is tied to the concept of human betterment and progress. Its chapters refer to now-familiar themes in development economics and international relations—'Population and Provision' and 'War and Military Establishment', for example (Paley 1825). Waterman (1996) considers Paley's influential work to have been 'the origin of this characteristically "Cambridge" way of looking at economic reality, so sharply distinguished from "classical" thinking of either the nineteenth or the twentieth century' (ibid.: 674). The 'immortal' (Keynes 1933 [1972]: 79, fn. 2) tome itself is primarily an undergraduate textbook in moral science, which reflects the content of approximately one-third of the core curriculum taught at Cambridge during the eighteenth century. It was designed to pass the intellectual baton of studying human betterment, drawing students such as Malthus into an emerging and complex subject and defining political economy from the perspective of moral philosophy. Paley's work was to complement biblical and classical readings, and intended to 'form the minds and the moral sensibilities of clergymen, magistrates and legislators' (Waterman 1996: 674), the then-accepted institutions of human progress.

Malthus took an early interest in the relationship of demography with the problems of political economy. His first essay, *The Crisis, A View of the Recent Interesting State of Great Britain by a Friend to the Constitution* (1796), written when he was 30 years of age, indicates this interest which in turn could be traced back to Paley's 'Population and Provision' ideas. Extracts from this unpublished work reproduced in Keynes's *Essays on Biography* (Keynes 1933 [1972]) show Malthus comparing his thoughts with Paley.⁹ In 1798, Malthus published his magnum opus, *An Essay on the Principle of Population* (1798). In this text on the relationship between supply of subsistence and demand, Malthus argued that the demand for food increased at a geometric rate to meet the needs of an increasing population while the supply of food was only

⁸Who incidentally were both ordained ministers.

⁹'On the subject of population [Malthus wrote] I cannot agree with Archdeacon Paley, who says, that the quantity of happiness in any country is best measured by the number of people. Increasing population is the most certain possible sign of the happiness and prosperity of a state; but the actual population may only be a sign of the happiness that is past' (Malthus quoted in Keynes 1933 [1972]: 83).

able to grow at an arithmetic rate. The *Essay* was a responsive work, not only to Malthus's indirect intellectual influences in Cambridge and at home, but also directly to Godwin's¹⁰ doctrine of human perfectibility, which described a future age of perfect equality and human happiness. In conversation the latter was frequently defended by Daniel Malthus, which prompted Malthus's intellectual attack (Keynes 1933 [1972]: 84). Malthus's *Essay*, in the 'sheer immodesty of [its]...propositions' (Winch 1987: 3), hypothesised against perfectibility: improving living standards and society is *limited* by certain laws of nature whereby population—when unchecked by misery and vice (and in later editions of the *Essay* by moral restraint)—tends to equal or surpass existing means of subsistence. With such a pessimistic conclusion, this bestseller gave rise to huge controversy and enjoyed a certain notoriety, illuminating problems in political economy for the general public.

Malthus has several claims to being the first of the Cambridge *development economists*. He was a consummate scholar. He collected first-hand data on various aspects of population, gathered on his journeys to Sweden, Norway, Finland, and Russia—wherever British citizens were allowed to go before the Napoleonic Wars. Malthus was an empirical statistician, 'fascinated not with the inevitability of human demise but why humans do not die off in the face of such overwhelming odds' (EconLib 2008). His *Essay* was an instant success, strongly criticised by non-economists upon its first publication. However, so irrefutable and simple was his illustrative side-by-side comparison of the arithmetic and geometric series model that most people were immediately silenced by the quantitative comparison. Malthus's demographic data was so compelling that it was easy to lose sight of his main conclusion, which was that since the human race has not starved to death, economic choices must be at work and it is the duty of an economist to analyse these choices and search for optimality in these choices. Malthus examined a whole range of other issues in his textbook *Principles of Political Economy* in 1820. It was the first text to describe a demand schedule as distinct from a supply schedule, an innovation in which 'political philosophy gives way to political economy' (Keynes 1933 [1972]: 84). Although his knowledge of industry was not so developed, Malthus provided the first systematic explanation of a whole range of economic and political phenomena.

In the history of development economics, Malthus's contributions exceed those of a mere demographer. He used population theory to question the views of Godwin, Condorcet and the like—who collectively supported a general Romantic post-Enlightenment movement of a utopian egalitarianism that

¹⁰ Also born and raised in Cambridgeshire.

would happen under natural law. Malthus's empiricism succeeded in popularising the subject with his controversial bashing of these early theoretical, deductive, and idealistic conceptions of human progress. Paley was himself converted to Malthus's side despite having previously argued that population decay was a sociopolitical evil, while even politicians, including Pitt, took a deferential interest in Malthus alongside Bentham. Indeed, early nineteenth-century ideas that were centred on individual welfare provided favourable conditions for the Malthusian message, which, like Smith and Ricardo, began from a utilitarian position. For instance, a Malthusian preoccupation can be detected in ideas associated with a developing and expanding society—the self-defeating impact of welfare laws on available housing, the fate of the independent labourer given government intervention in labour markets, and the propensity for upward pressure on the population due to adverse incentivisation. Yet within utilitarian thinking, Malthus's *Essay* promoted universal *optimality* rather than perfection, which became an underlying supposition of development economics.

3 The Influence of Science: The Marginal Revolution and Biological Evolution

The classical debates following Malthus's *Essay* reflected how

[t]he voice of objective reason had been raised against a deep instinct which the evolutionary struggle had been implanting from the commencement of life; and man's mind, in the conscious pursuit of happiness, was daring *to demand the reins of government* from out of the hands of the unconscious urge for mere predominant survival (Keynes 1933 [1972]: 85; italics added).

This is to say, increasing importance was being assigned to the active role of the state, society, and individual in improving, catalysing, and above all *optimising* human progress. This attitude was furthered by revolutions in natural science and the gradual decline of religious influence over academic establishments in Britain—including Cambridge. The purpose of this section is to place post-Malthusian ideas of the quest for human perfection or optimality in the context of intellectual thought. Taking a Keynesian line, we sketch the differences in approach between Malthus and Ricardo and the impact of this divergence on development economics and its continuity from the past, while shedding light on how concurrent revelations in science and evolution theory fed into the intellectual debate in Cambridge about optimising human progress and development.

Smith, Malthus, and Ricardo wrote around the late eighteenth and early nineteenth centuries and are credited as the pioneering triumvirate of classical economics; together with Locke, Hume, Bentham, Darwin, and Mill, they are praised for their ‘immense disinterestedness and public spirit’ (ibid.: 86). However, in their methods the three classicists were disparate, which engendered separate trails of thought and distinct families of idea and methodology. Smith, as we have mentioned, was the star of this emerging subject. The Ricardian approach found popularity and became the foundation for the abstract and mathematical conceptualisation of economic ideas during his time. Conversely, the degree of interest in the Malthusian approach to economic thought has arguably only been significant since Keynes himself generated the impetus for it in his *Essays in Biography* and then later in his *General Theory* (see Corry 1959).

Keynes considered Malthus’s *Essay* to have been greatly influential on him and ‘profoundly in the English tradition of humane science’ (Keynes 1933 [1972]: 86). He refers to Malthus’s *correct* line of approach to practical economic problems as compared to Ricardo,¹¹ and praises the *Essay*’s continuity from the eighteenth- and nineteenth-century classical works on moral philosophy and the human perfectibility debate. Methodologically, Keynesian analysis favoured a return to this Malthusian approach for the purpose of short-term problem solving based on practical, real-world analysis. Keynes protests over how, in the simplification of a multilayered, abstract, and complex concept, the widely adopted Ricardian ‘pseudo-arithmetic doctrines’ (ibid.: 103) departed from the facts, while Malthusian analysis was neglected. Malthus, he contended, held more real significance in his intuitions and ‘by taking up the tale much nearer its conclusion...[Malthusian theory]... had a firmer hold on what may be expected to happen in the real world’ (ibid.). To illustrate this idea of Malthus’s applied line of thinking, we might consider Malthusian and Ricardian analyses of demand: Malthus remains public-spirited, anonymously publishing *An Investigation of the Cause of the Present High Price of Provisions* (1800), in which his emphasis is placed on the observed macroeconomic criterion of ‘effective demand’ as it exists in reality, while the Ricardian method focuses on the underlying factors of demand and builds up theoretical foundations brick by brick. This more scientific approach enjoyed a new appeal during this period and lent itself well to the microeconomic analysis that would become the neoclassical school, and

¹¹ As is well known, Malthus and Ricardo were intimate friends, and despite their differences in approach to economics, with one an inductive and intuitive investigator, the other an abstract and a priori theorist, the two had ‘the deepest affection and respect for one another. The contrasts between the intellectual gifts of the two were obvious and delightful’ (Keynes 1933 [1972]: 95).

particularly the marginalist revolution pioneered by Walras, Menger, and Jevons, and solidified by Marshall (see Section 4).

In a sense, we might support Corry's dispute with Keynes's somewhat simplistic lament: 'If only Malthus, instead of Ricardo, had been the parent stem from which nineteenth-century economics proceeded, what a much wiser and richer place the world would be to-day!' (Keynes 1933 [1972]: 100–101). One in lieu of the other would not do either, if continuity of past debates and intellectual traditions are to thrive. The *mutual* debate between Malthus and Ricardo and their readership was fruitful to the progress of political economy for the purpose of studying human betterment, and may indeed have been crucial to it. However, from the perspective of development economics at Cambridge, we might concede that the decline of multidisciplinary Malthusian approaches of a posteriori induction (catalysed by the influx of mathematisation and scientification in post-Ricardian thought) briefly quashed the continuous tradition of 'humane science' in the subject of political economy.¹² That a posteriori macroeconomic observations dwindled in the 100 years between Malthus and Keynes is regrettable, because the moral and political–economic debate on human perfectibility and universal optimal well-being of mankind did not make much economic progress during that period.

Yet that is not to say that the idea was forgotten altogether, and nor was the work of Malthus and Paley. During the early nineteenth century (though not of course in the sphere of neoclassical economics), movements in the natural sciences were making a huge impact in intellectual circles in Cambridge. The publication of Darwin's *On the Origin of Species* (1859) made Britain the epicentre of ideas again with the theory of evolution, partly influenced by and in response to the Aristotelian natural theology debate and the work of Malthus's population doctrine and Paley's *Evidences of Christianity* (1794) and *Natural Theology or Evidences of the Existence and Attributes of the Deity* (1802), in which adaptation was deemed the design of a deity through natural laws. This was followed by Herbert Spencer's *First Principles* (1862), which took a new direction in philosophical endeavours at Cambridge: the combination of metaphysical agnosticism, evolutionary progress, and utilitarian ethics (see Keynes 1933 [1972]: 169–170).

¹² More balance between the Malthusian and Ricardian approaches is better implied in quoting Keynes's view that 'One cannot rise from a perusal of [the correspondence between Malthus and Ricardo] without a feeling that the almost total obliteration of Malthus's line of approach and the complete domination of Ricardo's for a period of a hundred years has been a disaster to the progress of economics' (Keynes 1933 [1972]: 98).

Movements towards scientific ideas and away from theology, in this way, broadened the accumulation of ideas on human capabilities and progress. In the wake of these new ideas, the notion of a higher power to direct human perfectibility ebbed away and furthered the more assertive idea that human potential is in human hands that hold the tools of liberal government policy and social responsibility. It was around this time, writes Keynes (*ibid.*), that Marshall entered Cambridge and was inspired to institute new ideas in political economy based on evolution. For example, colonialism was increasingly becoming an area where ideas of both social and biological evolution met with the familiar features of class, inequality, and stagnation. The likes of Theodore Morison, a Cambridge man, who spent much of his life in India initially as a tutor to the young Maharajas, and whose expertise on the Indian economy was such that his *The Industrial Organisation of an Indian Province* (1906) remains on the Tripos reading lists. On another note, the lowering of humanity to the same level as the earthly environment was considered both a snub and a shockwave: for the first time man needed to consider himself part of an ecological equilibrium, awakening questions on sustainable human progress that even today remain woefully unanswered in development economics. Malthusian conceptualisations of ‘misery and vice’, for instance, need not be a divine phenomenon but rather an indication that biological evolution needs to be matched with social evolution; the progress of evolution theory forced the pledge that our institutions need to change with the times and both keep up with *and* initiate human progress.

4 The Multidisciplinary Pursuit of Optimality: Alfred Marshall and the Establishment of the Economics Profession

Alfred Marshall is today celebrated as an outstanding economist and moreover the founder of the Faculty of Economics and Politics at Cambridge University in 1903. Yet upon examining his life, Marshall stands out first as a classical polymath and then as an evolutionist, very much in line with modern thinking in development economics. Born in Bermondsey, London, Marshall was educated at Merchant Taylors’ School, and attended St John’s College, Cambridge, where he excelled in mathematics and in 1865 was Second Wrangler, being immediately elected to a Fellowship. He spent some time as a mathematical master at Clifton College, Bristol, under the headmastership of John Percival. This opened his social circles to include H.G. Dakyns, J.R. Mozley, and Henry

Sidgwick, who became his early influences in moral philosophy—with which Marshall was fascinated. A mathematician, evolutionist, and a budding philosopher with a growing interest in the hindering problems of social inequality and poverty, Marshall was armed with all the multidisciplinary talent and breadth of ideas that his predecessors had possessed.¹³

Marshall's interest in economics was born out of a fascination with utilitarian ethics, such that the solution of economic problems was something of a higher calling—an exercise for 'man's higher faculties' (Keynes 1933 [1972]: 170). Human progress in an equal and liberal manner was a crucial precondition for human happiness and opportunity, in Marshall's opinion. He writes: "The economist can claim...that "the study of the causes of poverty is the study of the causes of the degradation of a large part of mankind"" (Marshall 1890: 3–4). The resounding notion of *potential* and *optimism* runs through Marshall's justification for his move into political economy, this having some elements of Sen's later capabilities approach:

I had doubts as to the propriety of inequalities of *opportunity*, rather than of material comfort. Then, in my vacations I visited the poorest quarters of several cities and walked through one street after another, looking at the faces of the poorest people. Next, I resolved to make as thorough a study as I could of Political Economy (Marshall quoted in Keynes 1933 [1972]: 171; italics in original).

Marshall was a mathematical economist but he preferred to use geometrical exposition to express his ideas. In the tradition of his classical predecessors, Marshall took a multidisciplinary approach in his quest, combining the ideas borne of metaphysics, evolution theory, and psychology:

[F]ascinating inquiries into the possibilities of the higher and more rapid development of human faculties brought me in touch with the question: how far do the conditions of life of the British (and other) working classes generally suffice

¹³The paradox of the economist, as Keynes put it, is that economics is at least in relative terms, an easy subject, at which very few excel: "The paradox finds its explanation, perhaps, in that the master-economist must possess a rare *combination* of gifts. He must reach a high standard in several different directions and combine talents not often found together. He must be mathematician, historian, statesman, philosopher—in some degree. He must understand symbols and speak in words. He must contemplate the particular in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must lie entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood; as aloof and incorruptible as an artist, yet sometimes as near the earth as a politician" (Keynes 1933 [1972]: 173–174; italics in original).

for fullness of life? Older and wiser men told me that the resources of production do not suffice for affording the great body of people the leisure and opportunity for study; and they told me that I needed to study Political Economy (Marshall quoted in *ibid.*).

In terms of relating biological evolution with social evolution and the economic capabilities of mankind, Marshall was specific in his distinction between modern and early civilisations. He observed that life in the latter ‘is pervaded almost unconsciously by a few simple ideas which are interwoven in that pleasant harmony that gives their charm to Oriental carpets’ (Marshall 1890: 13). Nevertheless, like Darwinian evolution, so-called Marshallian Evolution—which demanded that ‘Economic evolution is gradual’ (*ibid.*: xiii)—became a key characteristic of Marshall’s analysis on early development economics. He considered that the ‘influence of economic causes is pressed below the surface. There they work surely and slowly’ (*ibid.*: 14).

Perhaps a result of the prevailing British Raj in India, Marshall’s venture into political economy concerned the happiness and well-being of an entirely foreign population.¹⁴ Indeed, his views on India appear to have been well developed and consistent with his assertion that economic evolution is gradual. He even lectured civil service trainees at the University of Oxford for some time (Tahir 1990: 37). For instance, in formalising a theory entrenched in the spirit of Marshallian Evolution and ideas about economic modernity, Marshall refers to the Indian labour market in making his argument. Specialised trades, as Marshall purported, were the glue that held the economy together. He asserts that a key indicator of a modern civilisation is to have division of labour within these specialised trades. Marshall writes:

Some sort of division of labour is indeed sure to grow up in any civilisation that has held together for a long while, however primitive its form. Even in very backward countries we find highly specialised trades; but we do not find the work within each trade so divided up that the planning and arrangement of the business, its management and its risks, are borne by one set of people, while the manual work required for it is done by hired labour. This form of division of labour is at once characteristic of the modern world generally, and of the English race in particular (Marshall 1890: 37).

At the same time, Marshall was of the belief that colonial rule would benefit the Indian economy—if it were to avoid rapid transformation and create

¹⁴ Marshall already had an interest in development issues as demonstrated by his 1875 tour of the USA to study protectionism (see McCready 1955: 260).

an administrative structure conducive to his well-defined vision of evolution. Resource transfer is not then the issue that Marshall would have highlighted. Indeed, neither protectionism nor industrialisation (particularly together) would be necessary for Marshallian Evolution, as Pigou highlighted (Pigou 1920: 458).

Finally, Marshall was a visionary in what he hoped the new Faculty of Economics and Politics at Cambridge would achieve, this in turn helping to pave the way for modern research in development economics. His emphasis was on the goal of betterment, of development, and to this, methodology was secondary. In the *Principles* (1890), Marshall contributed to the emerging neoclassical school. Yet despite his mathematical background, he was pragmatic about the use of mathematics in economics, noting his preference for diagrams over algebra in his review of Jevons's *Political Economy* in 1872 (Marshall 1872). He was much more deeply concerned with the need for historical context for economic ideas, and even praised radicals and socialists for the 'shrewd observations and pregnant suggestions' (Marshall quoted in Keynes 1933 [1972]: 196) which lay beneath their less feasible ideas, from which economists and philosophers might learn a great deal. To Marshall, maintaining an open mind about the subject of human betterment, and various ideologies surrounding and interpreting it, was crucial to how he taught the subject to the likes of Maynard Keynes. As Keynes wrote:

[T]he bare bones of economic theory are not worth much in themselves and do not carry one far in the direction of useful, practical conclusions. The whole point lies in applying them to the interpretation of current economic life. This requires a profound knowledge of the actual facts of industry and trade (ibid.).

5 The Marshallians: Keynes and the Circus

It is arguable whether Maynard Keynes was a development economist according to today's terminology. Indeed, as Toye (2006) observes, Keynes's premature death in 1946 meant that he barely witnessed the 'official' post-war birth of the subject as it is defined today. He was widely considered to be a monetary economist (Hicks 1983), not especially interested in growth theory or underdeveloped countries (Patinkin 1984). Nevertheless, it has been observed that "Keynesian economics" has a great deal to do with the emergence of development economics...[even if] Keynes himself was little concerned with the problem of economic development' (Johnson 1976: 15). Keynes's indi-

rect contributions to the formative years of the subject can in this sense be considered substantial, even ‘pervasive’ (Chakravarty 1997: 69). We can contextualise Keynes’s work within the setting of an increasingly chaotic British Empire prevailing during his time, along with the Great Depression. Keynes exerted a considerable influence on his disciples at Cambridge, most notably the Circus. Many of them directly contributed to ideas in political economy and development economics, including Joan and Austin Robinson, and James Meade. Keynes was also influenced by Marshall’s idealistic and optimistic outlook, as demonstrated in *Economic Possibilities for Our Grandchildren* (1930) and picked up the Malthusian reins in his non-mathematical macroeconomic approach to addressing economic issues affecting human well-being as they manifest in real life.

During Keynes’s lifetime, intellectual thought on the progress of humanity was focused not only on the problems of the day (including the Great Depression) in Western Europe, but also included the narrative of overseas expansion and New Imperialism. The Cambridge tradition, by this point under Marshall’s leadership, was contributing to the education of those who wished to work to improve human progress and economic well-being both at home *and overseas*. The history of economic thinking on human progress in political economy (which was by now poised to bore development economics as a separate subject) was chiefly concentrated on economic stagnation, colonial impact, and in particular the future course of economic development in India. The Cambridge outlook on colonialism was ‘benign’ (Tahir 1990: Summary) and was occupied with paving an industrialising path for India to help bring about modernisation and capitalism. Debates in the Faculty concerned aspects of dependency and imperialism, which continue even today. For instance, alongside Austin Robinson, Joan Robinson took part in a 1920s debate on resource transfer between British India and the Princely states, producing a report, *The British Crown and the Indian States* (1928). Other than the obvious personal influences of Marshall and Pigou upon Keynes as his Tutors, Tahir (1990: Paper 2) draws parallels between Keynes and Marshall along with Morison: the three had some personal connection with India, which informed their writings in different ways: As noted, Marshall lectured Indian civil service trainees at Oxford, Keynes worked briefly at the India Office in London, while Morison had actual experience of the Indian economy and society. Tahir remarks, ‘All of them took British India for India’ (ibid.: 37).

As he freely admitted, Keynes’s interest in India was chiefly monetary (Keynes 1913 [1971]). He never visited India (nor any other developing nation, apart from holidays to Morocco and Egypt), despite the fact that

he drew from his experiences in the administrative management of India as an underdeveloped colony. His innovative theories and rationale on the gold standard and central banking in *Indian Currency and Finance*, for instance, were inspired by the time he spent at the India Office (1906–1908) and his service to various government committees and commissions on Indian currency (Chandavarkar 1986). Skidelsky (1983) highlights that in the benign Cambridge tradition of analysing the colonies, Keynes took little interest in the ‘human and moral implications of imperial rule or whether the British were exploiting the Indians’ (ibid.: 176) and instead focused on the practical monetary policy problems facing British India.¹⁵ He presented the first demonstration that separate countries require separate institutional models depending on socioeconomic needs, rejecting the Bank of England as an insufficient model for what would be the State Bank of India, as Indian progress also required provision for direct credit, remittances, and rediscount facilities to promote industry and agriculture.

Optimistic insights are to be found in *Economics Possibilities for Our Grandchildren* (1930), in which Keynes highlights population, civil peace, emphasis on science and technology, and observing the margins of production and consumption as key factors in the progress of human society for the generations. However, this aside, Keynes’s direct intellectual influence on development economics was somewhat intangible and occurred more subtly through the Circus and others who applied Keynesian concepts from *The General Theory* and *A Treatise on Money* to the challenge of optimising the process of progress and development in Britain and overseas. This included, for example, consumer welfare in the concept of liquidity preference and credit rationing, the optimistic multiplier concept of ever-increasing optimal growth, Joan Robinson’s notion of disguised unemployment as an indicator of economic potential and dignity in the labour force, Kaldorian ideas of growth, income and technical progress, and the growth models developed by Harrod and Domar (Pasinetti 2007). These concepts were largely applicable to Britain, as an industrialised nation with different problems of employment based on technical progress, an established financial sector, and limited propensity for, say, gold hoarding. Nevertheless, the Cambridge Keynesians enjoyed substantial influence in the world of *international* development economics as it was emerging.

¹⁵ Nevertheless, his sense of justice emerged in his ardent support of India’s case at the IMF conference at Bretton Woods in arguing that it was unthinkable that the country’s relatively large sterling balances (accumulated by British wartime debt to India) should be the price of instituting independence and self-government in India (Chandavarkar 1986).

To analyse in depth the contributions of the Cambridge Circus and Post-Keynesians to development economics would require a separate chapter or two. We choose in this chapter to present a snapshot of the work of Keynesian disciple, Joan Robinson, who not only retrieved Keynesian concepts and brought a more moral stance to them, but also had practical experience in the colonies (or today, the developing world). It remains difficult to find research material on India in the 1920s and 1930s. It is therefore fortunate that we have some research for this period through the efforts of Marshall, Joan Robinson, and Austin Robinson as well as Pervez Tahir, who completed a PhD at Cambridge in 1990 with the title 'Some Aspects of Development and Underdevelopment: Critical Perspectives on Joan Robinson'. Joan and Austin had lived in the then Indian Princely state of Gwalior and participated in the controversy over the question of the division of resources between Gwalior and the Government of India. While in Gwalior, Austin wrote drafts of a memorandum covering the major applied economics topics found in Part II of the Economics Tripos, which Joan contributed to through discussion and possible minor revisions. In this sense, there can be no doubt that both Joan and Austin developed an active interest in India's economic problems during their stay in Gwalior.

Joan Robinson displayed a relative lack of interest in applied or empirical work during her professional career. Theory was her domain (Harcourt 1984: 652). Nevertheless, Tahir pronounces her as being distinct from 'the company of those economists who...had little experience of underdeveloped economies' (Tahir 1990: 13), and she can be associated with the minor tradition of those who looked to these economies to understand the nature of global capitalism (Cohen and Harcourt 2003). In her and Austin Robinson's contribution to *The British Crown and the Indian States*, she presented 'a realistic, non-Keynesian view of unemployment in the underdeveloped countries, an emphasis on the population problem, optimism about export prospects under international co-operative arrangements ... [S]he tended to overemphasize the role of the state' (Tahir 1990: Summary). In this sense, Joan Robinson embodied the trail of thinking as it emerged from Malthusian, Marshallian, and Keynesian ideas on how humanity might optimally progress, taking these ideas into a new industrial and global dimension. Giving importance to industrialisation, taking active measures for capital accumulation, and the role of a *hard state*, the Robinsons (like the other Post-Keynesians) drove the idea of human development as a phenomenon of optimisation and aspiration¹⁶ rather than a steady-state process under natural law.

¹⁶We can tie this idea of optimisation and aspiration to the work of the Cambridge School of Historiography, for which economic historians including the likes of R. Robinson, Gallagher, Cain, and Hopkins used regional and pluralist perspectives to examine post-colonial development.

6 Conclusion

Development economics represents a dynamic and often chaotic process of gradual social, political, and economic renovation. In this prequel to the institutionalisation of development economics, it is evident that the Cambridge tradition played a significant role in political economy, though perhaps it was not always tangible due to the nature of the evolution of development economics from the mainstream. Development economics can be demonstrated to have had its clear roots in the doctrine of human perfectibility and the ambitions for the universal betterment of mankind; political economy evolved from moral philosophy with this idea as its specific motivation, while Cambridge men such as Malthus, Marshall, as well as the Keynesians drove the debate forward. The rich backstory of development economics demonstrates the contributions of not only the Keynesian way of thinking and its influence on the modern definition of post-war development as we know it today, but also the Cambridge tradition and its influence on how the subject emerged from political economy and moral philosophy. A common regard today for the traditionally important principles of morality, (capital) accumulation and its relationship to inequality might be the point of convergence for historical ideas and contemporary ideas in development economics. The popularity of development economists such as Amartya Sen, Joseph Stiglitz, Partha Dasgupta, and Ha-Joon Chang demonstrates these parallels. We might then generalise Chakravarty's description of the Keynesian contribution to development economics to include the Cambridge contribution: it is 'impossible to state with any degree of categoricalness...because, with some exceptions, today everyone is a Keynesian [or rather, a Cantabrigian] in some sense or the other' (Chakravarty 1997).

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