The history of the future: Alfred Marshall's American tour, 1875

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THE HISTORY OF THE FUTURE:
ALFRED MARSHALL'S AMERICAN TOUR, 1875

Alfred Marshall, the foremost economist of the later Victorian era, toured the United States of America in the summer of 1875. The visit had a profound effect on his career, as Marshall himself later noted; it was in America, he said, that he first learned what questions he wanted to ask. The dissertation briefly discusses Marshall's education and philosophical background, then follows his journey across America. Based on his letters, notes and library collected while in the United States, it analyzes his reasons for making the trip and the effect the American experience had upon him. It concludes that the trip was a pivotal experience for the young don; its immediate effect was not on his economic theory but on his economic goal, for after the tour Marshall devoted himself wholeheartedly to classical economics and withdrew from his earlier efforts in social reform.

THE HISTORY OF THE FUTURE:

ALFRED MARSHALL'S AMERICAN TOUR, 1875

by

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Introduction

> Through you, British economists may boast among their foreign colleagues that they have a leader in the great tradition of Adam Smith and Ricardo and Mill, and of like stature.
>
> Royal Economic Society
> to Alfred Marshall, on
> his eightieth birthday

In 1922, at the age of eighty, Alfred Marshall was feted by the Royal Economic Society he had helped found thirty years earlier. Marshall was in retirement by then, though he still continued to write and publish; a new book, Money Credit and Commerce, was nearly ready for the publisher. His great opus, Principles of Economics, had just been reprinted for the eighth time. He was the acknowledged leader of the English-speaking economic world. His support for the classical economics of laissez-faire and individual competition, and especially his admiration for the "chivalric" entrepreneur, had been communicated to generations of students at Cambridge. Marshall appeared to be the perfect epitome of the Victorian age: from his bushy moustache and sideburns to his scholarly agnosticism and disdain for women students, he seemed as solid and unchanging as the pre-war world itself.

But the young Alfred Marshall had been quite a different man. Whereas the mature scholar lauded the individual entrepreneur, the young Marshall concerned himself with the working class. The older Marshall had voted against granting women Cambridge degrees in 1896; the younger, a generation earlier, had

helped direct the first university education for women. The younger Marshall had been a firm Christian throughout his undergraduate career, not an agnostic; having lost his faith and his vocation to the priesthood, he spent several years reading philosophy before deciding to become an economist. The younger Marshall, in short, was a very different man from the older.

Marshall as a young man has received too little attention from scholars. It was from the young, reformist don that the mature professor of economics emerged. Much of the story has disappeared, since Marshall kept no diary and the majority of his correspondence was professional–and therefore written after the time he consciously chose economics as his profession. Enough hints and early writings remain, however, especially from his trip to America in 1875, to allow us to create a portrait of the young economist at this crucial point in his career.

This work is not intended to be a history of economic thought, nor is it an analysis of early Marshallian economic theory. Instead it tries to place Marshall as a young man into the context of his times, and to show the underlying framework of his thinking. It identifies as a turning point in this process the tour of America in 1875. It was only after this time, as Marshall himself used to say, that he saw clearly what he wanted to learn. He determined as a result of this trip that individualism in economic theory was the best guarantor, not only of industrial progress, but of social and cultural progress as well. Before going to America, Marshall had been unsure of this; afterwards, he never doubted it. From 1875 onward, he had a firm goal in sight: how could a scientific economics unravel this process and help encourage it?

There are four chapters in the dissertation. Chapter One sets out the route by which Marshall became an economist, and considers the philosophical effects of John Stuart Mill and the introduction of non-Euclidean geometry on Marshall. These had a profound effect on the kind of economics he studied in the early 1870's. Chapter Two discusses the tradition of visitors to the New World and the background of the United States in 1875, and follows Marshall across the continent and back again. Chapter Three considers the evidence Marshall collected: his notes of people and places, and the numerous books he brought home with him. Chapter Four discusses the use Marshall made of this evidence, and suggests that the trip is important not because of its immediate effect on his economic theory, but because of its long-term effect on his economic goal. Marshall believed that he had seen the future of the industrial world in America, and that it was a bright one.

From 1875 onward, Marshall became ever less personally involved in social reform and ever more consciously a detached and scientific economist. The evidence suggests that he no longer felt social interference was necessary to reform the industrial world; the system would reform itself, in due time.

Chapter One

> He found metaphysics powerful in destruction, but disappointing on the constructive side.
>
> Alfred Marshall, "Eckstein" autobiographical note

Alfred Marshall was born to Rebeccah and William Marshall on July 20, 1842.[1] The second of four children, he arrived as the Marshalls were beginning a substantial rise in the world: the family lived in the tannery district of Bermondsey when Alfred was born, but had moved to the greener surroundings of Sydenham (Kent) and then into Clapham before his younger sisters were born. His mother was a homemaker and his father a clerk (later cashier) at the Bank of England. Of their direct influence on Alfred we know very little. Alfred always cherished the memory of his mother's gentleness, the more so as it shielded him from his father's hard discipline. William Marshall was a stern, self-righteous, unforgiving and intolerant man; he combined the worst attributes of a religious zealot with the ceaseless toil of a Dickensian Gradgrind. Alfred later recalled that when a schoolboy, he had been kept up by his father studying Hebrew till 11:00 at night. Such late hours made him tired and ill (his schoolmates called him "tallow

1. Biographical information is taken from the following sources: John Maynard Keynes, "In Memoriam: Alfred Marshall," in A. C. Pigou, Memorials of Alfred Marshall (New York: Kelley and Millman 1956 repr.,) 4-68; Mary Paley Marshall, What I Remember (Cambridge: Cambridge University Press, 1947); J. K. Whitaker, "Alfred Marshall: the Years 1877 to 1885," in J. C. Wood, Alfred Marshall: Critical Assessments (London: Croom Helm, 1982, 4 vols.), I 98-147; C. W. Guillebaud, "Some Personal Reminiscences of Alfred Marshall," in Wood, Assessments, I 91-97; Rita McWilliams-Tullberg, "Marshall's 'Tendency to Socialism'," in Wood, Assessments, I 374-408; R. H. Coase, "Alfred Marshall's Mother and Father," History of Political Economy 16 (1984) 519-27.

candles"), though his father seemed unaware of Alfred's exhaustion. In later life, according to his nephew, Alfred Marshall suffered "the agonies of hell" when he realized he had made a mistake. Almost certainly such extreme sensitivity was generated by the experiences of his youth.

Alfred was a bright boy, and rather in spite than because of his father's strict educational policy succeeded in having a brilliant career at Merchant Taylor's School in London. William had sought a nomination to the school from one of the governors of the Bank of England, perhaps seeing it as another step in the family's rise to gentility. Once enrolled, however, Alfred excelled not at the linguistic and literary studies his father preferred, but rather in the mathematical and geometrical studies that enthralled him–and which he enjoyed all the more when he discovered his father was unable to follow the theorems. Upon graduating he chose not to attend Oxford, where a classics fellowship would have fallen to him automatically under old statutes. Instead he went to Cambridge, where he could study mathematics.[2]

By far the greatest influence on Alfred these years may be one we know least about: his family's Evangelical religious tradition.[3] His father was descended from a clerical line and after retirement wrote religious tomes with titles such as The Dangers and Defences of English Protestantism. He once objected to the

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2. His father could not (Pigou, Memorials, 3) or would not (Coase, "Mother and Father," 524, hints as much) aid him in this effort; Marshall used the proceeds of a small scholarship and borrowed money from an uncle to put himself through Cambridge.

3. Marshall's personal austerity and devotion to duty were said by Keynes to derive from his Evangelical background: Pigou, Memorials, 1-2, 11-12, 37. On Evangelicalism, see Owen Chadwick, The Victorian Church (New York: Oxford University Press, 1966-70, 2 vols.), I ch. 7; Asa Briggs, The Age of Improvement (London: Longmans Green and Co., 1959), 73, 173-75; Ian Bradley, The Call to Seriousness (New York: Macmillan, 1976), 20-1, 121.

song "Onward Christian Soldiers" because of its "papist" overtones ("with the Cross of Jesus going on before"), and took care to see that his family kept to the straight and narrow path which he trod.[4] Alfred was destined by his father for ordination, and his younger sister married a clergyman after William forbade her affiancement with a young officer (it is only fair to add that William disliked the cleric as well, though he did not prevent the union.) Nothing is known of Rebeccah's religious feelings, though it is unlikely she was allowed any which diverged from her husband's; though Alfred took care to describe for her the different denominational services he attended while in America. Evangelicalism often favored limited social reform, but the solid core of the Evangelical creed was "a revived Puritanism of manners and a religion of personal hope and redemption."[5] Responsibility for personal salvation was the basis upon which Evangelicals built; public effort to improve the secular world was a pious confirmation of personal faith. All evidence indicates that the young Marshall had accepted this lesson by the time he left for Cambridge. A course in mathematics would precede his ordination, and he intended thereafter to become a missionary.

Marshall went up in 1862, coming to the university in the course of its great mid-century changes. Though some old sinecures and statutes dating back to Elizabeth's time had been abolished, much of the eighteenth century attitude of leisurely eccentricity remained. Chapel was compulsory, though widely scorned; public enthusiasm of any sort was not encouraged. Individual dons ranged in character from the merely eccentric to the pair recalled by Macauley: one never

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4. Coase, "Mother and Father," 523.

5. Briggs, Improvement, 73.

opened his mouth without an oath, and the other had killed his man.[6] Undergraduates annually rioted on Guy Fawkes Day, a fight so traditional as to be respectable. Marshall matriculated at St. John's College. Its great days as a center of the Evangelical movement were behind it by 1862, but it was well regarded for its mathematical teaching. The only other choice for a serious student of the mathematical tripos or honors course was Trinity College, far more worldly and High Church.

Both Oxford and Cambridge considered themselves to be passing on more than simple academic expertise to their students.[7] The universities transmitted a unified body of assured knowledge, a unitary vision of truth, and a strong moral virtue. A liberal education prepared the student for his future by supplying basic habits of thought. At Cambridge this education consisted of two parts: the study of classical literature to develop the highest standards of taste and wisdom, and the study of mathematics and geometry to develop scientific reasoning and demonstrate the existence of absolute, a priori truths. Between any two points, for instance, there could only be one straight line, a fact which need not be confirmed by experiment. Such an example of an absolute truth was used to demonstrate the existence of other absolute truths: the correctness of Kant's moral philosophy, the teachings of the Christian church, the very revelation of God's existence.

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6. D. A. Winstanley, Early Victorian Cambridge (Cambridge: Cambridge University Press, 1940), 385.

7. Martha Garland, Cambridge Before Darwin (Cambridge: Cambridge University Press, 1980) discusses the educational philosophy of the university in this era.

With his strong affinity for Euclid, Marshall learned these lessons well.[8] He spent ten terms preparing for the tripos, and was urged by his tutor to give up his favorite sport–bowls–lest it interfere with his concentration on what was virtually a test of rote learning.[9] Those who did well on the tripos were assured of election to a college fellowship, an invaluable beginning to one's career. In the fall of 1865 Marshall achieved the impressive level of Second Wrangler (second highest score in the mathematical tripos), received his baccalaureate, and was elected to a fellowship at St. John's. Physics had begun to attract him more than the foreign missions, though he still intended to become ordained. It was the age of reforming college dons and muscular Christianity, and in company with his other fellows the young Marshall appeared ready to blend Christian belief and high educational ideals.

But Marshall swiftly came to an unexpected crisis in the years immediately after his graduation. Belief in the revealed God of his youth was suddenly attacked via the two avenues most devastating to him: intellectual ability and mathematical knowledge.

The first shock came in 1865 with An Examination of Sir William Hamilton's Philosophy by John Stuart Mill, whose Logic Marshall had read and admired as a schoolboy. Mill attacked an 1858 attempt philosphically to justify belief in God. Henry Longueville Mansell, a student of Hamilton's, had declared (in the Bampton Lectures for that year) that God is Absolute, but that man's mind

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8. J. K. Whitaker, ed., The Early Economic Writings of Alfred Marshall (New York: Free Press, 1977), I 3.

9. Pigou, Memorials, 76. Lord Annan, Leslie Stephen: The Godless Victorian (Chicago: University of Chicago Press, 1984), 24-28, stresses the rote nature of the tripos. See also W. W. Rouse Ball, A History of the Study of Mathematics at Cambridge (Cambridge: Cambridge University Press, 1889), ch. 10.

uses perceptions of this world as its basis for knowledge and cannot comprehend the Absolute. We must make "submission of Reason to... Revelation" and simply believe.[10]

Mill's attack began with essentially the same proposition. Man's mind deals not with absolutes but with what it perceives and comprehends, with knowledge relative to the world around it. Mill, however, found no valid grounds for an intuitive belief in God. If we cannot comprehend an Absolute Deity, then there is no need to believe in God, since there is no intellectual or philosophical evidence for his existence. Man is alone in a relativistic world, relying upon the evidence of his senses to create an epistemological framework. [11]

The argument staggered Marshall, who wrote later that his desire to study physics "was cut short by the sudden rise of a deep interest in the philosophical foundation of knowledge, especially in relation to theology."[12] Both parts of this quote are important for understanding the young Marshall. The loss of certitude was an appalling prospect for a would-be minister; Marshall discussed his despair with Henry Sidgwick, Cambridge's celebrated agnostic, and later commented "The minutes I spent with him were not ordinary minutes; they helped me to live."[13] But it was not simply Marshall's inability to believe in God which had so upset him. The part of the argument was equally devastating: if all knowledge is relative, Marshall's past life and education, with all its stress on deductions from

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10. Henry Longueville Mansell, The Limits of Religious Thought (London: John Murray, 1859, 5th ed. 1867), introduction, II, III; quote, xix.

11. John Stuart Mill, An Examination of Sir William Hamilton's Philosophy (London: Longmans, Green and Dyer, 1865; 5th ed. 1878), ch. 7.

12. "Eckstein" autobiographical fragment, in Wood, Assessments, I 149.

13. Pigou, Memorials, 7.

absolute values, was based on false premises. What can man know? How can man achieve certain knowledge?

With an energy born of despair Marshall dove into metaphysics to try and decide the issue for himself. He began rising at five o'clock in the morning, reading philosophy (not theology) till he made himself ill and his foot began to swell.[14] He went to Germany in 1868, learning the language so as to be able to read Kant in the original. Though he became thoroughly familiar with Kant's work ("the only man I ever worshipped") he found his doubts enlarged, not diminished, by the experience. Shortly after this came the second attack on Marshall's epistemological world. Like the earlier blow it took him by surprise, and made such an impression on Marshall that it completed the destruction of the world of his youth.

This second blow was the introduction of non-Euclidean geometry to English men of science, and their realization of its immediate implications in philosophy. One of the earliest champions of non-Euclidean geometry was William Kingdon Clifford, Second Wrangler for 1868 and Marshall's closest friend at that time.[15] Already marked out as a mathematician of genius, Clifford's rooms were the meeting place of his circle of friends. Clifford became aware of the new, non-Euclidean universe shortly after he graduated, and Marshall later quoted Clifford's work in a conversation with Ralph Waldo Emerson. It seems probable that Marshall learned of non-Euclidean geometry through Clifford about 1870. Both men had a natural interest in the subject, which may have been the only real

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14. Pigou, Memorials, 418.

15. Pigou, Memorials, 13.

bond between them; there is no evidence they tried to keep in touch once Clifford went to the University of London in 1871.

Non-Euclidean geometry proposed that there were other, logically self-consistent, geometrical systems beside that of Euclid. These systems were mutually contradictory: if Euclid was "true," in the sense of describing the framework of the universe, then the geometries of Bernard Riemann or Hermann von Helmholtz (two prominent geometers of the day) could not also be "true." The implications for philosophy were immense. Since all the geometries were logically self-consistent, only experiential observation which system was most "true," now perforce meant in the sense of "most applicable in the given situation." And that meant that the other a priori absolute truths which geometry had taught in the past suddenly vanished into thin air. Absolute truth as a concept was now indefensible. As a recent study concludes, "All people who concerned themselves with epistemological questions had to face the question of geometrical truth."[16] Marshall was one of those people. For him, God already did not exist a priori; now, apparently, nothing else did either. Only experiential sense evidence was valid ground for belief; inductive observation, in short, was preferable to deductive theorizing.

This second blow seems to have sealed the fate of metaphysics as far as Marshall was concerned. An illuminating conversation he later had with American philosopher Ralph Waldo Emerson demonstrates its effect on him:

> Then we talked about Clifford's interest in the problem whether two straight lines can inclose a space. This also was new to E. He was amused, but a trifle scornful. This piqued me. So I fired off

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16. Joan L. Richards, "Non-Euclidean Geometry in Nineteenth Century England: A Study of Changing Perceptions of Mathematical Truth" (PhD dissertation, Harvard University, 1980), 8.

> Helmholtz's case of beings living on the surface of a sphere. He listened hard and with effort. I waited for a reply. "Well," he said at last, "it is a very ingenious argument; but it has no practical bearing." I should have dropped the matter; but I had just seen him described in an American guidebook as "the greatest living transcendentalist;" so I seized the opportunity to get on the subject of Kant: and said "Directly, no doubt: but indirectly it seems to me to bear on fundamental questions of theology and morality. E. g. Kant says the mind may know certain moral and theological propositions certainly and a priori; for it does so know certain physical propositions . I searched his work to find what instances he gave of this: when I found all these were deprived of value, I changed my attitude to some extent with regard to the other propositions."[17]

Marshall's loss of faith, then, was more serious than has hitherto been realised. He lost not simply faith in God, but faith in an entire philosophical and epistemological framework. Throughout his life he had been able to assume the existence of absolute truths, truths which did not depend on human interpretation but which formed the bedrock of the universe. Very suddenly he was left without a God, without a justifiable belief in any absolutes whatsoever. The universe was a far emptier and more solipsistic place than he could have imagined.

Marshall quickly immersed himself in an attempt to discover the limits of man's knowledge. Already in 1867-68, under the impetus of Mill's destructive criticism of a priori thought, he had begun to turn to the inductive science of psychology in order to find a new foundation for knoweledge. As he wrote in 1867, in a paper he delivered to the Grote Club, a body of dons who met irregularly for discussion of philosophic principles:

> [I believe I am] in the course of feeling my way toward a general theory of psychology, which, I have a growing tendency to believe, is capable of being developed into the true one. I wish to investigate what operations can and what cannot be performed by pure mechanism–mechanism, that is, such as is the subject of the daily operation of the practical engineer...all the phenomena of the

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17. Marshall Papers, 6(1), Sketches of Character.

> human mind--all the indirect internal and external indications of what people call the human soul--can be accounted for by means of mechanical agencies plus self-consciousness.[18]

From a priori deduction, then, Marshall shifted to the opposite end of the philosophical spectrum: observation and induction. His three papers on psychology attempt to define the acquisition of knowledge as the operation of stimulus and response. By means of the proper stimuli, imagines Marshall, we can take a coal-fired, steam-powered intelligence and teach it the rudiments of mathematics, music and ethics.[19] The resemblance to Frankenstein's monster is striking. Starting with a blank slate, Marshall hoped to use experiential sensation to impress upon his creation all the knowledge necessary for a good and moral human existence.

Of that knowledge, the subject of ethics soon dominated Marshall's thoughts. Psychology fascinated him because of its bearing on "the higher and more rapid development of human faculties..."[20] But this led him to consideration of Victorian society, which limited the development of the faculties of so many individuals, especially of the working classes. Marshall recalled that he found it difficult to justify the existing conditions of society.[21] A friend suggested that political economy would explain the situation. Marshall read Mill's Political Economy and, fascinated, began his own inductive campaign to investigate economic truth. He recalled later how he began to walk the streets of the poorer quarters of cities, watching the faces of the people. In this early period it is

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18. Marshall Papers, 11(10), Ferrier's Proposition I.

19. Marshall Papers, 11(8), Ye Machine.

20. Pigou, Memorials, 10.

21. Pigou, Memorials, 10.

characteristic that his attention was focused on the individual, and on inductive observation and not deductive reasoning.[22]

In the meantime there remained the question of what to do with his life. In 1868, while in the midst of his philosophic turmoil, Dr. William Bateson, the Master of St. John's, had arranged a special lectureship in the moral sciences for Marshall. To the end of his days Marshall remained grateful for an appointment that, he said, helped determine the course of his life. It gave him a foothold in Cambridge's academic community and a sense of direction. Toward what, exactly, was still uncertain; it was only later that Marshall became convinced that economics was the most important of the moral sciences. But another aspect of the lectureship may have been more important to Marshall. It was one of the few positions at Cambridge to which an uncertain agnostic could be appointed. As Henry Sidgwick wrote to a clerical friend in 1868:

> The thing is settled. I informed the seniority that it was my intention to resign my Fellowship at the end of the year, in order to free myself from dogmatic obligations. With great kindness and some (I hope not excessive) boldness they have offered me, on this understanding, the post of lecturer on Moral Sciences (not Assistant Tutor), which I have accepted.[23]

There were in fact a good many non-believers in Cambridge, who found for themselves posts in the moral sciences: J. B. Mayor had held a lectureship at St. John's, and John Venn held one at Caius. It was another indication that Marshall reflected the intellectual and moral concerns of his age.

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22. Pigou, Memorials, 10. Marshall did translate Ricardo's theorems into mathematics, a far more deductive exercise, but Keynes clearly states that it was through ethics and not mathematics that Marshall came to economics.

23. Laurence and Helen Fowler, eds., Cambridge Commemorated (Cambridge: Cambridge University Press, 1984), 211.

A clearer indication of these concerns can be seen in Marshall's activities these years. His interest in the development of the individual's faculties and his sympathy for the working classes began to result in positive action. In 1869 a self-appointed committee began to organize women's education at Cambridge; Marshall was one of its original and most active members. He was one of the first to read Karl Marx's Das Kapital in 1870. In 1871 he agitated for reform of Cambridge's ancient fellowship statutes. In 1873 he read a paper to the Cambridge Reform Club on "The Future of the Working Classes." In 1874 he lectured in Halifax as a part of the university extension movement, wrote two articles for the labor journal Bee-Hive, and addressed striking agricultural laborers in Cambridgeshire.

Only gradually in these years did he come to concentrate on economics. Despite his first burst of enthusiasm for Mill, he apparently regarded learning the dry facts of economic life as a necessary evil, a distasteful duty to be endured. He regarded himself as "a philosopher straying in a foreign land," not as an economist at all.[24] He taught economics, he said, only because as a junior lecturer he could not avoid it. But slowly its importance grew in his mind, as he noticed that of all the moral sciences political economy had been most neglected by academic thinkers. In 1871-72

> I told myself the time had come at which I must decide whether to give myself to psychology or economics. I spent a year in doubt: always preferring psychology for the pleasures of the chase; but economics grew in and grew in practical urgency, not so much in relation to the growth of wealth as to the quality of life; and I settled down to it.[25]

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24. Whitaker, Early, I 7.

25. Pigou, Memorials, 25.

Marshall settled down to it by transforming his earliest essays into a monograph on foreign trade, "for the chief facts relating to it can be obtained from printed documents."[26] The death of an uncle who had helped him attend Cambridge, and a consequent small inheritance, allowed him in 1875 to spend the summer touring the United States and investigating economic reality and foreign trade at first hand.

In the years leading up to the American trip, and during the trip itself, Marshall had demonstrated a continuing concern for four themes in his life. These themes were more central to Marshall than any desire to study protectionism. They defined the way in which he thought about economics and life in toto. Some remained with him all his life, while others faded as the years went by. All were affected by his experiences in America.

The first theme was a simple question: should Marshall be an economist? Although it was a question that he had apparently answered by 1875, influences from the past lingered. Economics was not, after all, his first choice for a career. After his loss of faith Marshall became interested in philosophy, psychology and then ethics. Indeed, he had come to economics through ethics; this kept him from being as narrowly utilitarian as William Stanley Jevons.[27] And if Marshall was to be an economist, what sort of economics did he prefer? Beside his reading of Mill and Ricardo, Marshall demonstrated a strong sympathy for socialist economists. These were the years of his self-described tendency to socialism, in which he read

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26. Pigou, Memorials, 20. One of his earliest essay was in fact titled "International Trade." See Whitaker, Early, II 261-79.

27. Stefan Collini, Donald Winch, John Burrow, That Noble Science of Politics: A Study in Nineteenth Century Intellectual History (Cambridge: Cambridge University Press, 1983), 318.

Marx and Lassalle and approved their moral outrage if not their economic cure. His intention of studying protectionist economics in the United States may have been encouraged by his recognition of the close relationship between socialism and protectionism.[28] His interest in the American religious societies of the Shakers and Perfectionists was linked to his desire to find some way to utilize the socialists' anger and concern for their fellow man.

A second theme was the continuing importance to Marshall of philosophy. The influence of psychology was ephemeral, but Marshall's roots in philosophy ran far deeper. This included not simply an interest in metaphysics, retained from earlier years, but also a continuing interest in the proper philosophic method of discovering truth. In the early 1870's, because of his loss of faith in God, Marshall came to believe strongly that induction was superior to deduction. He once told an audience that criticism of Charles Darwin was justified, to the extent that Darwin extended his speculations to matters beyond observation.[29] In economics as well this influence was marked: he later wrote that he admired German economist J. H. von Thünen because "he was a careful experimenter and student of facts, and with a mind at least as fully developed on the inductive as on the deductive side."[30] Both as a metaphysical delight and as a paradigmatic tool, philosophy continued to fascinate Marshall for many years to come.

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28. See McWilliams-Tullberg, "Marshall's 'Tendency to Socialism,'" in Wood, Assessments I 374-408; also J. F. Normano, The Spirit of American Economics (New York: Committee on the Study of Economic Thought, 1943), 142-44; and Sidney Fine, Laissez-Faire and the General Welfare State (Ann Arbor: University of Michigan Press, 1956), 66 on the philosophical similarities between protectionism and socialism. Contemporaries insisted that the two movements were fundamentally similar: see J. Laurence Laughlin, "Protection and Socialism," International Review 7 (1879) 427-35, and Henry Fawcett, Free Trade and Protection (London: Macmillan and Co., 1878, 5th ed. 1885), esp. 97-98.

29. Marshall Papers, 11(11), The Laws of Parcimony.

30. Pigou, Memorials, 360.

A third theme was a continuing interest in social reform. This theme had two points of origin. The first was economic; a passion for the historical study of economics was then in vogue, especially in Germany, and Marshall wrote that in the early 1870's he was in his "full fresh enthusiam for the historical study of economics."[31] Historical economics proposed that there were no valid a priori axioms such as the intrinsic advantages of free trade. Only inductive observation could establish which economic policy was correct at any given time. Each case must be argued on its own merits, and as social and historical conditions changed so must economic theory. A nation therefore was free to experiment with other social and economic forms of organization. The resemblance to the deductive-inductive arguments in philosophy is not accidental. Historical economists firmly took the inductive side and castigated deductive economists as entirely too theoretical.[32]

The second point of origin was philosophical, elaborated in the works of John Stuart Mill. Mill despised a priori deduction from intuitive axioms because it was used to justify the order of society as it currently existed. The practical reformer believed in inductive observation, and "there is therefore a natural hostility between him and a philosophy which is addicted to holding up favorite doctrines as intuitive truths."[33] Since the existing social order could no longer be justified as an a priori truth, reformers were free to experiment with constructive

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31. Pigou, Memorials, 378.

32. See for example Gerard Koot, English Historical Economics 1870-1926 (Cambridge: Cambridge University Press, 1987), esp. Introduction, and Alon Kadish, The Oxford Economists in the Late Nineteenth Century (Oxford: Clarendon Press, 1982.)

33. John Stuart Mill, Autobiography (Oxford: Oxford University Press, 1924, repr. 1952), 232.

changes. Reforming society's structure would automatically reform mankind. The influence of these two arguments for reform can be traced in Marshall's activities, since it was in the early 1870's that he began his own reforming efforts such as the university extension movement and lectures to women students.

Character forms the fourth and most important theme of these early years of Marshall's career. Not only was the largest single section of his notes from America concerned with character; it was a major goal of his studies and one that remained constant throughout his life. Marshall's attention shifted from psychological influences on character to ethical influences on character, and then to economic influences--but always the goal remained of understanding character and its formation.[34] He identified five essential character traits, according to a recent study: honesty, respect for persons (including self respect), the pursuit of excellence, generosity, and deliberateness.[35] Though race, heredity, and climate all had their influences, he came to believe that character would be most greatly encouraged or discouraged by economic conditions. In the Principles he wrote "man's character has been moulded by his every-day work." It was almost a repetition of his first public speech, twenty years earlier, in which he set out to examine "the characteristics of those occupations which directly promote culture and refinement of character."[36]

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34. Marshall proposed that a coal-fired thinking machine could develop the ability to prefer greater but deferred pleasure over smaller but immediate pleasure, defining this as character in such a context. Marshall Papers, 11(8), Ye Machine. In "Foreign Trade" he wrote that an increase in wages will lead to a better environment for the worker and thus to a better character. Whitaker, Early, II 24.

35. David A. Reisman, Alfred Marshall: Progress and Politics (New York: St. Martin's Press, 1987), 15-41, 101-11.

36. Alfred Marshall, Principles of Economics (New York: Macmillan and Co., 8th ed. 1949), 1; "The Future of the Working Classes," in Pigou, Memorials, 103. The occupations were those of gentlemen, to which Marshall wanted to raise the working class.

These themes ran in parallel, of course, since Marshall's mind was not made up of watertight compartments. An interest in social reform was influenced by Marshall's background in ethics as well as his desire to elevate the character of the poor. The themes may be linked together with the phrase "evolution of conviction." By the time Marshall published his first book, Economics of Industry, in 1879, he had veered away from his interests of the early 1870's. Marshall's conviction that he was indeed an economist, his interests in reform, in philosophy and in character all underwent great change or evolution in the aftermath of his trip to America. Though he kept no diary, the path of this evolution can be traced through his writing and lecturing of the years immediately following the tour. Considerably more sure of who he was and what he wanted, Marshall abandoned many of his earlier beliefs and attitudes and concentrated on the scientific presentation of economic theory.

Chapter Two

> I believe that ere long they [the Americans] will give the world the first genuine architecture it has had since genuine Gothic was broken up by the erudite servility of the Renaissance.
>
> Alfred Marshall
> Hudson River Valley
> 12 June 1875

Marshall's decision to visit the United States was not taken on a sudden whim. Clearly, the trip had been carefully planned ahead of time. His interest in the United States was long-standing. Several years earlier, he had hosted a reception for an American professor visiting Cambridge.[1] He had also read the accounts of other visitors to America, notably those of Alexis de Tocqueville and Anthony Trollope. He was as well aware of American conditions as any armchair traveler in England could be. Before following Marshall on his travels across America, therefore, it seems helpful to to investigate three preliminary topics: Marshall's motives for visiting America, the tradition of European visitors whose accounts he read (and of which Marshall was a self-conscious part), and the nation he found in 1875.

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1. Blanche Athena Clough, A Memoir of Anne Jemima Clough (London: Edward Arnold, 1897), 201. The name of the professor is not recorded; nor is the date, though the context suggests the visit occurred in 1873. Presumably it was not Charles W. Eliot, president of Harvard University, who visited Cambridge in 1874 and who was Marshall's host in 1875; Clough noted that the visitor was a professor from "western America."

I - Motives

Why exactly did Marshall choose to visit the United States? His relatives considered it a foolish waste of money.[2] His inheritance of£250 was the better part of a year's income to the young don. Substantial information on the tariff issue could have come from printed sources, as he himself realized. What were his motives for spending the summer this way?

The most frequently cited motive, by Marshall himself and by others, was the advancement of his career.[3] A close look at America would aquaint him not only with protectionist arguments, but also with the effects of the tariff on society as a whole. It would also give him the chance to conduct his own observations, something in accord with his inductive philosophy in the early 1870's. A strong, well-written book on a topical subject would go far toward making his career, at a time when educational reform and increasing professionalization were opening the universities to newcomers. William Stanley Jevons had written The Coal Question (1865) in large part for this reason.[4] The necessity of broadening the base of his success must have also been brought home to him by the declining value of his fellowship. St. John's annually distributed among its fellows a dividend from the profits made on college agricultural lands. The collapse of agriculture was already underway, and the college's profits and fellows' dividends were declining accordingly.[5] Finally, Marshall hoped someday to marry, which meant that under

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2. Mary Paley Marshall's notes cited in Whitaker, Early, I 53.

3. "So I began to write, and in 1875 visited [the] U.S.A., chiefly in order to study enlightened Protectionism on the spot." Marshall to E.R.A. Seligman, April 1900; cited in Whitaker, Early, II 3.

4. D. P. O'Brien and John R. Presley, eds., Pioneers of Modern Economics in Britain (London: Macmillan Press Ltd., 1981), 12-13.

the terms of his appointment he would have to give up his fellowship altogether. A successful book would make it easier for him to find an academic position elsewhere.

Marshall may also have had more personal motives, though he never cited these directly.[6] Scholars have suggested that Marshall found himself in an increasingly uncomfortable position in the 1870's. He was a firm believer in the positive value of individual competition; it was competitive, laissez-faire economics which had swept away old customs and allowed the productive advance of the Industrial Revolution. Yet the social effects of laissez-faire were often horrifying. Marshall's description of the Industrial Revolution was nearly as grim as that of Arnold Toynbee or John Ruskin: he told his students that humanity had been sacrificed to production.[7] The obvious alternative, socialism, both attracted and dismayed him. He admired socialist empathy but saw little intellectual rigour in their economics and feared their programs would stifle individual competitive effort.[8] His temperament, also, did not dispose him to espouse the socialist cause; Marshall disliked contoversy, which would surely had followed if he had become

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5. Edward Miller, Portrait of a College (Cambridge: Cambridge University Press, 1961), 96-98. The value of a fellowship dividend was still £300 annually in 1878 but by then the trend was clear; by 1896 the annual dividend had fallen to £80.

6. He did say that America made him realize the kinds of questions he wanted to ask, an indication that he was still unsure of his path in 1875. Pigou, Memorials, 14. Dr. G. Becattini pointed out Marshall's quandry to me in discussion; see also Rita McWilliams-Tullberg, "Marshall's 'Tendency to Socialism,'" in Woods, Assessments, I 374-408.

7. Marshall Papers, Lectures to Women II. The date of these lecture was 1873.

8. Marshall's opinion of Lassalle fits this description exactly: he admired part of his work, but believed Lassalle had not thought the matter through. Whitaker, Early, II 37-38. In Lectures to Women VI he said that the strongest force in life is individuality, and it must not be weakened.

one of the few socialists at Cambridge.[9] Unable to endorse either alternative, Marshall was left without a camp to call his own.

In addition, the substance of many of his notes in America indicates a fascination with personal character and development. No interest was shown in the industrial depression that had begun in 1873. Great interest, on the other hand, was demonstrated in character: how best could one encourage personal freedom and development? After his return, Marshall spoke almost with a sense of relief on the ethical standard he had found in America. Ascribing psychological motivation a century after the fact is extraordinarily difficult; yet more than one scholar has suggested that Marshall's own development, personally and professionally, was at an impasse.[10] He was torn between socialism and laissez-faire, between individual competition and social welfare. The best of all possible worlds would be a laissez-faire system which promoted social welfare. That he was looking for such a world cannot be doubted; that he had found it in England cannot be accepted.[11] Marshall was a man looking for an answer, and he hoped to find it in the New World.

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II - European Visitors

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9. Marshall did not make an issue out of his loss of faith, nor did he resign his fellowship as his mentor Henry Sidgwick did.

10. See the work of McWilliams-Tullberg, cited above, n. 6, and of Dr. Becattini in his preface to the Italian edition of Economics of Industry.

11. Compare his address on "The Future of the Working Classes," 1873: Pigou, Memorials, 101-18. Marshall spoke later of the faces of many of the English poor as being full of a "gross deathly coarseness": Whitaker, Early, II 369.

Foreign visitors were not unusual in America, especially by the latter part of the century. Marshall's tour, in one sense, may be viewed as part of a traditional European interest in visiting and describing the New World. It was customary for visitors to travel throughout America, taking notes and making sketches, and to publish an account on their return home. These books found a ready market, since there was an immense curiousity about the United States. Though each account emphasized its author's foibles as well as impressions of America, there were certain general characteristics true of nearly all of them.

From the beginning there had been a tendency in Europe to view the United States as a gigantic experiment, a country where the transforming themes of the modern world would be first worked out. European visitors were excited, and sometimes a bit alarmed, at the prospect of a country creating its future without the benefit of traditions to guide its growth. To the age of the Enlightenment, all men were created rational and equal, and in the new nation old customs and traditions would never interfere with political and social stability. The nineteenth century was no longer so optimistic. Especially from mid-century, large numbers of immigrants meant that society, religion and politics in America were subjected to the stresses of conflicting national cultures. Europeans wondered how the United States would maintain its national integrity.

Of the visitors, de Tocqueville notwithstanding, the English seemed to best understand the Americans.[12] Ties developed in the colonial period remained close, despite the break in 1776. Especially was this true on the east coast of America, where Americans and Englishmen shared connections ranging from membership

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12. Henry Steele Commager, America in Perspective: The United States through Foreign Eyes (New York: Random House, 1947), xxiii.

in feminist and anti-slavery movements to literary and philosophical societies which read and discussed the same authors. In the early decades of the century, many English visitors toured the United States and narrated their experiences when they returned home. Personal likes and dislikes dominated these early accounts. Harriet Martineau, for example, the popular economist, visited America in 1834. As a moralist she concentrated her attention on areas that failed to measure up to her standards: slavery and women's employments especially caught her critical views. The most famous example, of course, is that of Charles Dickens. He admitted Americans could be frank and enthusiatic, but found them more often fickle, inconstant, and self-possessed to the point of arrogance. Before the era of the Civil War, however, there was little sustained analysis in these books.

By the 1870's travelers' accounts had begun to change.[13] Certainly they were not all favorable, nor were all personal foibles left behind. In 1883 Matthew Arnold found the United States a mediocre and materialistic place, entirely too full of towns whose names ended in -ville; the apostle of sweetness and light held out little hope for the new world. Nevertheless more specific questions were now being asked. The changing world meant that the English were looking at the United States with a new perspective and respect. The Americans had just finished a war that was considered a trial by ordeal for democracy; with Britain in the process of expanding her own democratic institutions, the American experiment had taken on new importance. Britain faced no wave of immigrants, but it did have a largely unassimilated working class as well as the disaffected Irish. Industrial conditions, too, led to similar problems in both countries. Would factory workers turn socialist? Would factory owners recognise their obligations

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13. Allan Nevins, ed. America Through British Eyes (New York: Oxford University Press, 1948), 305-09.

to society? There was much concern to see how the "American cousins" were handling such problems, as well as a growing feeling that in its march toward a new and non-traditional world America was once again demonstrating the future of the international community. E. A. Freeman found American architecture interesting; Emily Faithfull made three trips to see how America dealt with what she considered the most important question of the century, the women's movement. Despite the tensions of the war years there were still close ties between America and Britain. This was especially true in the New England region, with its de facto cultural capital of Boston. Well-educated, middle-class Englishmen felt most at home here, and nearly all such visitors spent some time in the New England area.

The greatest analysis of these decades was that of James Bryce in The American Commonwealth (1888.) His description provided a balanced and insightful view of America. He praised the enthusiasm for genius and the desire to be abreast of the best thought that he found; he decried America's fondness for the bold and showy, its absence of refined taste, and its tendency to equate largeness with excellence. Bryce interested himself primarily in the political structure of the United States, but analysed it in such a way as to consider the effect of non-political themes. He speculated, for instance, on the influx of poorly-educated and underpaid immigrants into urban political machines. Bryce loved America, and admired its material prosperity, but did not find it a distinguished place. His reaction was typical of most British visitors, and Marshall's reactions to America parallel those of Bryce in many respects.

Beyond the advent of democratic politics in Britain, there were several other reasons why America began to attract not only English visitors but English

analysis. One was the rise of the United States as an economic power. As early as the Great Exhibition of 1851, sharp observers had noticed America's potential for industrial production. Over the next two decades there had been a tremendous expansion of physical plant and manufacturing capacity. Though the days of mass production and assembly lines still lay ahead, it was already clear that America intended to export its goods abroad. To the industrial presence must be added the immense agricultural strength; the United States at this time was still predominantly a rural nation. The power of steam, whether operating on land or sea, had opened up the world's markets to American grain and beef. American grain, cheap and plentiful, had helped cause the collapse of English agriculture in the 1870's.14 Marshall later claimed that his tour had enabled him to foresee American economic domination, though there is little evidence of this in his notes from 1875.[15]

English intellectuals were also interested in America because of their awareness of eroding traditional customs, at home and in the new world. Sometimes the customs were vicious holdovers from an earlier time; John Stuart Mill applauded the "literary and scientific men" in England who decried slavery and favored the North in the Civil War. In other cases the loss of tradition was more unsettling. On his return from America Marshall voiced the concern of those who saw a new and impersonal society developing. The United States, said Marshall, was farther along this path than was Britain; his observations were therefore valuable as they showed what Britain might expect in coming years.[16]

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14. See for example E. J. Hobsbawm, Industry and Empire (London: Penguin Books, 1965.)

15. Pigou, Memorials, 14.

16. Whitaker, Early, II 451.

There was, finally, a renewed interest in human behavior and character in England from the mid-century onward. Herbert Spencer's attempts to found ethical behavior on scientific principles had begun with the publication of Social Statics in 1850. From the mid-1870's psychology had become the domain of questions about human behavior, instead of philosophy as formerly; one of the first observations it made about men's environments was that crowded conditions, casual labor and unemployment helped spread "demoralisation."[17] Authors such as George Eliot (whose books were a staple in Marshall's early lectures) demonstrated the interplay of character and morals, and showed that society helps define character.[18] The character of Americans became of increasing importance to English visitors, such as Anthony Trollope who reported that he found men in the western territories to be silent and taciturn, the women hard, dry and melancholy.[19]

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17. Nikolas Rose, The Psychological Complex: Psychology, Politics and Society in England 1869-1939 (London: Routledge and Kegan Paul, 1985), 3-4, 48-50.

18. R. P. Draper, ed., George Eliot: The Mill on the Floss and Silas Marner: A Casebook (London: Macmillan, 1977), 126-28. See also Leslie Stephen's George Eliot (London: Macmillan, 1902, 1926), chapter six.

19. Anthony Trollope, North America (London: Chapman and Hall, 1864), II 116-20. Marshall himself regarded Trollope's commentary as careless: Royal Statistical Society, Report of the Proceedings...[of the] Industrial Remuneration Conference (London: Cassel and Co. Ltd., 1885; repr. New York: Augustus M. Kelley, 1968), 77.

III - Gilded Age America

The America that he saw in 1875 was well into the Gilded Age, as Mark Twain called it.[20] The boom of the Civil War years had flooded the country with a good deal of wealth, much of it in the form of a new paper money, and despite the Panic of 1873 and the subsequent depression there still seemed a lot of gilding about. The cities were booming, immigrants were reaching the New World in greater numbers than ever before, education at the higher and advanced levels was beginning to flourish. Except for a few sympathetic individuals there was an "undaunted indifference" so far to social problems. The frontier was rapidly closing, and the nation was preparing to celebrate its centennial with a giant exhibition in Philadelphia. Outside the large cities, the nation was composed of a network of small towns, in which the citizens all held the same fundamental values of hard work, belief in God and a sturdy independence. Marshall was particularly interested in tariffs, economic theory, commerce and industry, and character. All will be briefly considered in this section.

Protective tariffs had been a part of the American economy since the early days of the Republic.[21] Indeed, the first piece of legislation passed by the Congress had been a tariff. As the Napoleonic Wars came to an end and Britain's

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20. See for example Robert Wiebe, The Search for Order 1877-1920 (New York: Hill and Wang, 1967), which places much emphasis on the network of values, and John Higham, Strangers in the Land (Brunswick, N. J.: Rutgers University Press, 1955), 15-22. Also see John A. Garraty, The New Commonwealth 1877-1890 (New York: Harper and Row, 1968), ch. 1, and 147-56, 201-18.

21. The best discussion on tariffs in American history can be found in F. W. Taussig, The Tariff History of the United States (New York: G. P. Putnam's Sons, 1892, 8th ed. 1931), and in John M. Dobson, Two Centuries of Tariffs (Washington: International Trade Commission, 1976), from which the following discussion is taken. See also Edward Chase Kirkland, Industry Comes of Age (New York: Holt, Rinehart and Winston, 1961), 185-90; and Louis M. Hacker, The World of Andrew Carnegie (Philadelphia: J. P. Lippincott Co., 1968), 29-37.

factories began to again export to America, often underselling American producers, the Congress was urged to protect the home market and encourage the "infant industries" of the country. Tariffs became an integral part of Henry Clay's American System, along with sound money, strong banks, and internal transportation; once enshrined in this way, it proved impossible to end protection. In the 1840's, when it could no longer be justified on the grounds of infant industries, defense of the tariff shifted to emphasize protection of American labor, paid far higher wages than the impoverished European factory hand. Both the political parties of the day, the Whigs and the Democrats, adopted tariffs as part of their platforms. The effects of the Civil War, here as everyhwere else, were immense. To finance the conflict the Federal government printed paper money, increased taxes–and imposed higher tariffs than ever before. Before the war, the average rate of duty was 18.8% of the value of the imported goods; by 1865, the average rate was 47%.[22] In the years after 1865 producers' lobbies saw to it that tariffs were maintained; during the post war boom years, industry and commerce prospered as never before despite the sharp recessions of the 1870's and 1880's. Although the academic world decried tariffs as a needless tax on the community which subsidized inefficient businesses, the country as a whole believed that they protected the worker's high wages and kept demand high for domestic goods. America's prosperity was legendary; if tariffs were shown to be the root of this expanding economy, Marshall would have to rethink his free-trade position and drastically alter the plan of the book he was writing.

In terms of economic theory, the nation was coming to accept that many of its problems were economic at base.[23] Increasingly an audience could be found

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22. Hacker, World, 29-30.

for those economists who desired to address the public, whether in journals or in lecture halls. No one, bank president or day laborer, could avoid noticing the inflation of the war years. American economic theory was divided into two streams: academic and popular. The academic economists, most of them from New England, followed the classical economics of Adam Smith and David Ricardo. There were not many of them in this era; the American Economic Association was not founded till 1885, and most university appointments were to joint chairs such as that held by Francis A. Walker, professor of political economy and history at Yale. They were believers in laissez-faire and free trade, sometimes zealously so; William Graham Sumner denounced by name large corporations that had lobbied for increases in the tariff rates. There was some interest in the new mathematical economics of William Stanley Jevons, and some in the German historical school which saw economics as less a matter of theory than of pragmatism. In general, though, Marshall recognized the economics of the professors as that with which he was thoroughly familiar.

Popular economics revolved around a single issue: the tariff. Accepting the individualism of Ricardo, men such as Henry C. Carey denied the free trade of Smith and the pessimism of Thomas Malthus. They believed that it was not only possible but necessary for the United States to keep its tariff barrier, to maintain the high wages of American labor and avoid being engulfed by the products of cheap foreign labor. Popular economic thinking had not yet glorified the cult of the entrepreneur, as it did some years later by enshrining Andrew Carnegie and John D. Rockefeller. It was a commonplace, however, that the best men in

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23. The following discussion is taken from Joseph Dorfman, The Economic Mind in American Civilization, Vol. Three: 1865-1918 (New York: Viking Press, 1949), 49-69, 82-87; Edward Chase Kirkland, Dream and Thought in the Business Community 1860-1900 (Ithaca: Cornell University Press, 1956), 4-20; Kirkland, Industry, chs. 1-4; J. A. Schumpeter, History of Economic Analysis (New York: Oxford University Press, 1954), 516-19; Normano, Spirit, 121-52.

America avoided politics at all costs and aimed for careers in the professions or commerce.

Industry and commerce had been visibly expanding since before the Civil War. There had been little in the way of research or industrial development; mass production was the exception rather than the norm. Only the largest operations were likely to be actual corporations, the majority remaining partnerships or one-man proprietorships. But increased industrialisation and the rise of big business, coupled with technological breakthroughs, had called forth greatly expanded production. The resulting boom lasted until the fall of 1873, when the failure of the Credit-Anstalt in Vienna began a series of business failures that came to be known as the Great Depression. Mild by modern terms, the depression shook contemporary businessmen's faith in the economy but left academic economists largely unimpressed. Some years later Marshall called it "a depression of prices and profits," which had actually helped the working man by reducing the cost of his necessities; in 1875 he made no note of it either in his letters home or in his observations.

Nevertheless the American economy was beginning to reflect its potential strength. Foreign investment in the United States reached its height in the 1860's and early 1870's; as the American capital market began to develop, foreign capital was less necessary, and foreign investment in the United States declined from 1873 onward. From 1874 the nation was exporting more finished goods than it imported. The economy was also more diversified; hard manual work and the pioneer spirit were revered, but service industries were rapidly expanding alongside manufacturing enterprises. Advertising, chain stores such as Montgomery Ward's, and large national wholesalers like Swift Meats were creating

new markets and in the process eroding the pattern of localism and island communities that had dominated the first half of the century. Reactions to the changed economy were also more visible. Real wages were up, because of the price fall, but production and hence employment were suffering. The Knights of Labor, a union of skilled workers, had been founded in 1869. There were political movements opposed to the influence of capital, such as the Granger Movement or the Socialists (Marshall attended meetings of both.[24]) Almost any decade of the century would have seen the beginning of some new trend, but the mid-1870's were an important age of change in America's economy as well as England's.

Finally, Marshall was interested in the American character. The concept of character was of overwhelming importance to intellectuals of the nineteenth century.[25] It was a universal value, held independently of one's political beliefs; conservatives, liberals and socialists alike believed that character determined man's fate. To the reformers this belief held a special importance, as no change in the structure of society, economy or politics would last without corresponding changes in character. Marshall was fascinated by the unapologetic independence of American character. In the later nineteenth century, the independent air of the average American citizen was a byword in Europe's popular press. Dickens had found it intolerable, but most Englishmen did not react so harshly. The independent attitude was said to have resulted from early American frontier

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24. Alfred Marshall, Industry and Trade (London: Macmillan and Co., 1919), 446n.

25. Sources for character: Stefan Collini, "The Idea of 'Character' in Victorian Political Thought," Royal Historical Society Transactions 35 (1985) 29-50; Reba N. Soffer, Ethics and Society in England (Berkeley: University of California Press, 1978),73-79; Marshall, Principles, 1-2; Pigou, Memorials, "The Future of the Working Classes," 101-18.

conditions, which were believed to have bred not just an egalitarian ethos, but also the strength of character needed to survive in a wilderness.[26]

The necessity of a strong character was undeniable in these years. To a large degree, man was responsible for his own fate. There were few laws restraining illegal business behavior, just as there were few laws providing any kind of a social safety net for the poor: laissez-faire beliefs could not justify them. The traditional structure of pre-industrial society, the noblesse oblige of the squire and his relations, had vanished by now and the attempt to replace the squire with the factory owner had failed dismally. Nothing prevented a manufacturer from cheating his customers, or helped a factory hand to climb from poverty, except strength of character. Since laissez-faire allowed no social intervention and held little hope for any structural change, hopes for reform often had to depend on strength of character.

Only by developing character, therefore, could any permanent improvement be made in the life of the nation. Since it was widely held that the same qualities of character which had given Englishmen their political freedom had given them economic freedom as well, reformers could improve society in both these spheres by striking at the root of the problem: developing character. Among many others, Marshall believed that man's character was formed by his work and too often deformed by poverty. To promote culture, refinement and power of mind was his goal. He told his colleagues that he looked forward to the day when "by occupation at least, every man is a gentleman."[27] The process would

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26. Francis A. Bowen, American Political Economy (New York: Charles Scribner and Co., 1870), 179. Marshall marked this passage in his copy of Bowen's work.

27. Pigou, Memorials, "The Future of the Working Classes," 102.

become self-reinforcing. Better character would lead to better jobs and better homes; while improved workers' surroundings would help refine their character. In the end, "material welfare, as well as spiritual, will be the lot of that country which, by public and private action, devotes its full energies to raising the standard of the culture of the people."[28]

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IV - The Tour

In the three months that he was in America, Marshall saw much the greater part of the country. He arrived in New York on 6 June and quickly moved on to the New England states. He was enthralled by Boston, where he stayed with Charles William Eliot, the president of Harvard University. From the New England mill and machinery towns he moved into western New York, detoured briefly into Canada, and continued on to Chicago. His next letters home were mailed from Virginia City, Nevada, still the rough and ready mining community that Mark Twain had described a few years earlier.[29] He continued on to San Francisco and then began his return east, stopping at St. Louis and then swinging through the industrial districts of Indiana, Ohio and Pennsylvania. He spent several days in Philadelphia and sailed from New York on 2 October.

His trip was well planned as a search for economic reality, as Marshall termed it. In just less than four months he toured the North, Midwest, and Western regions of the United States, asking questions and taking notes. He

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28. Pigou, Memorials, "The Future of the Working Classes," 118.

29. Mark Twain, Roughing It, was published in 1872.

visited the areas most affected by the tariffs: the older, established manufacturing region of the northeast, the newer industrial midwest, the mining region of the far west. He took advantage of stops in Philadelphia and the New England region to discuss protectionism with economists and businessmen, and purchased a number of books and pamphlets on the issue.

But there were other themes in which Marshall was interested. He kept a series of notes entitled "American Inventions," "American Manufactures," "Apprenticeships." He also kept a long series of comments under the heading "Sketches of Character," a concept of great interest to Marshall. He took briefer notes on American humor, philosophy, religion and theater. He did not visit the South, still under the military occupation of Reconstruction. There are several possible reasons for this omission, though Marshall himself never explained it. One was his hatred of slavery, perhaps carrying over to the region once built on it. Then, too, the South had historically been a free trade area. It was still overwhelmingly agricultural, whereas Marshall's interests at the moment lay in another direction.

It is almost easier to begin by noting what Marshall was not interested in seeing. He had little interest in farms and agriculture, unless they were part of millennial communities such as the Shakers. He had no interest in centers of government; he did not take the time to visit Washington, and in Toronto showed only polite interest in his host's position in the national government. Local politics attracted him even less; when he visited the Connecticut state legislature, Marshall's only comment on the day was that he had discovered "a luxurious American drink called 'mint-julep.'"[30] Universities made no impression on him.

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30. Marshall Papers, 3(71).

Only Harvard is mentioned by name; the university at "Newhaven" (Yale) is dismissed as attracting only "less accomplished students." Other universities he bypassed altogether. It is difficult to explain this apparent neglect on Marshall's part. But the study of economics in America, as in Britain, was still in a pre-professional state; many of the authors he specifically wanted to meet were gifted amateurs. Despite the rise in the number of colleges and universities, there was still no graduate study in economics and little available for undergraduates. And in any case, the economics taught at the universities was traditional free-trade economics. Protectionism would have to be traced elsewhere.

Marshall's introduction to America began on board the S. S. Spain. He made several "sketches of character" while traveling across the Atlantic, though none were of American citizens. He did, however, meet a man who had once lived in America. Midshipman Boardman, at age 24, had lived the wild life of the American West that Marshall had only imagined.

Boardman was a "former navy man" who was invalided out and worked for a time in an engineer's shop near Chicago. To judge from his stories, life in the American west revolved around saloons, sharps and shootings. In one emporium Boardman noticed several small holes in the walls and ceilings; "Oh yes," the waiter assured him, "we often have warm work here." Later that evening he witnessed some warm work himself, but only one man was wounded--so "nothing came of it."[31] Marshall concluded (in his sketches, not in a letter home to his mother) that a revolver was a necessity for a traveler in the American west. But eventually

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31. Marshall Papers, 6(1), Sketches of Character.

Boardman took pity on his listener and reassured him that "you won't want a revolver."[32]

Marshall noted that Boardman was currently working with his own hands but predicted that he would become wealthy in time. Unquestionably Marshall was proved correct, if Boardman later went into journalism or politics. He had a marvelous gift for sizing up his audience and telling it just what it wanted to hear. In the navy, he told Marshall, he once served as signal officer on a ship sent to clear away a Spanish vessel that was blocking a port in a dispute over harbor dues. As the British vessel closed in on its target, a signal flag was hoisted recalling Boardman's ship. The captain told Boardman that he must not see the signal; so Boardman obligingly shut his eye, put up the telescope to it, and dutifully reported that he could see no flag. Marshall swallowed the vague story–what ship? what harbor?–without a blink, never noticing its suspicious resemblance to the far better-known story of Nelson's blind eye at Copenhagen.[33] One suspects Boardman enjoyed their brief acquaintance even more than Marshall did. In his thirty-third year, Marshall remained an odd mixture of intelligent theorist, occasionally sharp observer, and naive academic.

On his arrival Marshall spent four days in the city of New York, staying in a luxurious Fifth Avenue hotel with its own ticker-tape machines, steam powered elevators, and per-diem charge which included meals–he wrote home that in America, life was not considered long enough for accurate accounts. He also commented that the American drink-mixer was as professional an artist as the

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32. Marshall Papers, 6(1), Sketches of Character. In actual fact the boom towns of the west were no more violent than the crowded cities of the east, though many people (Marshall among them) did not realise this at the time.

33. Marshall Papers, 6(1), Sketches of Character.

French cook (perhaps Boardman's lectures had influenced him after all) and attended the theater, taking notes on the national characteristics exemplified by the actors. A man who acted as a "supercilious puppy" was instantly taken for an Englishman on the stage; just as, in Europe, an American must display those faults Englishmen have decided that all Americans have in order to be taken as a "genuine Yankee."[34] He decided to move on after only three days, partly because he intended to see more of the city before leaving America, and "partly because the population of New York is chiefly of foreign birth."[35]

The first stop on his tour was the favorite region for nearly all English visitors: the New England region. New England retained close ties with the old country. Customs established at the foundation of the colonies had survived the political separation of the revolution. Englishmen were drawn to the region for different reasons; New England had a multitude of manufacturing towns by midcentury, and hence offered an attractive environment for emigrating English artisans.[36] On the other hand, Boston attracted a different class of Englishmen because of its literary atmosphere. The pace of life in Boston was slower than in New York, and culture was valued more highly than wealth. By the last third of the nineteenth century the Anglo-American ties were stronger than ever. English visitors to Boston's Atlantic Club were eagerly questioned about "literary men and doings at home."[37] Figures such as Ralph Waldo Emerson were venerated on both sides of the Atlantic; Emerson's speaking tours in England were well attended and

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34. Marshall Papers, 6(1), Lecture Notes.

35. Marshall Papers, 3(67).

36. Robert Brooke Zevin, The Growth of Manufacturing in Early Nineteenth Century New England (New York: Arno Press, 1975), 7.

37. Alexander Macmillan, A Night with the Yankees (Ayr: privately printed, 1868), 29.

his book, English Traits, pointed out the similarities he found between England and America.

Marshall spent nearly a month in this region. On his trip up the Hudson River he was favorably impressed by American architecture. A letter home referred to de Tocqueville's attack on "pseudo-Greek" wooden mansions, and Marshall agreed that some of the more audacious attempts were clearly failures. Of the majority, however, he reported an originality, daring and strength unseen in the work of any other nation. He wrote that he believed American architecture would be the first true architecture since the Gothic.[38] It is an intriguing statement, since it implies Marshall was clearly looking forward to the new style. Such originality and daring were qualities he admired.

It is also intriguing to note that he admired the Gothic, calling it an original style, and despised the Renaissance, a remoulding of classical themes. But the importance of the statement goes beyond Marshall's well-known dislike of the classics. Such a theme was a familiar refrain in England in the 1870's. John Ruskin, whose distaste for the Industrial Revolution Marshall also shared, praised the world of the Gothic and declared that the Renaissance had decayed as it bloomed.[39] If Marshall had not read Ruskin, he was at least aquainted with this school of thought: a small but unmistakeable sign that Marshall was very much a man of his times.

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38. Marshall Papers, 3(67).

39. Richard Ellmann, Oscar Wilde (New York: Putnam, 1988), 48. Marshall always recognized the social evils accompanying the Industrial Revolution, though later in life he dwelt rather more on the ultimate social benefits. See for example Marshall, Principles, Appendix A, sections 14-16.

In several factories in and around Albany and Troy, he began to make the first of a long series of notes about character and industry. Marshall apparently regarded the characters of nations and individuals as identical in essence, believing that nations are simply large accretions of individual persons. Thus the Americans he met were described as inventive, while the Germans were thorough and the Irish were charming but unreliable and given to drink. At an agricultural tool works the employees were mostly American; "their faces were a brilliant contrast to those in the former works," who were Irish and German.[40] Not satisfied with a single instance of such characterizations, Marshall continued to ask about the character of the Irish throughout his stay. Nearly everywhere the answer was the same. He was told that the Irish were used as tools by the Americans, who took the best posts themselves and left the subordinate tasks for the immigrants.[41] Though his view of the Irish was not completely unfavorable (he noted in a lecture that "English rule killed off many of the best men") the prevailing opinion could only have confirmed his belief in the inherent superiority of the Anglo-Saxon race.

"I went into a church this morning at random," Marshall wrote his mother on June 12. He had decided that here was another part of America that deserved personal inspection. The church turned out to be Congregationalist; Marshall approved the singing and responses, which he called well-drilled, and noted that the preacher was free and easy in manner, with no trace of sacerdotalism. The sermon, however, was another matter. The preacher talked a good deal about

40. Marshall Papers, 6(1), Irish.

41. See for example note of 11 June 1875 where Marshall notes that he asked at three ironworks about the Irish, and received identical answers about their "character." Marshall Papers, 6(1), Irish.

communism, said Marshall, and made the "ordinary mistake" of mixing it up with communalism. Communism was an economic theory advocating community ownership of land and direction of labor, in which the individual worked according to his ability and received according to his need. Communalism simply advocated the widest extension possible of local autonomy, but because of the bloodshed of the 1871 Paris Commune was often used pejoratively as the equivalent of communism. The congregation did not notice the slip though it pained Marshall, who had studied the socialists. The flowers decorating the apse also made a great impression on him.[42] Absent from the letter, through, is any sign of religious enthusiasm or devotion. The description might have been of another factory or Broadway show. He closed the letter by noting that he intended to go to a great many services "to see what goes on." In coming weeks he attended a Unitarian service (where he noted that American preachers are "out of sight ahead of us") and a Baptist service, remarkable for its brevity: only twelve minutes were spent between the opening remarks and the closing hymn.[43] Later he visited the Shakers in New Lebanon and marked out passages in a history of the sect that dealt with their theology. Little of this information found its way into any later economic work. Certainly it could be justified as a search for the sources of American character, and Marshall referred to it in this way once back in Cambridge. But perhaps also the decision to abandon faith in a personal God still made him uneasy, though there is no other sign of this apart from his glowing tributes to the Shakers.

Marshall's favorite city in America was Boston, his home base for the next two weeks. He called it the intellectual capital of America, with more polish and

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42. Marshall Papers, 3(67).

43. Marshall Papers, 3(69).

less misgovernment than most large cities. He stayed with the president of Harvard University, Charles William Eliot. Nothing remains to indicate how Marshall made his acquaintance, though Eliot's biographer notes that "visitors, especially of a more or less official kind, were numerous."[44] As an informal representative of Cambridge Marshall found himself well-treated. At a dinner at Eliot's house Marshall was introduced to luminaries such as General William T. Sherman and William Dean Howells, the editor of the Atlantic Monthly. Eliot also took his English guest to the centennial celebration of the battle of Bunker Hill; though Marshall simply recorded the fact without editorial comment.[45]

On June 25 Marshall traveled to the home of Ralph Waldo Emerson for an enlightening afternoon with, as he put it, "America's greatest living transcendentalist." The title was not meant entirely as a compliment. Marshall was quoting a tourist guidebook and made clear that he found Emerson out of touch with the modern world and more than a bit of a recluse.[46] Indeed by this year (he was 72) Emerson's powers were beginning to fail; in the late summer he accepted collaborators in his literary work for the first time.[47] Marshall was much impressed by his host's gentle spirit, however, and hoped to discuss several basic philosophical ideals in their afternoon together.[48]

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44. Henry James, Charles W. Eliot (Boston: Houghton Mifflin Co., 1930, 2 vols.), II 314.

45. Marshall Papers, 3(68).

46. Marshall Papers, 6(1), Sketches of Character.

47. R. A. Bosco and G. M. Johnson, eds., The Journals of Ralph Waldo Emerson (Cambridge, MA: Belknap Press, 1982), XVI, xi-xxvi. Emerson died seven years later in 1882.

48. Marshall Papers, 6(1), Sketches of Character.

Emerson was a transcendentalist, as was Kant. Marshall himself had abandoned Kantian philosophy some years previously, on the strength of the dual assault by John Stuart Mill and the non-Euclidean geometry of W. K. Clifford. In the course of a conversation about literature in England, Marshall had suggested Algernon Swinburne and Clifford as instances of great although one-sided literary power. After an outburst against "that horrid, corporeal, loathsome Swinburne" ("I read his 'Songs,'" Emerson went on, "and have heard some stories about him") Marshall described Clifford's interest in the question of two straight lines enclosing a space, a traditional non-Euclidean problem. Emerson was politely scornful, and a piqued Marshall went on to describe the spherical inhabitants of the world imagined by Hermann von Helmholtz. This was the point at which Marshall announced that Kant's a priori statements could no longer be taken as valid, hoping to draw Emerson out on the subject. But Emerson pronounced that Kant's argument was mere trumpery. He changed the subject: "But are no men working at subjects of more practical interest: take Shakespeare for example, how did he come to exist?" Emerson's grasp of Kant was a tentative one at best,[49] but Marshall recorded that the psychological question, how a man so far ahead of his time could come into existence, was the most important idea his host offered him. They parted on friendly terms. The next evening Emerson invited Marshall to a dinner, at which the guests included Oliver Wendell Holmes.[50]

Marshall's afternoon with Emerson offers us unexpected clues to the depth of the young don's interests in 1875. Marshall was not ignorant of poetry; in 1873 he had incorporated several stanzas from Hood's "Song of the Shirt" in a lecture to

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49. Rene Wallek, Confrontations (Princeton: Princeton University Press, 1965), 210.

50. Marshall Papers, 6(1), Sketches of Character.

the Cambridge Reform Club. He knew the poems of Swinburne, and admired Shakespeare's sonnets; disliked Emerson's praise of Tennyson and wished they had discussed Shelley. The economist in him broke through only at one point, when he asked Emerson if Carlyle's complaints about the deterioration of honest workmanship was supported by evidence from America (Emerson thought not.) But in general Marshall was more interested in the intellectual and cultural background of Anglo-American life in the later nineteenth century. There are no young men in England to follow Carlyle, he told Emerson; science, not literature, is the key to the new age. When Emerson proposed that the leading figure in any field should automatically command respect Marshall thought the idea "monstrous," feeling disinclined to simply follow an old school of thought in any field. More than a meeting of two minds, it seems to have been a meeting of two generations which understood each other only imperfectly. Emerson's generation of intellectual leaders had devoted themselves to literary and cultural work. By the 1870's the scientific theories of Darwin, Clifford, Spencer and others had fired the zeal of many young Englishmen. Literary efforts certainly did not come to an end, as Marshall implied; but scientific values and questions were blended into what had previously been the realm of literature and philosophy.

The trips to factories went on apace. In the New England area Marshall saw some of the most advanced industrial organization he had yet encountered, as well as large numbers of women in factories. The Mason and Hamlins organ factory in Cambridge was already practising what might be characterized as an early version of mass production, the division of work into numerous small steps. It is worthy of note that Marshall's interest lay not in the improved output of such a system, but in the effect dull and repetitive work had on the laborer's character. He noted that the task of each individual was confined to a small part of the

whole and asked if this prevented the growth of the worker's intelligence; the sub-manager said no. Marshall accepted this answer and never worried about the issue again while in America.

Work such as this, requiring a ready intelligence, was performed mostly by Americans, he said. At a cotton mill, on the other hand, the cloth printing shops employed skilled English artisans and a German chemist. Americans did not have the patience to tolerate a long apprenticeship, Marshall was told, and everything he had seen about the country so far forced him to agree. He saw women working in the mills, tracing print designs onto rollers, and described it as skilled work. "Yes," said his guide, "only it requires no judgement: mere attention." Marshall noted the comment "was characteristic," referring to the low opinion of women's work and abilities. The lack of an open mind on social issues was evidently beginning to oppress him. He suggested that trade unions might redress the lack of apprentices, and the company paymaster "shied at the mention of Trades Unions."[51] Perhaps Marshall enjoyed dropping such an occasional bombshell, simply to watch the spectacle it created.

He proceeded on to Connecticut, staying first at Norwich and then visiting Yale University. Yale, he wrote, was America's second university and hence did not appear to draw the same caliber of students as Harvard; "certainly the average social position of the students there is lower."[52] In Norwich and at Yale he was able for the first time to meet some American economists. He spoke briefly with David Ames Wells in Norwich and at greater length with William Graham Sumner and Francis Amasa Walker at Yale, both recently appointed to the

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51. Marshall Papers, 6(1), American Manufactures.

52. Marshall Papers, 3(70).

university and a sign of increasing interest in the formal study of political economy.

David Ames Wells was born in 1828 and displayed an early interest in literary and scientific work; his books on chemistry, geology and natural philosophy were extremely popular.[53] In 1864 he first wrote on economic issues, in a pamphlet entitled Our Burden and Our Strength, which set out the dynamic nature of the American industrial economy. He had been a protectionist, but a trip to Europe in 1867 convinced him that the United States must convert to free trade. He became a firm believer in laissez-faire and began a series of pamphlets and books marked by broad knowledge of the American economy and a comparative historical method. This was exactly the kind of information Marshall himself was seeking, and no doubt the reason he wrote that Wells had more of the information he sought than any other man.[54] Marshall had written from Boston to arrange a visit, but on the day itself Wells was ill and Marshall's opportunity was lost. Though they met briefly he gained little from it and kept no notes of the occasion.

Sumner was born in 1810, the son of a Lancashire artisan who had emigrated to the United States.[55] After attending college he studied abroad for the ministry and was ordained in 1869. Increasingly his interest turned to social and political questions, and he was appointed to the chair of political and social science at Yale in 1872. He was a believer in the extreme laissez-faire of Herbert

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53. Dumas Malone, ed., Dictionary of American Biography (New York: Charles Scribners' Sons, 1928), XIX 637-38; Normano, Spirit, 129.

54. Marshall Papers, 3(68).

55. Dorfman, Mind III, 67-69; Dictionary of American Biography, XVIII 217-19.

Spencer and fought to use his works in the university. He was a free trader, of course, and a Malthusian who considered millionaires a product of natural selection. Marshall did not regard him very highly. Acknowledging that he was a very well educated man, he did not find a sympathy for science in Sumner. The notes of his conversation are very brief and bear mostly on Sumner's insistence that philology would teach all the analysis that a student needs. The Englishman disagreed completely, thinking it characteristic of a powerful mind which has concentrated only on literary and philosophical work.[56] There is also no mention of Marshall's crisis of faith, though it would not seem inconceivable for a failed English clergyman teaching economics to ask an ordained American clergyman in a similar position his opinion on Kant or the justification of society. Sumner and Marshall do not seem to have shared a similarity of interest and outlook; again, it appears to be almost a case of two different generations speaking at cross purposes, for though Sumner was only two years older than Marshall his education and philosophy were those of another era.

The meeting with Francis Amasa Walker was far more fruitful in the long run, for Marshall and Walker corresponded as colleagues and friends for the rest of their lives.[57] Walker was also born in 1840 and entered the army at the outbreak of the Civil War, rising from the rank of private to that of brevet general by its end. By his thirtieth birthday he was the Chief of the Bureau of Statistics (having been appointed by David Ames Wells, then Special Commissioner of the Revenue), where he improved the census of 1870 along statistical and scientific lines. In 1872 he became professor of political economy and history at the Sheffield Scientific School, affiliated with Yale, and later

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56. Marshall Papers, 3(70).

57. Dorfman, Mind, III, 101-10; Dictionary of American Biography, XIX 342-44.

became president of Massachusetts Institute of Technology. There was a great affinity between Marshall and Walker, especially as young men. Walker cautiously approved of unions, not liking their habit of striking but strongly opposing legal restrictions on them. He emphasized that entrepreneurs, not large capitalist investments, were the chief agents of production. He supported limited state interference (factory and wages acts, mandatory primary education) on behalf of labor, in the hopes of bringing about more perfect competition in the marketplace. Marshall in 1875 was more radical in his support of these issues than Walker, though in the years ahead his enthusiasm moderated itself to approximately Walker's level. It is all the more frustrating to note, then, that Marshall kept no notes of his conversation with Walker in America. Beyond the fact that they met and that Walker's works were cited in Marshall's books, there is little information to be had.[58] Certainly there is no record of discussion along the lines of Marshall's talk with Emerson. But Marshall liked and respected the practical, scientific, thoroughly pragmatic Walker far more than the literary Sumner.

By the middle of July he was moving west again, stopping to see Niagara Falls as well as to visit two utopian societies: the Perfectionists of Oneida, New York and the Shakers in New Lebanon, Pennsylvania. There were many such societies in America in the 1870's; most had sprung from a particular religious creed, but some observers hoped that these societies offered a glimpse of mankind's future. They agreed with John Stuart Mill, who hoped that the unequal relationship of master/laborer could be replaced by a partnership, either of capital and labor, or of laborers only--a cooperative.[59] The gap between the classes would

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58. They exchanged letters at long intervals and Walker visited Marshall on a trip to England in 1885, where the two discussed American Indians at length.

then be bridged by eliminating the differences between the capitalist and the worker. The two groups Marshall saw were among the most famous and successful communistic societies of their day.

The Perfectionists were founded by John Humphrey Noyes in 1848.[60] A student of law and theology, Noyes declared himself "perfected" and formed a small nucleus of devoted followers into a self-sustaining colony. The Perfectionists believed that the Second Coming had already occurred (at the fall of the Temple in 70 AD) but that mankind's spiritual transformation was not yet complete. The union of the sexes, broken in the Garden of Eden, was restored at Oneida by the practice of group marriage. Selfish love of only one person was condemned; true happiness lay in group marriage, communal ownership of goods, and constant spiritual and intellect ual growth toward self-perfection. It was the emphasis on group marriage which attracted most attention, of course, drawing as many as 1,500 visitors per day. As Noyes grew older and less attentive to his role as absolute leader and adviser, the group marriage created tensions among the followers and with the state that led to the collapse of the Perfectionist colony. Under threat of legal proceedings Noyes fled the country in 1879; two years later his son transformed the commune into a joint-stock company that manufactured tableware.[61]

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59. Charles Nordhoff, The Communistic Societies of the United States (New York: Harper and Brothers, 1875), 16.

60. Sources for the discussion of the Perfectionists include: Kenneth Rexroth, Communalism: From Its Origins to the Twentieth Century (New York: Seabury Press, 1974), 210-15; Donna Lawson, Brothers and Sisters All Over This Land (New York: Praeger Publishers, 1972), 53-61; Lawrence Foster, Religion and Sexuality (Urbana: University of Illinois Press, 1984), 77-106.

61. Lawson, Brothers, 61.

Marshall carefully left out any description of group marriage practices, either in his notes or in letters to his mother. He was, however, clearly interested in the Perfectionists' social and industrial organization. He owned a copy of Charles Nordhoff's The Communistic Societies of the United States (1875) and in the margins marked out several passages dealing with the Oneida community. After details of their theological beliefs Marshall noted their habit of weekly business meetings, in which past performance and future actions of the community were discussed. Such regular committee meetings might take the place of the single will of a capitalist and provide regular, coherent policy--a rock on which, Marshall recognized, many cooperatives foundered. He also noted that the young learned many trades, regardless of sex: several girls were learning to be machinists. Finally, Marshall marked several passages dealing with the moderate work schedule, the healthy but not luxurious diet, and the sober, staid clothing that both sexes wore: "Minus the superfluities and waste of fashion, we find thirty-three dollars a year plenty enough to keep us [the women] in good dresses..."[62]

In many ways the community appealed to instincts deep within Marshall. It emphasized social and sexual equality, and had at least the appearance the appearance of a self-ruling community (on his brief visit he may not have noticed Noyes' actual absolutism.) Their dress emphasized practicality and their meals were taken at large tables, in the company of their fellows. The frugality of diet and especially of dress appealed to a man who hated the world of fashion, and who once nearly became apoplectic at the sight of his nephew in matching tie, waistcoat and socks. In 1875 the Perfectionists had 219 adult and 64 child mewmbers. They employed more than 270 laborers and servants, and in 1873 had sold over $300,000 of produce and manufactures. As a cooperative effort the

62. Nordhoff, Societies, 270-85; quote 284.

Oneida community was a decided success. Though Marshall may not have divined Noyes' guiding hand as the final arbiter of all major decisions, or realized that Noyes had a tendency to admit only wealthy converts whose funds could be invested in the community's projects, he could clearly discern the lively community spirit, equality of all members, and impressive commercial success without backbreaking labor.

The other group Marshall visited were the Shakers, more numerous and more famous than the Perfectionists.[63] The Shakers, or the United Society of Believers in Christs's Second Appearing as was their proper title, came to America in 1774 under the leadership of the founder, Ann Lees Standerin. Their communal habits and celibate lives won them few friends in America, nor did their pacifist beliefs endear them to the new nation after 1776. Despite these handicaps the sect had begun to grow by 1780; it offered a settled, orderly place in a world of stress and tension. In 1787 the decision was made to withdraw from society and the community set up its headquarters in New Lebanon. By 1805 there were numerous conversions as the Shakers expanded into the midwest, setting up communities in Ohio, Michigan and Kentucky. Those drawn to the simplicity of the Shaker way of life found it a pleasant alternative to the upheavals, political, social, and religious, of the late eighteenth and early nineteenth centuries. The Shakers expanded rapidly till the 1830's when membership and discipline started to decline. A spiritual revival began among several Shaker groups in 1837, in which mediums saw visions of Mother Ann Lees Standerin and of other historical figures. At this point anarchy began to threaten, since the mother settlement at New Lebanon

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63. Sources for the Shakers include: Rexroth, Communalism, 197-203; Lawson, Brothers, 36-48; Foster, Religion, 21-71; Nordhoff, Societies, 141-65; Edward Deming Andrews, The People Called Shakers: A Search for the Perfect Society (New York: Dover, 1963), 97-135, 185-96, 223-30.

exercised little real authority. Strict discipline was reintroduced in 1845, and from this point onward the movement lost its momentum. At the same time changes in the outside world decreased the appeal of the Shaker way of life; the decline of revivalism and the rise of industrialism and an increasing spirit of personal independence meant that each year there were fewer converts. Though their numbers remained high well into the twentieth century, by the late 1870's several communities had closed for lack of members. In 1875 the New Lebanon community counted 383 members and owned over 3,000 acres of land.

The Shakers believed that men and women were equals; God, Jesus, and the angels all had a spirit that was jointly male and female. As a result they practised a sexual equality that was close to absolute. Leadership was vested in a council of two men and two women, and women were trained for many jobs traditionally held by men in the outside world. Shakers did not believe in a Trinity, bodily resurrection, or atonement for sins. They demanded a public confession of sins before the group from entering novices, however, and once accepted as members all Shakers were expected to live celibate lives. They were well known in England; Frederick Engels praised them as a successful communist settlement, and Robert Owen read deeply about them when planning his own utopian project at New Harmony.

Shaker practises attempted to integrate religious and worldly life into a joyful, communal whole. They emphasized a life of harmony and self-denial, and referred to labor which benefited all, especially manual labor, as "consecrated labor." Therefore Shaker practises developed which harmonized with their theology and emphasized their separation from the outside world. Marriage, for instance, was never considered evil; celibacy was simply better and holier. Life

was ascetic for the Shakers but not dreary. Both sexes wore plain uniforms and often practised the Quaker plain speech; they lived without poetry, novels or newspapers, built simple but sturdy houses, and emphasized self-sufficiency. The good of the individual was subordinated to the good of the community and daily work was part of the worship of God. Meals were usually taken in contemplative silence, and the uniforms and community labo r restricted individuality. There was virtually no privacy; even mail was read out in public by the elders. The ending of each day saw a a religious service of hymns, sermons and the famed Shaker dances. Nearly all one's hours were spent in a self-imposed discipline. But as a perceptive scholar noted, every evening the individual's love and energy were released and poured back into the community through divine service and spiritualism. The Shakers tamed the irrational and harnessed it to the service of the rationally planned community.[64]

Marshall was charmed by it all. As at Oneida, the ascetic life appealed strongly to him. He confirmed contemporaries' accounts of tranquility, peace, an "indescribable air of purity."[65] The work was temperate rather than severe, and members were encouraged to learn many different jobs. Shakers were renowned as skillful craftsmen. The economic unit was the "family" of perhaps fifty members, not the individual. And in this cooperative system of labor, the joint united interest of religion and work did not stifle but encouraged economic innovations. Individual worth and initiative were retained. The Shakers represented much of what Marshall hoped to see for England's working class. Here was an example of what he had hoped for in his address on "The Future of

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64. Rexroth, Communalism,203.

65. Andrews, People, 185.

the Working Class," though one achieved by cooperative rather than competitive means.[66]

Marshall owned many works about the Shakers, as well as some of their own publications. In a letter home he recorded the profound impression the Shaker community had made upon him. He especially enjoyed the songs that they published in every issue of their journal. Their architecture also drew his attention, its distinctive plainness leading him to expect a spiritual architecture in the future. The combination of work, equality and a sense of commitment affected the character of the Shakers to a marked degree. Marshall's guide was a young Swede who had become convinced that "here alone in the world was the spirit of early Christianity worked out in life." He described the young Swede as quiet and cheerful, with the refinement of a true gentleman, and added that there was no one he would more willingly change places with. In the end, though, Marshall made a revealing admission: he preferred to remain where he was.[67] Even when successful, socialism did not appeal to Marshall in the end.

Marshall noted several passages dealing with the Shakers in Nordhoff's survey. Some described Shaker beliefs or spontaneous healings due to faith. Another was a quote from the community's leader, Elder Frederick Evans, that "Only the simple labors and manners of a farming people can hold a community together. Wherever we have departed from this rule to go into manufacturing, we have blundered."[68] His interest in the Shakers clearly stemmed not from their

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66. McWilliams-Tullberg, "Tendency," in Wood, Marshall, I 393.

67. Marshall Papers, 3(71).

68. Nordhoff, Societies, 161-62.

industrial practises (he noted that the settlement was primarily an agricultural one) but from the character of the men and women they produced.

Continuing westward, Marshall made a brief detour into Canada. As the other North American nation settled under British rule, Canada clearly invited travelers'comparisons with the United States. There were many similarities. Both countries shared roughly similar climates, cold but dry, which were said to breed hardy and vigorous citizens. Settlers were provided with free land by the governments, and there was an endemic shortage of labor; the resulting societies were strongly influenced by the immigrants they attracted to an essentially English heritage. Nevertheless the two nations exhibited dramatic differences as well. Marshall's opinion of Canada underscores those traits he was coming to think of as characteristically American. The young in Canada have an English air of frankness, generosity and ingenuousnes about them. But they did not have as much "go" as the American youth, and although most English emigrants would probably be happier in Canada, he himself would prefer the United States.[69] Again, the admission was significant. America had its faults as Marshall noted: the foreign-born immigrants and their political machines, the ease with which a dishonest man could move to a state where his reputation had not preceded him. Despite the flaws, Marshall preferred the open nature of American society with its greater possibilities for good and evil. It was another clue to the aspect of America that inspired him more than any other: individual energy in a competitive society.

From Canada the trip passed through Chicago, Omaha and Virginia City, Nevada on the way to California. The American West offered Marshall the

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69. Marshall Papers, 3(72).

clearest example yet of the importance of character. Boardman's descriptions of saloon life must have returned to Marshall when he noted that union members in Virginia City had "plenty of six shooters for tyrannical masters."[70] Colorful descriptions of Virginia City survive from this era because of Mark Twain's brief career as city editor of the Virginia City Enterprize, between 1862 and 1864.

By the 1860's Virginia City was well into a precious-metals boom that lasted into the 1880's.[71] Drawing men from across the nation, the city divided itself roughly into three sections: the miners' quarters, suburban residences on the hillsides, and a Chinese area in the center. Saloons were ubiquitous and well patronized. Twain wrote that his days were "full to the brim with the wine of life."[72] It was a euphemistic description of the inhabitants; life's daily round was carried out with a zest not found in more sedate cities. Excessive violence on the frontier may have been a myth, but there is no denying that Marshall was struck forcefully by it in Virginia City.

The saloons and red light districts were the scenes of numerous crimes. Fights were so ordinary that the Enterprize usually reported them in slightly derisive terms if no one was killed. Duels were so common that participants learned to shoot for the leg, so as not to accidentally kill the victim and thus commit murder. Occasionally an arrest would be made for grievous crimes; but witnesses often found themselves bribed, or kidnapped till the trial was over. Only

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70. Marshall Papers, 6(1), Wages.

71. Descriptions of Virginia City are from: Paul Fatout, Mark Twain in Virginia City (Bloomington: Indiana University Press, 1964), 1-21, 74-87; George Williams III, Mark Twain: His Life in Virginia City, Nevada (Riverside, CA: Tree By the River Publishing, 1985), 40-45. See also Twain's own account, Roughing It (1872) chs. 42-55.

72. Fatout, Twain, xii.

1 in 17 of the inhabitants were women, and contemporaries declared most of them to be dancers, card dealers or prostitutes.

Despite all this, there was at least a veneer of civilization to be found. Because of the high incomes from the mines a sizeable and wealthy middle class lived in the suburbs. Virginia City stores carried all the latest luxury goods, and the city claimed to have the best restaurants west of New York. There were three daily papers, a literary journal, two opera houses and a lending library. The financial market (specializing naturally in mining securities) was bouyant, and its more sanguine citizens expected Virginia City to surpass San Francisco as the leading city in the west.

Virginia City was a rough and ready boom town with a maxim of "go it while you can;" and what impressed Marshall here was less its free-wheeling American optimism than its ruthless love of gain and the harsh character of its inhabitants. If there was a dark side to no-holds-barred competition, he could expect to find it here. Marshall did not enjoy Virginia City; he found it a violent place, and could only hope that the next generation might be more civilized.

Virginia City was a mining community, and he used the opportunity to make notes of the organization of the work. The foremen of the mines retained the power to fire unsuitable workers (especially any who drank to excess.) But miners and their unions retained the power of enforcing high wages. In California the prevailing wage for miners was $2.00 or $2.50 per day. In Virginia City the standard was $4.00 per day and "anyone who worked for $3.95 underground would infallibly be hung or shot."[73] The threat of violence was effective. The mines

73. Marshall Papers, 6(1), Wages.

were worked in eight hour shifts around the clock; a group of three or four men relieved each other so that few miners worked more than three hours per shift. More was accomplished in this fashion than under similar difficulties elsewhere; the miners did not become exhausted so easily.

He also recorded several schemes for raising money in the west. Money for investment came from San Francisco and abroad, but what fascinated Marshall were the scams employed to increase or decrease the price of stock. A typical scheme involved the sudden discovery of a "bonanza" of good ore. The investors would keep the information quiet, employing old miners (who could tell good ore from bad) away from the discovery and drilling shafts into poor rock. The expense to shareholders would depress the price of the stock. At this point the investors would purchase large blocks of inexpensive shares, "discover" the good ore, and talk up the riches. Immediately frantic buying would begin and the price of the stock soared. When the prices leveled off at their highest point, the manipulative investors unloaded their holdings, enriching themselves and incidentally causing a localised crash in the stock of the company. "Thus the Virginia Consolidated leaped up to 800 in February and are now at 320."[74] Both the miners' union and the investors' schemes confirmed what Marshall was coming to suspect about Americans: the restless desire to accumulate wealth was pursued with little regard for the consequences and no regard at all for the feelings of the community.[75] This conclusion expressed itself in several lectures Marshall gave on his return to England. The desire to get rich quick was visible at its strongest in Virginia City.

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74. Marshall Papers, 6(1), Virginia City.

75. Whitaker, Early, II 364-65.

Marshall also commented on the character of the individuals he found in Nevada. The men he found to be full of the stronger elements of greatness, full of daring and enterprise, impatient of restraint. They had the rougher virtues but none of the civilised ones; "characteristically enough men are more 'down on,' more intolerant of the women's rights movement there than anywhere else as far as I have observed." He had nothing better to say of the women. The men might be fathers of a noble generation, save that "there is scarcely a virtuous woman in the state of Nevada." They had all the faults of the men. This is the weakness of the west, he said, that there are so few women able to supplement the roughness of the men with the virtues of their sex.[76] These virtues Marshall defined in another place as keen insight, strong sympathy, and unlimited power of self sacrifice.[77] His concept of the women's movement was never closely defined but clearly he conceived of differing roles for men and women.

Early in August Marshall visited California and San Francisco briefly. He wrote home that nine or ten men of great wealth, most of them Irish, ruled California.[78] He later mentioned that he had attended a Granger meeting there, but gave no details. Perhaps he had tired of constantly writing home; he compressed reports on Virginia City, California, the Missouri valley ("full of swamps, Negroes, Irishmen, agues, wildly luxuriant flowers and massive crops of corn") and St. Louis into one letter.[79] St. Louis he found completely uninteresting; its inhabitants (120,000 Germans among them) exuded a feeling of solidity but to

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76. Marshall Papers, 3(73).

77. Marshall Papers, 6(1), Lecture Notes.

78. Marshall Papers, 3(73).

79. Marshall Papers, 3(73).

Marshall had neither the "go" of the Yankee nor the "polish" of the Englishman.

His route returning east took him into the states of the old Northwest Territory. The national characteristics that Marshall applied as labels were standard for his era, as was his reference to the Germans in Cincinnati; from the lower classes, they came to America late in life, and "they are boors." Again, though, Marshall had hopes for the future, since he goes on to say that "the next generation will be American citizens of a high type."[80] In Ohio he visited the state penitentiary in Columbus, then moved on to an iron foundry in Canton. The ironmaster, an expatriate Englishman, impressed Marshall with his energy, his command of the business, and his frugal life. Continuing into Pennsylvania he visited more factories: a nail manufacturer, a glass blowing shop. Once again he made notes regarding the links between intelligence and labor: the glassblowers were "almost universally intelligent and, though rough, yet refined," since glassblowing required great skill. He also visited an oil field in the Allegheny Valley, describing the method of pumping and storage.[81] None of these businesses were large trusts; though Marshall said later that he had always closely watched the trust movement in America (assuming that it would be a transient phase), there is no evidence of an awareness of them at this early date. Trusts were not yet a large part of the American economic world.[82]

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80. Marshall Papers, 3(74).

81. Marshall Papers, 6(1), American Manufacturers.

82. Whitaker, Early, I 73, n. 23. Becattini disputes the accuracy of this statement, saying that Marshall was ambivalent about trusts to the end.

By mid-September Marshall was winding up his tour. In Philadelphia he called on Henry Charles Carey, the dean of American protectionist economics.[83] Carey was a successful publisher who had begun life as a believer in free trade, but had come to reject Malthus because his doctrines did not appear to apply to America. Instead of the increasing number of paupers which Malthus predicted, Carey saw abandoned farms and houses as families moved west to new, open lands. Overpopulation, he concluded, was a myth. Carey represented the optimistic tone which the environment of a nearly virgin continent gave to American thought, including economic theory, in the nineteenth century. The nation, it was believed, was so large that it was not necessary to worry about diminishing returns; there was enough room to tolerate local differentiation. The Manchester school of economics, with its emphasis on free trade and no government interference, was seen as inapplicable to American conditions. Therefore Americans were free to follow their own economic opinions, even if these included government interference in the case of imposed tariffs.

From these observations had evolved a system of political economy that was nationalist in scope and intent. Carey and his followers represented an inductive school of economics that hoped to build up the industries of the new nation. They wanted to achieve an economic independence to match its political independence. Tariffs were the cornerstone of this nationalist economics. Yet though Carey, the leader of th e school, was an original thinker in many regards, he tended to be uncritical and inconsistent. He is sometimes said to have added to economic science chiefly because of his errors, and the refutations which they

83.Dictionary of American Biography, III, 487-89; Dorfman, Mind, II,789-804; Rodney J. Morrison, Henry C. Carey and American Economic Development (Philadelphia: Transactions of the American Philosophical Society, 1986, vol. 76 part 2) 1-3, 44-51; Lewis H. Haney, History of Economic Thought (New York: Macmillan, 1949),319-29, 876-77. Haney considers Carey to be valuable only for his errors.

drew. In Europe, however, he was better known than any other American economist, principally because of his views on the tariff. This was the reason for Marshall's interest in Carey, but at the interview the 82-year old Carey avoided Marshall's questions on the eventual validity of Malthus or the determination of value. Instead Carey aspersed most of the economic lights of England--J. E. Cairnes was diffuse, W. S. Jevons wrote mathematical nonsense--and repeated his published views. Marshall had to settle for purchasing Carey's Principles of Social Science and subjecting them to a close reading, eventually deciding that his correction of Ricardo's land cultivation doctrine (that the most fertile land is always settled first) was valid in certain cases.[84]

By the end of September Marshall was in New York, preparing to sail home and visiting a dentist. Even this was grist to his mill: "Last new American dodge. A set of false teeth, three or four of which exhibit gold stoppings. Of course no one would stop false teeth: teeth with stoppings in them must be 'natural.'"[85]

On the second of October Marshall sailed for England. He took with him a sheaf of notes on American character and industry as well as a small library of books on American economy, society, and protectionism. He had seen the majority of the American states as well as many of the territories, at least briefly, and had had the chance to jot down observations important to him. These notes dealt only marginally with the tariff issue; for that, he had books. Most of his notes and letters focused on other interests. As with other visitors from Europe, Marshall wondered: What kind of society had arisen in America? Was America

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84 Marshall, Principles, 164.

85. Marshall Papers, 3(76).

creating a better or a worse world in its rush to prosperity? Was there a link between American society and industry and Yankee "go," and if so what was it?

For Marshall personally, the trip had offered a chance to indulge himself. He was able to fully explore all his interests of the time: philosophy, economics, character study, inductive observation of industrial conditions, comparison of socialist versus individualist values, effects of religion and effects of occupation. He had received extensive food for thought, not only for the future of his career, but for his personal development as well.

How did he sort his impressions out? A comparison of the evidence he brought home suggests an answer; and it suggests, again, that Marshall's interest in protection was only one reason for coming to America.

Chapter Three

> The American trip made on him a great impression, which influenced all his future work. He used to say that it was not so much what he actually learnt, as that he got to know what things he wanted to learn; that he was taught to see things in proportion; and that he was enabled to expect the coming supremacy of the United States, to know its causes and the directions it would take.
>
> John Maynard Keynes
> "Alfred Marshall, 1842-1924"

It is odd that this statement should have been passed over so frequently and so lightly. Marshall's "great impression" has remained no more than that in the works of most historians and economists. It is clear that Marshall admired the United States throughout his life, writing in 1904 that "the United States contain many more of our race than do all our colonies and dependencies together."[1] He purchased many pamphlets and statistical reports from America, including the great 1901 industrial census, Report of the Industrial Commission. American visitors, among them at least one friend made on the tour (economist Francis Amasa Walker) were always welcome at his house in the Madingley Road. Yet there is little analysis and appreciation of what Marshall saw overseas that so influenced him, or what precisely he identified as the keys to future American economic dominance.[2] The young Marshall has attracted so little attention,

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1. Marshall's comment on a paper dealing with foreign trade and imperial preference; Journal of the Institute of Bankers xxv (1904) 97-8. This citation is from Reisman, Progress and Politics, 24.

2. McWilliams-Tullberg, "Tendency," in Wood, Assessments, I 374-408, considers Marshall's experiences in America as part of her discussion of his temperament; Whitaker, Early, I 52-57, II 3-7, 352-55 examines the trip as part of his early career.

because it was the mature Marshall who published the enormously influential Principles of Economics. This chapter will examine the evidence Marshall brought home with him--letters, notes and monographs--to discover what Marshall thought worthy of record, and how this record influenced his thinking.

It is not clear that Marshall himself realized accurately the full impact of his American observations. Increasingly as he aged, Marshall nurtured the talent of remembering the past as it ought to have been, not as it actually was. He later wrote, for instance, that his economic doctrines were fully developed by 1870, a claim now disputed by most scholars.[3] In 1875, before his own marriage, he had looked for partnership from a woman, not submission; but in 1889 he explained forcefully to Beatrice Potter that women were subordinate beings and must devote themselves completely to men in marriage.[4]

In Marshall's notes and letters of the summer of 1875 there is no clear reference to the American economic supremacy that Marshall supposedly recognized as a result of his trip. We find, instead, endless detailed observations--characteristic of Marshall's inductive habits at that time--of the American character, inventions and refinements in industry, entrepreneurial drive, experiments in communist organization. His statement that in America he came to see things in proportion and discovered what it was he needed to learn resembles the reminiscences of an elder statesman to young campaigners, in the tendency to make the past appear more carefully tailored than it actually was.

Other accounts such as Keynes' or Guillebaud's repeat Marshall's claim that the American tour affected him, without probing into the question of why.

3. Whitaker, Early, I 37-52; esp. 44 where he notes that the facts "fall considerably short of Marshall's claims."

4. Beatrice Webb, My Apprenticeship (London: Longmans, Green and Co., 1926, repr. 1950), 300.

In the early 1870s Marshall's economic thinking was leading him in two contradictory directions. His Lectures to Women show that he was dissatisfied with the absolute laissez faire which had created the Industrial Revolution; he told his students, "that in so far as we have allowed things to drift, it has been found a bad method of procedure, that in so far as things have been allowed to take this course, men, women and children have been sacrificed to production."[5] His "tendency toward socialism," as he himself called it, disposed him to sympathize with critics of classical economics such as Ferdinand Lassalle, who had "compelled attention to a flaw in that organization of labour which is brought about by the free play of the interests of individual producers": specifically, the fact that everyman's individual interests would not necessarily combine to benefit society.[6] Approval of trades unions as miniature republics, teaching their members the virtues of self-government and sacrifice for the benefit of the whole,[7] and of the self-sustaining Shaker and Perfectionist settlements, indicate that in some ways Marshall was leaning toward a concept of society and economics in which the community was the important unit, not the individual. It was the drift toward laissez-faire, which had broken up local or quasi-family life a century before, that had made man a slave to production.[8]

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5. Marshall Papers, Lectures to Women, II.

6. Whitaker, Early, II 38. The quote is taken from Marshall's unfinished monograph "The Theory of Foreign Trade and Other Portions of Economic Science Bearing on the Principle of Laissez Faire;" hereafter cited as "Foreign Trade." On Marshall's tendency to socialism, see McWilliams-Tullberg, "Tendency," in Wood, Assessments, I 374-408.

7. Marshall Papers, Lectures to Women, IV.

8. Marshall Papers, Lectures to Women, VI.

Yet Marshall remained, in his education, training and temperament, dedicated to the ideal of individual competition and laissez faire. The economics of John Stuart Mill, David Ricardo, and Adam Smith, to name only his three most important authorities, emphasized the struggle of the individual. So did Herbert Spencer and Charles Darwin, both of whom Marshall greatly admired. From the sublimity of his concept of a coal-fired thinking machine which reacted to its environment by altering its own character, to the mundane realization that he played better tennis when competing against a friend, Marshall upheld the primacy of the individual.[9] Community must always come behind the freedom of the individual. It was a growth of individual freedom and displacement of custom that lay behind the progress of the world.[10]

Scholars have suggested that in America, Marshall solved his growing dilemma and became devoted to the ideal of individual competition and laissez faire.[11] He had already written that employment influences character; to Marshall, the character of the individual was always of prime importance. Economics was of use chiefly as it encouraged or discouraged a good character. An economic system which allowed the greatest development of the individual would therefore be the economic system to be preferred. In America, Marshall believed he had found this system. He made numerous notes of the ambition, energy and enthusiasm of the American character. There were, he said later, no dull faces in America, and that fact alone gave the United States a strong claim to be the "first country in the world."[12] Despite his admiration for the Shaker colony, individual

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9. Marshall Papers, 11 (8), Ye Machine.

10. Marshall Papers, Lectures to Women, VI.

11. For example, McWilliams-Tullberg, "Tendency," suggests this strongly, as did Prof. Giacomo Becattini in a conversation with the author, June 1987.

character in an open society appeared to Marshall as the key to America's past accomplishments and future promise. In this sense we may take as true the statement that America taught him what he wanted to learn, i.e. that individual competition must not be curtailed in favor of community values. But the process of decision is rarely so dramatically clear cut. A consideration of the evidence confirms not only that Marshall leaned in the direction of individualist values before the trip, but also that the final decision emerged only gradually in the course of the years following his tour. His first speech on his American experience, in Cambridge a month after his return, dealt almost exclusively with ethics and character. Only later did he come to believe that America represented, in some ways, England's economic future.[13]

Consideration of the evidence leads to a number of questions.[14] The first, of course, is how complete is the body of material? Have many or most of the notes and letters disappeared? Despite Marshall's self-deprecating claim that he destroyed piquant observations not confirmed by independent authority,[15] it seems doubtful that much has disappeared. There are references to a letter from Cincinnati, Ohio, which no longer exists, for example. But it is clear that he planned to use his letters home as lecture notes (and did so for the next thirty years); in the first letter he asks his mother not to re-fold the paper, as the crease

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12. Whitaker, Early, II 369.

13. The speech to the Cambridge Moral Science Club (November 1875) discusses a parallel evolution of American and European society. A classroom lecture believed to date from 1876-77 states that he "wanted to see the history of the future in America." Whitaker, Early, II 351-52.

14. Marshall's notes, letters, papers and books are preserved at the Marshall Library, University of Cambridge.

15. Whitaker, Early, II 356. Many piquant observations, such as the American shopman who fitted Marshall with a new hat by placing Marshall's old hat on his own head first, have not in fact been destroyed.

he has made is designed for the lectern.[16] The letters and notes were accordingly saved and occasionally reworked over the decades. Census reports from 1880 were later included in notes on the American west. A number of lectures dealt with his American experience–in Cambridge, in Bristol, and in Leeds Marshall recalled his tour–and quotes from books he purchased during that summer appeared in his unfinished "Theory of Foreign Trade" as well as the published Economics of Industry (1879) and many of his later works. Finally, the body of notes and letters is essentially self-contained in that there are few references to any missing or vanished documents. The letters home discuss American hotels and visits to the dentist, but they do not, for example, suggest that Marshall visited Mark Twain or met President Ulysses S. Grant. The evidence that Marshall recorded appears to be substantially complete, therefore, and should serve to tell us what Marshall found worth recording in his letters home, in his private notes, and in the margins of the books he purchased. Each of these three sources will be discussed in turn.

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I - The Letters

Marshall's letters home detail his instant impressions of America. Written in an informal tone to a sympathetic audience, they remain unrevised by later additions or deletions and serve as a corrective to many of Marshall's later claims. The sympathetic audience may have restricted Marshall's descriptions in two ways; he seems to have cut short his analysis of the Perfectionists (as noted above, Chapter Two) since their group marriage practices would have embarrassed his mother; and tariffs are briefly mentioned but not discussed. Presumably Mrs.

16. Marshall Papers, 3(66).

Marshall had no great interest in protective economics, though she was aware of her son's work in the field. In neither case are the restrictions crippling. The other religious communistic group, the Shakers, were described in letters home, and tariff reform found its way into Marshall's notes. In any event the letters are most valuable for the light they shed on Marshall's attitude toward non-economic topics. En route to America, for example, he complained about the lack of women with strong character on the ship. From time to time thereafter he commented on the character of American women, American and Canadian youths, and individuals of note such as Ralph Waldo Emerson.

And this emphasis on character provides a clue to a theme which appears repeatedly in Marshall's letters: the nature and importance of character. Indeed, his first letter home asserted that "my main object is to firm notions about men and manners."[17] Although he offered characterizations, almost stereotypes, of nationalities--the "solidity" of the Germans in St. Louis, the "go" of Americans everywhere--it was the character of the individual, shaped by outside forces, that was of greatest interest to him. The American west suffered from its lack of virtuous women, he wrote; and older Germans in Cincinnati remained boors, but the next generation would be citizens of a high type.[18] Marshall appreciated that it was not a simple case of the individual dominating his environment, or the environment shaping the individual into a reactive automaton. There were influences in both directions. He discussed in lectures the effect of the climate on the American workman, for example.[19] But at the same time, he wrote that man's effort was "generally most efficient when it is so applied as to control and direct

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17. Marshall Papers, 3(66).

18. Marshall Papers, 3(73), 3(74).

19. Whitaker, Early, II 362.

nature's forces."[20] The individual therefore can change his environment; he can direct the course of his own and his society's growth. Individuals grow and change, and thus society grows and changes as well. Despite the attractions of the Shaker community, it was the individual Shaker character which overwhelmingly impressed him. The village attracted him in great part because of the "angelic character" of one of its members, in whose face Marshall saw "the refinement of the true gentleman."[21] The importance of this can be appreciated from the fact that two years earlier, in an address on "The Future of the Working Classes," Marshall had hoped for a time when every man could be a gentleman.[22] His letters reflect a great interest in the character development of the individual, and its effect on the development of the nation.

Marshall's letters serve us in another way. Besides detailing an otherwise unknown interest in theology and religious services, they show where in the social scale he himself felt most comfortable. In New Haven, he was taken to a party at which he was "not one of the lions but I was a 'strange animal,'" and so was introduced to everyone.[23] Despite his claim that he found it a great bore, Marshall was clearly at home with the upper middle class: often literally so, as when he stayed with the Bakers of Norwich, Connecticut and twice took their niece for unchaperoned carriage drives. Marshall's residence with and preference for the middle class of this era would almost necessarily tinge his observations with a delight in individualism.

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20. Alfred Marshall and Mary Paley Marshall, The Economics of Industry (London: Macmillan, 1879), 9.

21. Marshall Papers, 3(71).

22. Pigou, Memorials, "The Future of the Working Classes," 101-18.

23. Marshall Papers, 3(70).

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II - The Notes

The second body of evidence, Marshall's notes of his time in America, appear under numerous categories. Some of them--Drama, for example--have only one or two entries. The largest single group was a category Marshall entitled Sketches of Character (with seven lengthy entries), followed by American Manufactures (six entries), American Inventions, (four entries), and Nationalities (four entries.) There is also an extended discussion of Virginia City, Nevada, which seemed to hold a morbid fascination for Marshall. All these appear to be contemporaneous with his visit. Another set, including Wages (two entries), Population (one entry), Hours of Labor [sic] (one entry), Apprenticeship (two entries), Trades Unions (one entry), and Drama (two entries) are much smaller in scope and include later material (such as the population of Kansas in 1880.) The contemporaneous notes represent Marshall's greatest interests, along with the tariff, in America. The most numerous, the Sketchesof Character, do not represent an economic subject at all.

Marshall had written, in his first letter home, that the study of character was of the utmost importance to him. The notes bear this out. There are two themes to which he returns again and again: individual character and the ways in which character is shaped by employment. Marshall's conversations with Emerson and Carey, for example, have already been noted. These individuals had international reputations and it is understandable that Marshall should be interested in their backgrounds and beliefs. But he also records at length his

conversations with an "Irish Priest," whose name Marshall apparently never even asked. As had Marshall, the priest had once loved metaphysical speculation and then abandoned it for a more down-to-earth, common-sense philosophy. Marshall discerned the philosophies of Thomas Reid, Dugald Stewart and Sir William Hamilton in the priest's beliefs, and wondered if all Roman Catholics held similar principles. They discussed the history of Ireland, the prospects for home rule, and the effects of living in a nunnery: Marshall believed the Church ought to allow greater freedom in its establishments, saying "it is as wrong to maim the spirit as it is to maim the body."[24] It is impossible to know how fascinating the Irish Priest was as a conversationalist (though Marshall makes no mention of outstanding personality on his new friend's behalf, as he did with Emerson) but it is important to note the interest Marshall takes in the philosophical strands of his character. Individual character, of the obscure as well as the famous, plainly fascinated Marshall.

In contrast, character shaped by employment is covered far more briefly. At Mason and Hamlin's organ factory in Massachusetts, Marshall asked if repetitive piece work damaged the intelligence of the worker, and was told it did not. At a glass manufacturer's in Pennsylvania he described the operatives as "rough, yet refined" and almost universally intelligent, because of the enormous skills needed in their work.[25] Here surely was a chance to compare the effects of two different systems, factory piecework versus skilled craftwork; but Marshall did not pursue the subject. At three ironworks in New York, Marshall asked of the Irish character and received the same reply: "(i)more given to drink (ii)'not so apt

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24. Marshall Papers, 6(1), Notes of Character. The connection with the importance of individual human development is clear.

25. Marshall Papers, 6(1), American Manufactures.

to ask reason why."[26] But was this character formed–improved–impaired–by their menial jobs? Marshall never asked. Even in factories where racial cliches did not operate Marshall was drawn to the individual of accomplishment, not to the cipher on the assembly line.

As an economist with an interest in character, a concern with the effects of employment on character is to be expected. Marshall had already demonstrated some interest in these effects. Discussing the working class in 1873, he had said:

> Is it not true that when we say a man belongs to the working classes we are thinking of the effect that his work produces on him rather than of the effect that he produces on his work? If a man's daily task tends to give culture and refinement to his character, do we not, however coarse the individual man may happen to be, say that his occupation is that of a gentleman? If a man's daily task tends to keep his character rude and coarse, do we not, however truly refined the individual man may happen to be, say that he belongs to the working classes?[27]

But Marshall showed little interest in pursuing this idea once in America. There were no extensive discussions with Irish Miners or American Carpenters to compare to the discussions with the Irish Priest, Emerson or Carey. While hoping for a time in which every man might be a gentleman, he did not consider the effects of the emerging factory system in hastening or delaying that day.

Marshall's handling of this issue points up a major component of his thinking at this time, one of which he himself may have been only half aware: despite evident and honest concern for the working class and the effects of its industrial surroundings, and an interest in the beneficent communistic possibilities

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26. Marshall Papers, 6(1), Irish.

27. Pigou, Memorials, "The Future of the Working Classes," 103.

of such groups as the Shakers, Marshall found it easier to be interested in the individual who stood out of his class and achieved something extraordinary. This was especially true if the individual, like Emerson or the Irish Priest, had a philosophical background. Two conclusions suggest themselves as a result. First, individuals who identified and pursued intellectual goals, and who were educated enough to construct philosophies of life, would almost certainly be members of the middle class, not the working class. Despite his sincere interest in the problem of poverty, Marshall's sympathies drew him toward the middle class who already were the gentlemen that he hoped the working class could one day become. Second, Marshall was far more aware of philosophy as a formative influence on character than he was of employment, or any other economic factor. In many ways, Marshall was still a philosopher despite himself, and leaned toward individual responsibility for moral and ethical questions.

Marshall's other notes bear out this conclusion. At a stove works in New York he was told that most inventions did not come from the workers on the floor. He decided that in the future American inventions were likely to come less from workers, than from those who had once been workers.[28] He praised the mobility, open society, and education that would let a man of talent rise away from work with his hands; that would let him be a gentleman, in short, as Marshall wanted everyone to be. This was the key to American inventiveness: the character of the Americans, in a non-traditional society. Eventually it became the key to Marshall's economic beliefs as well.

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28. Marshall Papers, 6(1), American Inventions.

III - The Books

The third source for Marshall's views is the small library which he purchased in America. On his return, he brought home a collection of pamphlets and books on various topics. This potentially valuable source has never been fully explored, because these works were never identified. Marshall himself apparently made no handlist of these books, and none was ever constructed. Some of the volumes can be identified by the quotes Marshall took from them, especially for "Foreign Trade," but these quotes deal almost solely with protection. As we have seen, Marshall had other interests to accommodate. A fuller list of the books he purchased and of the notes he made from them would offer new perspectives, and enhance old ones, on the state of his theories and interests in 1875. This source may now be recovered in large part.

Marshall's private library, at his death, formed the nucleus of the departmental library of Cambridge's Faculty of Economics and Politics. Today the Marshall Library of Economics keeps some books known to be Marshall's and annotated by him in closed reserve. Still on the open shelves, however, are numerous books once owned by Marshall and bearing his signature (or, more often, his stamp.) A search of the open stacks revealed the existence of numerous books on American subjects, published in or before 1875, and printed in cities which Marshall visited on his tour. From these two locations can be compiled a list of works on American subjects, the majority carrying annotations by Marshall. The list is as follows:

Closed Reserve:

Henry C. Carey, Principles of Social Science

Philadelphia: J. B. Lippincott and Co., 1868

Horace Greeley, Essays Designed to Elucidate the Science of Political Economy
Boston: Fields, Osgood and Co., 1870

Open stacks:

Francis Bowen, American Political Economy
New York: Charles Scribner and Co., 1870

Horace Greeley et al., The Great Industries of the United States
Hartford: J. B. Burr and Hyde, 1873

James K. Medbury, Men and Mysteries of Wall Street
Boston: Fields, Osgood and Co., 1871

Virginia Penny, The Employments of Women
Boston: Walker, Wise and Co., 1863

Willard Phillips, Propositions Concerning Protection and Free Trade
Boston: Charles C. Little and James Brown, 1850

Matthew Hale Smith, Bulls and Bears of New York
Hartford: J. B. Burr and Co., 1874

E. Peshine Smith, A Manual of Political Economy
Philadelphia: Henry Carey Baird, 1873

William Graham Sumner, A History of American Currency
New York: Henry Holt and Co., 1875

Robert Ellis Thompson, Social Science and National Economy
Philadelphia: Porter and Coates, 1875

There is one book (by an American author) dealing in part with the Shakers and Perfectionists which was evidently purchased in England:

Charles Nordhoff, The Communistic Societies of the United States
London: John Murray, 1875

The pamphlets which were purchased and later bound into a single volume include the following titles published in or before 1875:

Annual Report of the American Iron and Steel Association
Philadelphia: Chandler, 1875

Henry C. Carey, The British Treaties of 1871 and 1874
Philadelphia: Collins, 1874

Henry C. Carey, Currency Inflation
Philadelphia: Collins, 1874

Henry C. Carey, Manufactures: At Once an Evidence and a Measure of Civilization
[New York:] Silk Association of America, 1875

Henry C. Carey, Of the Rate of Interest
Philadelphia: Collins, 1874

Cyrus Elder, Dream of a Free Trade Paradise
Philadelphia: Henry Carey Baird, 1873

William D. Kelley, The Proposed Reciprocity Treaty
Philadelphia: Collins, 1874

David H. Mason, How Western Farmers Are Benefited by Protection
Chicago: By the Author, 1875

Samuel B. Ruggles, Tabular Statements from 1840 to 1870 of the Agricultural Products of the States and Territories of the United States of America
New York: Chamber of Commerce, 1875

David Ames Wells, The Cremation Theory of Specie Resumption
New York: William C. Martin, 1875

David Ames Wells, The True Story of the Leaden Statuary
New York: Tribune Co., 1874

David Ames Wells, Wool and the Tariff
[New York: Tribune Co.,] 1873

Joseph Wharton, International Industrial Competition
Philadelphia: Henry Carey Baird, 1870

Joseph Wharton, National Self-Protection
Philadelphia: American Iron and Steel Association, 1875

Cited by Marshall, but not bound in this volume:

William M. Grosvener, Does Protection Protect?
New York: Appleton, 1871

There are several reasons for thinking that these are books Marshall brought home from America, and for thinking that the marginal notations are his alone--thus providing a clear source for Marshall's thoughts on American topics.

They clearly belonged to Marshall, since all of them bear his signature or stamp. All concern themselves with American topics in which Marshall had earlier expressed some interest. All were published in America, in 1875 or earlier. Those from smaller publishers would have been very difficult to locate in England; some, such as Penny's Employments of Women, were difficult to find even in America. Though many had joint American/English editions, with a single exception (Nordhoff, Communistic Societies) Marshall owned only the American imprint. Finally, many of those named or quoted in Foreign Trade are included in this list, such as Thompson's National Economy and Phillips' Propositions.

Marshall was a dedicated annotater of books.[29] He carried on what was essentially a one-sided conversation with them, often congratulating, affirming, questioning, doubting, criticizing, sometimes even baiting and ridiculing the absent author. But often the notations in books known to be his (i.e., on Closed Reserve) include single vertical lines drawn in the side margins of the page, setting off particular sentences or whole paragraphs of note. Both written comments and vertical lines can be found, for example, in Greeley's Essays. Identical commentary and markings can also be found in the books from the open stacks. Of course, over fifty years, anyone might have marked the books in this fashion. Vertical penciled lines are not as instantly recognizable as handwriting.

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29. While Marshall annotated some of the pamphlets as well, they were bound together in a volume which contained numerous pamphlets from later decades. Thus it is less certain that the pamphlets dating 1870-75 were actually purchased in America, since he added later publications without a return voyage. In addition, research constraints made it impossible to fully utilize the marginal notations in the pamphlets. The monographs are a more important source, since they are wider-ranging and points raised in the pamphlets are universally covered in the texts as well, often more fully than in the brief pamphlets.

It should be assumed here that quotes from the books do represent Marshall's notations, but that quotes from the pamphlets do not. Quotes from the pamphlets were chosen by the author and represent the main thrust of the pamphlet's argument, usually on the tariff issue.

Nevertheless it seems that the markings are indeed Marshall's alone. In the Closed Reserve is a copy of John Stuart Mill's The Subjection of Women, known to be Marshall's and bearing his stamp. Its annotations are not written; they consist of vertical marginal lines marking individual sections. The annotations in the American books are exactly the same. Other books of Marshall's show similar annotations. His stamped copy of The Life of Robert Owen, Written By Himself (1857) carries a vertical line marking out a passage on religious interference with Owen's work. These marginal lines invariably set off a passage of known interest to Marshall. In Smith's Manual, for instance, the marked passages concern quotes from H. C. Carey, a major concern during Marshall's American tour. Finally, in an indirect way, we have Marshall's statement that the vertical lines are his. Marshall owned a copy of John Stuart Mill's Auguste Comte and Positivism (1865.) On the flyleaf he wrote:

A Marshall

> Bought at a sale of Dr Whewell's books.
> The pencil marks were in the book when
> I bought it.

And, indeed, the marginal lines of Whewell are not single, straight vertical lines. They are multiple, wavering, extended "s" shaped lines. Marshall's note to himself indicates that his method of annotation was similar to Whewell's and that he did not want to be confused by another's marks.

The case will never be conclusive but points overwhelmingly to the probability that these books were purchased by Marshall in America, and that he read and annotated them with care. Even if we assume that he went to the trouble of searching out these books once back in Cambridge, such an assumption would only increase the evidence that Marshall had a consuming interest in America in

the early 1870s. What was it in these books and pamphlets that he found so fascinating?

Marshall's books and the notations within may be grouped into six different topics. These are: protective tariffs, the ideal of the community, employment and character, economic theory, currency, and women's role in the economy.

Protective tariffs receive the largest number of citations. In general, Marshall collected books and pamphlets which were pro-tariff. Nearly all the books, as can be judged by their titles, favored protection; the great majority of the pamphlets did also. Marshall claimed to have arrived in America with an open mind on the subject, though he would have been more familiar with free trade and laissez faire from his reading of economic classics; hence defenses of free trade held little intrinsic interest. What kinds of arguments in favor of the tariff did he notice? Were they theoretical, social, patriotic, or practical?

The benefits of the tariff, claimed the books, were widespread and obvious.[30] That with pride of place was widely known as the concept of the "infant industry." The costs of beginning any industry were so high that older, established industries abroad could undersell any newcomers in the field and thereafter maintain a lock on the nation's trade in, for example, the iron industry. It was in the interest of the nation to protect such an infant industry (especially one of strategic importance) by enforcing tariffs on imports which would raise the price consumers had to pay to a level that would offset the extra costs of starting

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30. In the following pages, as mentioned above (n. 27), the arguments for and against are made from references Marshall marked in his sources.

a business. When the infant industry had grown sufficiently large to have its own economies of scale and did not need the shelter of a protective wall, the tariffs would be eliminated and the consumer would benefit by being able to purchase lower-priced manufactured goods which were made at home (and which therefore did not include a transportation charge in their purchase price.) No less an authority than John Stuart Mill admitted that there was some validity to this reasoning, as did the American authors Marshall consulted.[31]

There were numerous other defenses of protectionism. Tariff barriers permitted factories using higher-paid American labor to run continuously at full employment and avoid being undercut by the "paupers" in English and European factories, since otherwise lower labor costs would give foreign manufacturers a cheaper price and an unfair advantage over their American counterparts.[32] Tariff barriers prevented the dumping of excess production by foreign manufacturers, especially the English, which could have undersold and ruined American manufacturers as the authors claimed had happened repeatedly before the colonies declared their independence in 1776.[33] Even the states of the far west, traditionally opposed to tariffs which raised the costs of so many of the goods they purchased, were said to benefit from a tariff because the value of manufactured goods there had risen three times faster than in the east: indicating that tariffs were successfully helping to employ numerous Americans.[34] Finally, it was claimed that the extra cost of the tariff would eventually be paid by the

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31. Bowen, American, 495; Greeley, Essays, 180, 210; Thompson, National, 213, 263. Mill is cited by Phillips, Propositions, 41.

32. Greeley, Essays, 102, 150 163; Bowen, American, 188.

33. Thompson, National,361-62; Phillips, Propositions, 228-30.

34. Thompson, National, 275.

foreign manufacturer or importer, and no longer passed on to the consumer, since once American industry achieved economic levels of production the consumer would be able to purchase goods more cheaply than they could be imported. Those who insisted on using imported goods at that time would be rich enough to be able to pay the tariff themselves.[35]

With such numerous benefits, further justification of a tariff barrier would hardly seem necessary. Yet many Americans, particularly at the universities, adhered to free trade doctrines. The protectionists therefore did their best to cite economic authorities for their arguments. Friederich List is of course cited (though Marshall did not note the passages.) John Stuart Mill's position, that there were exceptions to his general rule of free trade, especially in the case of manufactures of importance to the nation, was carefully quoted.[36] Adam Smith believed that capital employed in the home trade was "four-and-twenty" times more supportive of industry than capital employed in foreign trade.[37] Marshall found, therefore, widespread approval of tariffs: not only by accepted economic authorities, claimed the protectionists, but also by the ordinary citizens of the nation, who were said to be willing to pay a little more for their goods in order to build up American industry.[38]

On the topic of tariffs, Marshall's notes are extensive and fairly singleminded, as befits a struggling academic writing his first monograph. He paid the greatest attention to the arguments in favor of tariffs: the infant industry

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35. Smith, Manual, 249; Bowen, American, 454-55.

36. Phillips, Propositions, 41.

37. Phillips, Propositions, 40.

38. Thompson, National, 307; Bowen, American, 494; Greeley, Essays, 150.

concept, the need to protect American labor from European pauperization, the desire to keep Europe (and especially Britain) from dumping its goods in America, thereby destroying the nation as had happened (according to Greeley) in India. Opposition to the tariff was not ignored, however. Anti-protectionists such as William Graham Sumner noted that the tariff had not prevented the crash of 1825; and David A. Wells' pamphlet on Wool and the Tariff pointed out that since the imposition of a tariff on wool in 1867, the industry had virtually collapsed, again contradicting the expectations of the protectionists.[39]

In his "Theory of Foreign Trade," Marshall concluded that the pro-tariff forces had poorly organized their case. The Americans were unscientific in their approach, apparently not recognizing the limitations of arguing from one theme. They made no attempt to separate the tariff from other potential causes of prosperity.[40] The protectionists were clumsy in their handling of evidence– Greeley's claim that England, by undercutting native tailors, had ruined India Marshall dismissed; "the country as a whole would not be injured by their being undersold," he had written in the margin[41]–and they had an annoying habit of quoting authors out of context. Besides, tariffs increased the cost of necessities for the poor; Marshall compared it with the repeal of the Corn Laws, which had benefited the workers in England by reducing the cost of their food.

Overall Marshall found the protectionists' arguments very parochial. None of the writers considered the effects of a tariff on society as a whole, except to claim that everyone would benefit in vague, unspecified fashions. In some cases

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39. Sumner, Currency, 84-85; Wells, Wool, passim.

40. Whitaker, Early, "Foreign Trade," II 41.

41. Greeley, Essays, 163.

the protectionists' argument approached the level of farce. William D. Kelley claimed that Canadian Commissioner George Brown, negotiating a proposed free trade treaty in 1874, created a corps of "claquers and lobbyists," and "flagrantly" transcended his role as a diplomatic agent. H. C. Carey, on the same treaty, went even further. Carey hinted strongly, almost to the point of libel, that Britain had engaged in a conspiracy to attain free trade. Carey found the effort improper "if not even criminal" and pointed out that the two United States Treasury officials drawing up the draft of the treaty were both British by birth. One, he claimed, controlled the "secret service fund," or "corruption fund," in Canada, which via bribery had helped pass the 1854 free trade treaty. Champagne and gold had helped engineer the treaty of 1854, stated Carey flatly, and he implied that the same thing was happening again; bystanders in Capitol hallways, he said, might hear "remarks to the effect that, 'being backed by millions, we shall certainly put it through the Senate."[42] It is not to be wondered that such arguments did not impress Marshall.

Closely connected with the tariff issue was the second theme, the protectionist writers' emphasis on community and Carey's "principle of association." It was a theme with which Marshall himself had often toyed. Protectionists believed that the emphasis in economics should not be on the individual, the "economic man," as the classicists insisted. Rather, the emphasis should be on the community. Marshall himself approved, despite his individualist leanings, the state educational system in England.[43] The state should be justified,

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42. Kelley, Reciprocity; Carey, Treaties, 28-32, quote from 32.

43. Marshall Papers, Lectures to Women, VI. There was a strong undercurrent of opposition to Manchester School economics in Britain as in America which held that extreme laissez-faire glorified the worst traits of the individual. See for example Aaron L. Friedberg, The Weary Titan (Princeton: Princeton University

protectionists believed, in intervening to ensure the community's well-being. In theory, the justification of tariffs would then be equivalent to the justification of socialism, since both systems require the state intervention which laissez faire economics abhorred.

This argument was not a variant of the "we are all socialists now" theme of the Edwardian age. Nor should it be dismissed on the grounds that many protectionist writers favored competitive, almost Darwinian ideals within the community. The link between protectionism and socialism was quite plain to Marshall's contemporaries. American economist J. Laurence Laughlin in 1879 was able to cite authorities such as Henry Fawcett, John Stuart Mill and Wilhelm Roscher to support his case that government intervention for tariff protection of factory owners was no different than government intervention for welfare legislation for their workers.[44] German economists such as Roscher, Gustav Schmoller and Karl Knies of the "Social School," with whose work Marshall was familiar, eagerly read the works of Henry C. Carey and favored protective tariffs and socialist policies.[45] Marshall himself wrote:

> And indeed during the whole of the present century there has been a subtle, though often a silent sympathy between the school that has required the State to 'protect native industries', and the more adventurous school which has maintained that the individual should look to the State, or to some smaller community, for guidance and protection in all matters but particularly in the ordering of his daily work.[46]

Press, 1988), Chapter 2, in which he finds A. J. Balfour opposed to laissez-faire for this reason.

44. J. Laurence Laughlin, "Protection and Socialism," International Review 7 (1879) 427.
35. See also Fine, Laissez Faire, 66.

45. Gordon Craig, Germany 1866-1945 (Oxford: Oxford University Press, 1978), 87.

46. Whitaker, "Foreign Trade," Early, II 38-39.

Given Marshall's self-acknowledged tendency toward socialism at this time, his interest in protection may well go deeper than its suitability as part of a monograph. He was a voracious reader of socialist and protectionist works, and interested enough in their possibilities to make it one of the chief interests of his tour of America.

Since the end of the American Revolution many Americans had pressed for tariff barriers to outside goods. Alexander Hamilton had been the earliest champion of protection, and by the early nineteenth century the idea of a tariff barrier had become enshrined as part of Henry Clay's American System of tariff bariers against the outside world and state-supported internal improvements at home. The "national school" of political economists--including Carey, Phillips, Smith, and Thompson--endorsed this view, claiming that the state had a mandate to intervene in matters of foreign trade and internal improvement. Ordinarily they went no further than this in their calls for state intervention: few national school economists wanted to see the state assume a regulatory nature. Thus the protectionists of mid-century are commonly viewed today as simply special-interest pleaders, usually wealthy industrialists, whose emphasis on the needs of the nation was little more than a smokescreen for their own greed. Without a philosophy affirming a positive state regulatory role, they are usually dismissed as an unimportant group with little effect on their own age and none on that of the generation which followed them.[47] Such a view does them an injustice, however, by considering them only in relation to the evolution of a regulatory state. The protectionists were extremely popular at this time and the most widely used economics textbook in American colleges was Thompson's Social Science and National Economy.

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47. Fine, Laissez Faire, 3-23, 47.

The protectionist pamphlets Marshall read had fundamental disagreements with the laissez-faire Manchester school. Its emphasis on self-interest and satisfaction of desires struck them as un-Christian and appealing only to man's basest instincts.[48] Laissez-faire benefited the wealthy industrialist but impoverished the worker; in England, they said, free trade and pauperism were inseparable. America profited when protection kept workers in full employment, for "the laboring clases are the nation."[49] Most of all, the protectionists abhorred laissez faire's glorification of the individual. The Manchester school, they said, viewed men "merely as individuals," none of whom should have any regard "for the collective and future well-being of the nation."[50] But men historically did not think of themselves as individuals; they thought of themselves as part of a community, a nation.[51] Governments existed for the benefit of the people, not the individual.

Many of the books also contain this view of the importance of the community. In a lengthy passage which Marshall noted, Thompson claimed the nation was of greater importance than laissez-faire economists realized. After citing ways in which the United States differed from Britain in national policies--expenditure for education, adequate wages instead of pauperization of the work force, expensive governmental systems to oversee the health and intelligence of its citizens--he went on to write:

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48. Fine, Laissez Faire, 17.

49. Wharton, National, 16; Mason, Western, 53.

50. Wharton, International, 4.

51. Mason, Western, 92.

> For these considerations the cosmopolitical school have no place; they think their consideration in connection with the question of wealth and economy an impertinence. They write as if there were no nations, or as if they were merely local and conventional arrangements for police purposes. With Cobden, they would gladly see all boundary lines wiped from the map; and like him, they regard all nations as necessary evils. Their arguments are never based on the necessities of national life, and the means to attain the largest and fullest degree of that life; but on "the maximum of production throughout the world." They know of no interest save that of pocket interest, whereas, as Mr. Mill well says, a man's interest is whatever he takes an interest in. And every good citizen will take an interest in the industrial development and independence of his own country. We might, as Dr. [Horace] Bushnell does, concede the force of all their economic arguments, and then reject their conclusions on higher grounds.[52]

Carey had evolved another principle, one that he called the principle of association, to explain why it was better for men to combine in diverse employments rather than for an entire region to specialize in one product. A combination of men in diverse employments will lead automatically to improvements in each one. It will increase man's ability to plough land, grind grain, weave wool, cut lumber. Therefore as the population of a country increases, so will its production of crafts and food. Plantagenet England, with six million souls, often starved; modern England, with eighteen million, does not. To Carey, the lesson was clear: decentralization of the economy leads to life; centralization leads to death.[53]

In their emphasis on community the protectionist writers hearkened back to an earlier era in American history and are most reminiscent of what Robert Wiebe has called "island communities."[54] In the "search for order," Americans

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52. Thompson, National, 242-43. Horace Bushnell (1802-76) was a popular religious writer of the day, a Romantic in theology, who rejected a strict Calvinist interpretation of Unitarianism.

53. Carey, Social, I, 64-93.

prized the common values of the rural, pre-war era: hard work, small shops, unspecialized education, local control of community life. With increasing speed this ante-bellum world was slipping away from grasp in the 18/0's. The small shop become the giant factory; rural districts witnessed the growth of large urban slums; local control of island communities faded as the nation-state's administration expanded. Even the common values changed as the nation embraced the individually competitive view of society embraced by sociologists such as Herbert Spencer.

The protectionists were looking toward the past, though they did not yet know it. The new political socialism of Marx and Lassalle made no impression on them; their preference was for an earlier, almost mythical farming community of common (but not communistic) effort, as might have been described by Henry Maine in an historical monograph. An emphasis on community and desire for continuity with the American past had ever less relevance to the problems of an industrial age. The easy optimism of Henry Carey over the landtillers gave way to the outrage of Henry George over the landowners.

Marshall's emphasis in his lectures at this time on the evil of purely selfish actions, and the need for his students to recognize their moral duty to society, appear similar to such sentiments.[55] He might be expected to endorse their criticisms of laissez faire policies. In fact, much as he sympathized with the plight of the working class, he finally turned against such a communitarian view of society.

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54. Robert Wiebe, The Search for Order 1877-1920 (New York: Hill and Wang, 1967).

55. Marshall Papers, Lectures to Women.

There were two communities which Marshall saw in action: the Shakers and the Perfectionists. In Nordhoff's Communistic Societies he noted several characteristics of these two settlements. The notes suggest a fascination not just with their cooperative endeavors, but also with the religious visions which sustained them. Marshall noted both Shaker and Perfectionist doctrine. The Shakers believed that God was a dual person, both male and female; the Perfectionists that the "invisible hosts" of the Primitive Church were directly accessible to them.[56] These doctrines then found their way into virtually every aspect of life. In addition, the Shakers emphasized the frugal and simple in architecture, clothing and even music, all of which attracted Marshall. The Perfectionists also shared a frugal diet around a common table. Both groups opened the roles of their society to men and women.[57] Both groups, however, also found it necessary to shun the outside world and live in isolation. Marshall intended not to shun the world but to change it; he impressed on his students in Cambridge the necessity of taking up some kind of work that would help to end poverty. He also told students that he disapproved of religious associations formed for this purpose; members lost touch with the persons they were trying to help.[58] While he admired the individual cheerfulness of their members, therefore, the agnostic and activist Marshall was not likely to be impressed with religious millenarianism as a pattern for the reorganization of society.

Marshall was plainly aware of the argument by the protectionists in favor of the community. All the pro-tariff pamphlets stressed that laissez-faire emphasized the individual, protectionists emphasized the community. It was a

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56. Nordhoff, Communistic, 132-34, 270.

57. Nordhoff, Communistic, 161-62, 166, 282-85.

58. Marshall Papers, Lectures to Women, VI.

basic philosophical difference. The books also noted this fact. Bowen believed that the best policy was one that dveloped all the advantages of a country, its human as well as its natural resources, while Phillips echoed Carey's principle of association when he asserted that the mere vicinity of the arts to one another would augment the economy.[59] But the evidence for the community was nearly as simplistic and undeveloped as for protection. Carey's principle of association, for example, is extremely pastoral. It mentions no industry and only the most minor crafts. It fails to consider other evidence beyond its arguments; association is not the only reason Plantagenet England starved and Victorian England did not. Even if this had been the case, Carey merely asserts his argument, and does not prove it. There is no definition of the term "community" except as a nation; and no discussion of what constitutes a nation, or sets one apart from another. Marshall concluded in fact just the opposite of the pro-community view; he came to believe that Americans had far less community feeling than did Europeans. It was one of the American's most outstanding characteristics and explained many of his actions, Marshall felt. His vision in this regard was clearer than that of the protectionists.

The third theme Marshall noted is that of the relationship between employment and character. Although he noted the effect of an individual's job on character–for instance he was much impressed with the Perfectionists, whose manual labor was steady but not numbing, and who remained cheerful as a result[60]–he collected fewer notes attempting to posit a cause:effect relationship between work and character. Instead he attempted to discover the roots of the American character, only part of which had an economic basis. In other words

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59. Bowen, American, 494; Phillips, Propositions, 221-22.

60. Nordhoff, Communistic, 281.

American mobility and habits of independent thought affected the economy--but were not necessarily formed by the economy.

Some employment led to increased job skills, benefitting both the owner and the worker: thus one author cited the case of a twist of rope, once costing three shillings to make and now costing only a penny. The improvement was due to the skill of the worker, not the introduction of a new machine.[61] The authors also insisted that man is not simply an economic machine. Greeley attacked the prevailing laissez-faire notion that workers thrown out of employment would easily migrate to a new location, where other jobs were to be had. What of the families and houses they would have to leave behind? to say nothing of the skills of a lifetime? Men were not simply interchangeable parts of an industrial machine. Marshall agreed that men were not machines, but noted in an aside that Greeley's statement would prevent any economic change, even that from free trade to protection.[62]

The American character was a singular one. An element described as "the lottery principle in human nature," a willingness to hazard venture capital on large returns, was said by Bowen to be stronger in America than anywhere else. Great success may be expected from this entrepreneurial attitude, as well as great failure; perhaps because of this, bankruptcy in America was both more common and less censured than in England.[63] This adventurous spirit might also lead to theft and fraud; Wall Street financiers were notorious for beginning rumors that inflated the

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61. Phillips, Propositions, 69. It was in fact an example from England.

62. Greeley, Essays, 163.

63. Bowen, American, 210-11.

price of stocks, then selling out and leaving unwary investors holding worthless shares.[64]

The American laborer was said to enjoy some of the highest wages in the world. In part this was due to the inherited "frontier spirit" of his forefathers, who were forced to be masters of all trades while living in isolated settlements. Thus American labor grew used to versatility and enterprize.[65] Trade unions were not needed to protect workers in America, Thompson said, since workers could leave the factory and become independent farmers if they chose.[66] Wages remained high partly because of this fact, partly because of a perennial shortage of skilled labor, and according to Bowen partly for "moral causes": "the mobility of society, the wider distribution of property, the absence of castes, la carrière ouvre aux talents, and other peculiarities created and fostered by our laws..."[67]

Often Marshall seems to have been convinced that national character owed more to inheritance than to employment. He noted Henry Carey's claim that English policies restricting Ireland's trade and manufacture had left the Irish, as the London Times had written, "hewers of wood and drawers of water for the Saxon." Of this economic explanation for a national character, Marshall asked in the margin, "and what are they in New York?"[68] For Carey's claim that the Irish can perform more physical labor than the English, French or Belgians, or that they are capable of the highest intellectual improvement, Marshall simply wrote

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64. Medbury, Mysteries, 216-17.

65. Bowen, American, 202.

66. Thompson, National, 149.

67. Bowen, American, 181.

68. Carey, Social, I 324.

"oh".[69] Such comments border on racial intolerance, though Marshall may simply have been expressing his frustration with Carey, whom he considered a garrulous old man convinced of his own importance. Other comments on Carey's book included "vulgarly dishonest," "utter, uninstructive nonsense," and "crass ignorance or gross dishonesty."[70] In any event Marshall was reflecting the popular thinking of his day, rather than engaging in economic analysis. Clearly he considered New York to be a Saxon stronghold even though English policies do not apply there. In opposition to Carey, he blamed the problems of the Irish not on their past employment but on their character, accepting the caricature of the Irishman as a dull individual and a heavy drinker.

The American authors in general did not consider the effect of one's employment on character. Few considered character at all. Some of the pamphlets characterized Americans as Jeffersonian yeoman farmers, a portrait that was increasingly out of date. Only Bowen dealt with character in a substantial fashion, believing that America's success was due to its national character (and not the character to its industry.) Bowen cited frontier enterprize, a gambling spirit, mobility, a lack of caste, and widespread ownership of property as determinants of prosperity, not effects. Only in Nordhoff's description of the Shakers and Perfectionists could the effect of labor upon character be traced. The Shakers believed that only the simple manners of an agricultural life could maintain their society[71] (perhaps another reason Marshall did not consider this communist experiment suitable for the modern world.) Most of Marshall's

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69. Carey, Social, I 331.

70. See the interview described in Marshall Papers, 6(1) Sketches of Character, and referred to in the previous chapter. It is also reprinted in Whitaker, Early, II 92-93.

71. Nordhoff, Communistic, 161-62.

observations on character were necessarily personal ones, which emphasized the character of the individual as has already been discussed.

A fourth theme, the theory of economics, was not a major interest of Marshall's but did attract his attention. He was especially intrigued by criticisms of Ricardo and Mill, though attacks on other elements of classical theory were also noted. He noted Thompson's discussion of the fact that economics existed as an art even before the modern age had begun to turn it into a science. Marshall himself considered it to be a science which gave individuals a basis for investigating and criticizing the world.[72] He was also interested in the nature of the science in America, noting the heavily inductive tradition of American economists. The American economists did not believe in the "economic man" abstraction of classical theory; nor did they accept the pessimism of Thomas Malthus regarding the future of the world's population, since there was no evidence of overcrowding yet on the American continent.[73] Mill's acceptance of the infant industry argument for tariffs was widely noted, as was Smith's statement that home trade was to be preferred, all else being equal.[74]

But the most important criticism, to Marshall, was Carey's attack on Ricardo's land theory. Ricardo had theorized that in any country the best and most fertile land would be settled first, with agriculture spreading to the more barren and desolate hillsides only as demand expanded for land. Carey, and many other American economists, had noted that in the settlement of America exactly the opposite had occurred. Mountains and remote locations were often settled

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72. Thompson, National, 15; Marshall Papers, Lectures to Women, I.

73. Smith, Manual, 20; Thompson, National, 54-5.

74. Phillips, Propositions, 41, 40; Smith, Manual, 20.

first, for ease of defense and because the most fertile land required extensive drainage before cultivation.

Though the example was a small one, to American economists the implications were immense. They considered the economic theory of Ricardo, Smith, Malthus, et al to be far more pessimistic and restrictive than the facts warranted; such conditions may have been the norm in Europe, overcrowded for centuries, but they did not apply in America. How could Americans, then, be expected to abide by the tenets of a classical theory which had no relevance in the new world? A different economics should be developed, one that stressed the more optimistic conditions which were to be found in America.

Numerous examples were noted, by Marshall, of the Carey thesis in action. Thompson noted that the facts of history did not bear out Ricardo, a section Marshall noted with three heavily scored vertical lines. Smith claimed that 1848, the year in which Carey introduced his theory, marked a "new era" in economics and devoted extensive footnotes to describing examples to prove the observation correct.[75] Other authorities (such as the German economist Schultze-Delitsch) were noted as supporting Carey.[76] Though Marshall tried, when he met Carey, to persuade the aging protectionist to abandon his thesis and affirm the law of diminishing returns in an older country, he was eventually forced to accept that Carey's observations had considerable merit in certain circumstances. The theory found its way into his future publications, including the Principles of Economics.

Marshall agreed, in principle, with some of the criticisms the Americans made of political economy. In his Lectures to Women he had already insisted that

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75. Thompson, National, 93; Smith, Manual, 47-52.

76. Thompson, National, 132.

man was not a machine. But Marshall became very critical of the Americans' attacks. He claimed that they quoted out of context, and that their use of long series of numbers really proved very little. Marshall accused Carey, his bête noire, of inconsistent examples, inexact statements, and irrelevant arguments.[77] He and other American economists, said Marshall, had the habit "of making too extensive a use as it seems to me of arguments hastily built upon a narrow basis of historical and statistical facts." This was due to their audience, which had "considerable practical intelligence but no thorough training in scientific method."[78] Clearly, Marshall was not ready to abandon classical economics in favor of a vision which he found even more parochial. He was beginning to turn back from the pure induction of his early career toward a middle ground which used inductive observation to support classical deductive economic theory. By 1879 he wrote, "There has been a controversy as to whether Economics is an Inductive or a Deductive Science. It is both; its Inductions constantly suggest new Deductions, its Deductions continually suggest new Inductions."[79]

A fifth theme was currency reform. Marshall purchased William Graham Sumner's A History of American Currency and several pamphlets bearing on monetary policy. The sections he noted bear on the subject of tariffs and on the question of paper money versus specie, a question of worldwide interest but nowhere more hotly debated than in the United States. During the Civil War the federal government had printed vast amounts of paper currency or "greenbacks" as a method of financing its purchases. This influx of money had of course resulted in inflation. To some, the inflation was an example of the evils of government

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77. Whitaker, Early, "Foreign Trade," II 34.

78. Whitaker, Early, "Foreign Trade," II 39.

79. Marshall and Marshall, Economics of Industry, 3.

interference. It had encouraged inflation, destabilized the economy and the money supply, and added volatility to an economy already known for its unpredictable boom-and-bust cycles. Those who held this view were essentially large investors and capitalists, whose prosperity depended on a "hard" (inflexible) currency.

Others saw nothing improper in such government intervention. Protectionists generally supported the greenbacks and a "soft" money supply, on the grounds that it put laborers to work and and thus kept the country prosperous and fully employed. Many of the pamphlets dealt with this issue. One claimed that the large national debt was actually a benefit to the country, since the money kept the economy active and the citizens at work.[80] Carey's Currency Inflation blames the problem of rising prices not on a paper currency, but on a banking system tightly centralized in and controlled by New York. It was the manipulations of Wall Street bankers and financiers, he claimed, that was causing the inflation. He suggested a widespread system of local banks which would encourage the flow of money at the local level without causing inflation.[81] Such support of labor and the community was widespread among the protectionists. But Carey gave no thought to the consequences of possible collapse in such small and often undercapitalized banks, a continual problem addressed by Sumner.

Sumner was a free trader. He traced American business crises of the nineteenth century to causes other than protection or the lack of it, and claimed tariffs had not been able to prevent the crises of 1809, 1819, or 1825, for instance. Tariffs, he found, were ineffective in the maintenance of American prosperity; a

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80. Elder, Dream, 45-46.

81. Carey, Currency, 3.

solid currency was the only guarantee of a flourishing economy.[82] Marshall's interest in currency and monetary policy at this time was linked to his interest in tariffs, and the notes do not seem to reflect any desire to branch out into monetary theory.

The final category on which Marshall made notes was that of women's role in the economy. These notes came from a single volume, Virginia Penny's The Employments of Women (1863.) The strong character of the American woman fascinated Marshall, so much so that, as he wrote his mother, for a wife "I would have the strength that has been formed by daring and success."[83] His interest in the women's movement, combined with his effort to be observant and inductive in the conclusions he drew, led him to make extensive notes in this book on the kinds of jobs open to women. If it is assumed that this volume, based on a questionnaire sent to hundreds of employers, accurately reflected the world of industry--and there is no indication that he thought otherwise--then Marshall could not help but aquire two important concepts. First, although cases of intolerance and abuse toward women employees cetainly existed (one man paid his female proofreaders only two-thirds of their male counterparts' salaries, "because they are women, and because plenty can be found,"[84]) in a surprising number of cases factory owners gave equal pay for equal work. Women appeared therefore to be approaching equality more quickly than many had suspected. Second, men and women did have separate spheres, divisible one from the other on grounds ranging from physical strength to sex-based character attributes. Men were referred to as being stronger, faster, better skilled, and therefore superior when working in occupations

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82. Sumner, Currency, 61-62, 79-80, 84-85.

83. Marshall Papers, 3(70.)

84. Penny, Employments, 31.

taking these male attributes into account. Glovemaking was traditionally a male craft; librarians needed to lift heavy volumes; similar piece-rates in cotton, dyeing and printing industries meant men would earn more because of their speed and skill.[85] In a world of labor that was still overwhelmingly physical, the comparative strength of male workers was extremely important. Women were better suited for some work by physical attributes such as slender fingers, for example in the cashmere and weaving industries. More often, however, they were praised for superior stability, reliability, patience, and steadiness. Thus a ribbon manufacturer wrote, "Women are inferior in mechanical skill, superior in steadinesss."[86]

Such direct observation by factory owners, if accepted, could lead only to the conclusion that men and women have different roles to play in society; both are worthy of respect, but except in special circumstances the sexes are not interchangeable. Did such a conlusion confirm existing an existing opinion in Marshall's mind, or set his thoughts into a new path as he came increasingly to disdain the women's movement later in the decade? It appears to be the former; his Lectures to Women indicate Marshall was a liberal feminist who believed not in equality, but in improved albeit still separate spheres. His female students, for example, in 1873 were urged to help end poverty by taking up social work such as that of Octavia Hill's settlement house, not by going into law or medicine. Despite his respect for women, Marshall may have come away from this book more convinced than ever that their direct competition with men was a mistake.

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85. Penny, Employments, 204, 19, 173, 179, 188.

86. Penny, Employments, 210.

In the years immediately following his return, Marshall created a series of lectures and filled out a monograph with the fruits of his American experience. He made up his mind in favor of free trade almost at once, though the monograph on "Foreign Trade" shows still an impatience with rigid classical economics. Yet despite his sympathy for socialist compasssion, it was individual competition that received Marshall's approval. Despite his recognition of the value of inductive observation, he began to elaborate on its shortcomings as well. Although he knew character might be warped by the struggle to survive, he concluded that a better character would result not from communitarian brotherhood but from an open, fluid society. In short, Marshall experienced an evolution of conviction. Unsatisfied with the options available to him, he began to create his own path: one that favored individual competition, while providing the benefits of character which socialism promised. The reasons why Marshall felt this was a possibility become clear when we examine the lectures and monograph produced after his trip.

Chapter Four

> By a gradual process, in which a visit to the United States played a very important part, the young pure theorist, who was used in 1869 "to think in Mathematics more easily than in English," became the most deeply and widely informed exponent of economic affairs since Adam Smith.
>
> C. W. Guillebaud
> Introduction to Variorum (9th)
> Edition of Principles of Economics

In part, this recollection by Marshall's nephew is misleading. By his own account, Marshall had begun to search out the parameters of economic reality years earlier, before the trip to America was planned. His tour was the result of such a search for economic conditions, not the cause of it as the quote seems to indicate. In another sense, however, the sentence is quite apt. The American tour gave Marshall renewed optimism and a clear goal, something lacking in his earlier years. His reactions to the tour make clear that protection was only one issue, and a minor issue at that; his true concern was, toward what future is industrial society leading man? In the autumn of 1875 Marshall for the first time was pursuing a positive dream of that future, instead of fleeing a nightmare.

Up to this point, Marshall had exhibited all the characteristics of a man being carried into a future he despised but was not at all sure he could prevent. His Lectures to Women in 1873 gave a horrifying description of the Industrial Revolution. Old traditions were destroyed, and new industries founded which eroded family life. Men, women and children were sacrificed to production. The

nation was ravaged by consumption as well as by "moral evils" Marshall could not bring himself to share with his women students. Laissez-faire did not receive a ringing endorsement; it was productive of great social ill. Significantly, this process would continue indefinitely: "I wanted to make it clear what must happen if we do drift, to show that if we do so, we shall always have an immense number of people very near starvation's limit."[1]

Yet Marshall found himself unable to endorse socialism, the clearest alternative to laissez-faire. In articles to the Bee-Hive, a labor newspaper, Marshall took his stand with capitalist and not socialist economics.[2] Nothing, he told his students, should overwhelm individuality, the strongest force in the battle of life.[3] His Lectures to Women do not call for state action to end poverty; he proposed instead stronger volunteer commitments along the lines of Octavia Hill's settlement work or the Charity Organization Society. He approved cooperative societies and trades unions not on the grounds of class warfare (strikes he regarded as a last and harmful resort) but because they taught valuable lessons in responsible self-government.

Marshall found himself in a quandry. His personal interest in philosophy and ethics had come to seem trivial and inapplicable to the problems of society; his conscience had driven him on to economics as a more relevant study.[4] Laissez-faire, the system he favored intellectually, he found productive of great social harm. Socialism, the system he favored emotionally, he found productive of poor

1. Marshall Papers, Lectures to Women, VI.

2. R. Harrison, "Two Early Articles by Alfred Marshall," Wood, Assessments, IV 119-30.

3. Marshall Papers, Lectures to Women, VI.

4. Pigou, Memorials, 10.

economic reasoning and a smothering of individuality. The only solution he saw was voluntary self-sacrifice to help those ground under by the industrial system. Certainly it is no coincidence that many of the books he used in tutorials, by authors such as Thomas à Kempis and George Eliot, stressed the theme of duty to mankind.[5] And despite the ringing oration with which he concluded his Lectures to Women, in essence a call to arms for a struggle against poverty, Marshall did not promise success in the struggle--only that the fight was an honorable one. He seemed unsure, despite his best efforts, that voluntary work could redress the balance. Marshall in 1875 was a man looking for an answer.

The first evidence of his success came in a speech he gave on 17 November 1875, entitled "Some Features of American Industry." Back in Cambridge little more than a month, he sounded a very optimistic note in regard to his American experience. This first organized impression of the American trip, and of what it meant to him, was given in a lecture to the Moral Science Club.

The Moral Science Club was one of the numerous discussion groups of nineteenth century Cambridge, and one of several to which Marshall contributed. Its origins are unclear, though the name suggests that it may have been developed by instructors in the moral sciences tripos. The club met irregularly throughout the term, and the discussions were philosophical and ethical in nature. As the moral science tripos at this time consisted of moral and political philosophy, mental philosophy, logic, and political economy, such a focus is understandable. Political economy seems nonetheless to have been the unloved step-child of the club. In his diaries John Neville Keynes listed the meetings of the club he

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5. See Mary Paley Marshall, What I Remember (Cambridge: Cambridge University Press, 1947), 17-20.

attended and the titles of the papers read. Between 1874 and 1877 these included papers on "the nature & limits of our knowledge of other people," ancient versus modern ethics, law and morality, the progress of utilitarianism, the depth and scope of psychology, the relations between political economy and ethics, theories of disbelief in the external world, and Marshall's paper on "Some Features of American Industry."[6] Since economics was still being formed as a professional field, and since Marshall was still enchanted with philosophical topics, it is not surprising that his lecture dealt with the application of economics to ethics. But what is surprising is the depth of a commitment which leans away from economic theory, the field in which the mature Marshall made his fame.

Despite its title, the speech is chiefly a consideration of ethics.[7] Marshall began by saying that a rapid traveler ought to bring home "accounts of the way in which facts grouped themselves together, the new combinations that he saw, the new points of view that he obtained for looking at problems of importance."[8] The new point of view, for Marshall, was a reconsideration of the ways in which daily occupation influences character. It was a new point of view for what was clearly an old attitude: how does the economic system prevent the working man from living a full life? In the past Marshall had considered the same question, although his answers ranged from the darkly pessimistic as in his Lectures to Women, to a fond desire that workers might someday emerge as middle-class gentlemen as in

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6. John Neville Keynes Diaries, University of Cambridge Library, Add. MSS 7829-7831. Two decades later the club still flourished and still considered philosophical topics: G. E. Moore noted in 1895 that Sidgwick read a paper on the lessons of socialism to economics, but later refers to it as "our philosophical society." Paul Levy, Moore: G. E. Moore and the Cambridge Apostles (Oxford: Oxford University Press, 1981), 153, 169, 265, 285-87.

7. The speech is reprinted in Whitaker, Early, II 355-77.

8. Whitaker, Early, II 356.

"The Future of the Working Classes." But in America he seemed to see, for the first time, a path which offered the end he sought: the virtues of competitive life, without the crushing burdens of poverty and despair. The key, to Marshall, was the ethical evolution he had glimpsed in America:

> It appears to me that on the average an American has the habit of using his own individual judgement more consciously and deliberately, more freely and intrepidly, with regard to questions of Ethics than an Englishman uses his. This fact presented itself to me frequently grouped together with certain economic conditions, which appeared to me to be the chief causes of the fact. I shall explain those conditions as far as is necessary to make manifest the characater of this grouping: and shall finally suggest for discussion certain remarks of general application.[9]

In essence, it was a personal answer to a problem that he had hitherto looked at in societal terms.

Chief among the conditions of American industry, according to Marshall, was its mobility. He analyzed six of its causes. The first he called geographical: quoting the 1870 census, he noted that in twelve states one-half of the population had been born outside of that state. Another cause might be labeled vocational. Americans were not satisfied to remain in one trade all their lives; they would switch jobs whenever they were offered better wages, or sometimes when they were simply bored. A third cause of mobility was ambition; the "brisk intelligence" of the American was fanned by stories of the "money kings," and every young man grew up determined to climb to the top of his chosen profession. The fact that farmers were not content to remain on their forefathers' land and would often sell their land to immigrants and move west themselves provided the fourth reason for American mobility, while immigration and the climate suplied the last two explanations. The United States received numerous immigrants, who were likely to be more adventurous and restless than their fellow citizens at home, and the

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9. Whitaker, Early, II 358.

climatic extremes of heat and cold interrupted work to a greater degree than in England, thus forcing an unsettled life upon the workers.[10]

The effects of this mobility were direct and profound. Americans had fewer links with tradition and with society as a whole than did Europeans. In contrast to the European who could rely on folk wisdom or the approval of peers for support, the American had to decide everyday questions for himself. Thus Americans became used to making up their own minds, not only on industrial topics but also on moral and ethical questions as well. As Marshall said, "Is it not clear that the influences by which the moral character of the American is formed, and the influences which he in turn exerts on the ethical doctrines and the ethical tone of the society, differ in important respects from the influences that operate in England?"[11]

Marshall went on to cite examples from industrial life, showing the harmful effects of extreme mobility and independence. Due to their frequent moves, Americans found money "a more portable commodity than a high moral reputation." Extreme mobility meant a bad reputation could be left behind, while a good one could rarely be carried along. Since Americans were bred to self-reliance, trades unions were few and weak; the working class therefore received no education in direct responsibility for its own actions on the life of the nation. For the same reason, cooperative societies did not flourish, another handicap for the American worker.[12]

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10. Whitaker, Early, II 358-62.

11. Whitaker, Early, II 364.

12. Whitaker, Early, II 364-68; quote 364.

He also cited examples of mobility's effects on personal life; these he found more positive. In America Marshall found no faces reflecting the "gross deathly coarseness" he had seen so often in England and even in Germany. Affections and sentiment appeared less strong than in Europe, though Marshall suspected this was because they were kept under tight control of reason. Since control of emotion and passion was evidence of a strong will, this could also be interpreted as further evidence of a healthy American character.[13] Marshall highly approved of the way in which the American worker spent more of his wages on the family and less on "selfish enjoyments" than was the case in Europe. On religious subjects, Americans even settled scriptural disputes by themselves: Marshall referred to both the Shakers and the Perfectionists, who accepted the Bible only on their own terms. Finally, "industrial equality" was encouraged by the habit of every man looking out for himself. This was especially true, felt Marshall, when all received basically the same education.[14]

Marshall concluded with some applications of his observations to ethics. The modern world, he said, is replacing blind obedience to traditional mores with an analysis of what principles underlie them. Ethical progress consisted in part of laying to one side rules important in the past but inconsequential today. The practical understanding and analytical power of the masses determined the ethical decisions taken in any society, and these were developed less by the masses' education than by the daily influence of their occupations. Ethics and economics therefore operated in a close partnership.[15]

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13. Collini, "Character," in Transactions, 34-35.

14. Whitaker, Early, II 369-73.

15. Whitaker, Early, II 373-74.

Marshall then completed his analysis in Hegelian terms. In both Europe and America, he said, men are attuning themselves to the spirit of the age--but in Europe, the character of the individual molded itself into peaceful harmony with its surroundings. A man acting with a free and genial temper would find himself in sympathy with the actions and interests of his society. The experience of the past was expressed in customs and proverbs, to which the society gave its consent. Such a society in its higher form "is the home of sympathetic fancy, of graceful enthusiasm, of beautiful ideals. What I take Hegel to mean by 'objective freedom,' will flourish within it." In contrast, ethical progress in America consisted of the education of a firm will in overcoming difficulties. Such a will judged each action on its own merits, and was less concerned with conforming to its surroundings than with acting in accordance with its own reason and instinct. "Such a society will be the empire of energy, of strong but subdued enthusiasm, of grand ideals. What I take Hegel to mean by 'subjective freedom,' will flourish in it."[16]

Ethical progress, Marshall continued, consisted of both factors, though they did not advance in unison. Both continents were experiencing their own forms of ethical progress, though it was not suggested in this lecture that America foreshadowed England's future. Instead, the concluding paragraphs displayed Marshall's interest in the intersection of philosophy, economics and ethical progress:

> I have then to invite a discussion of the relations in which the industrial phenomena of a country stand to its ethical, firstly with reference to the closeness of the bonds which his daily work weaves between each man and some particular group of other men; and secondly with reference to the amount of intelligence, discernment, and power of analysis of practical problems which the business of life educates in the mass of the people.

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16. Whitaker, Early, II 375-76.

> Such a discussion may bring forth some casuistical difficulties which may divert the a priori philosopher, suggestions of deeper interest for the Utilitarian, and considerations of fundamental importance and vital concern to those who are working their way, as I am, toards that ethical creed which is according to the Doctrine of Evolution.[17]

In this speech Marshall clearly displays a substantial interest in ethics. Economics is considered as a practical and applied influence upon ethics. Completely absent is any mention of protectionism or tariffs. Marshall is overwhelmingly concerned with the personal attributes of character: though never defining it precisely, it informs the whole of the lecture. Terms used in conjunction with character are "judgement, resource, self-control and knowledge," and the ability to bear and forbear.[18] The last rhetorical flourish is echoed in his Lectures to Women, where the ability to bear and forbear was defined as one of the marks of the gentleman.[19] What is repeated over and over again is that occupation is an influence upon character; what is new is Marshall's insistence that this influence can act beneficially. Occupation can improve character, not merely degrade it. What Marshall had hoped for in "The Future of the Working Classes" he had now observed: the working classes could indeed become gentlemen. This is the new point of view that he found in America. Combining his interests in inductive philosophy, economic theory, ethics and reform, Marshall was now convinced that he had seen the New Jerusalem not in England's green and pleasant land, but in America's crowded, bustling cities.

This conviction becomes clearer if notice is taken of Marshall's unpublished lecture notes from 1876-77.[20] He discussed his American tour with his

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17. Whitaker, Early, II 377.

18. Whitaker, Early, II 364-65.

19. Marshall Papers, Lectures to Women, IV.

classes and shared his conclusions with them. There are no dates on the notes, and no suggestion of how many weeks the lectures took. Certainly they would not have filled an entire term's worth, even granted Marshall's notoriously chaotic style. Some pages were copied over from his hasty notes made in America, while others were taken direct from his notebooks. Other portions were written specially to hold the observations together and place them in a framework, and these are most useful in discerning Marshall's conclusions.

The first lecture was evidently a brief lesson in geography; Marshall's notes refer to "woodland map," "river basin map," "railway map." The environmental determinants had always attracted Marshall's attention. When in Philadelphia, he later recalled, he listened amazed as Carey raged against foreign mercantile interests which had forced America's commerce into an east/west direction, instead of north/south along the interior rivers; Carey's mistake, he pointed out years later, was to overlook the fact that "climatic conditions have controlled the nature of man almost as much as that of vegetables." Trade naturally flowed along the bands of the temperate zones, where the climate was healthy for man.[21]

Determinism of a different sort was evident when Marshall discussed race and nationality in America. He recognized that there were stereotypes, commenting that the Englishman was always portrayed on stage as a "supercilious puppy," and that to Europeans all Americans have the faults of the "genuine Yankee."[22] But his generalizations concerning nationalities border on stereotypes themselves, as has been mentioned before. Americans and Englishmen fared best

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20. Whitaker, Early, II 354 dates these notes as probably from 1876 or 1877.

21. Alfred Marshall, Money Credit and Commerce (London: Macmillan and Co., 1923), 100. See also Pigou, Memorials, 260.

22. Marshall Papers, 6 (1), Lecture Notes.

in the lectures. Americans were "grand men," found everywhere brains were used in clean work; their chief fault was their great hurry to become rich. The English were not present in great numbers in the United States, but their native energy stood them in good stead. The Germans were more stolid; they had respectable notions of public duty, except when they were lower-class Catholics, but tended to drink to excess. Marshall's low opinion of the Irish has already been noted. He told his classes they gathered in overcrowded cities where they took unskilled jobs with low pay, "dirty political work," or engaged in speculation, at which their ready wit allowed them to succeed. He did admit that the Irishman's worst faults were "augmented if not produced" by English rule, but also treated his class to a tale of the (unspecified) "faults of Irish waiters" in hotels he had visited. Marshall was still working out his feelings on the complex balance between inherited characteristics, occupation, and environment in the production of national or racial character, but he did admit that Irishmen born in the United States, for example, were of "incomparably higher" quality than their parents.[23]

He discussed Virginia City, Nevada, in some detail. There is no reason given for the attention to this particular frontier town; perhaps it was meant to serve as an extreme example of the kind of equality to be found in western America. It may have been meant as an case study of the dodges and strategems that the American desire for quick wealth could produce, for the lecture is full of these. Fires, for example, were carefully set so as to ruin the surface of a silver mine without harming any of the interior works: when the shares fell in price from $300.00 to $2.50 each, the manager bought out the mine and became a millionaire in short order.[24]

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23. Marshall Papers, 6 (1), Lecture Notes.

Brief notes about hours and wages of labor, and about trades unions, are also included in the lecture. These are so insubstantial as to encourage the belief that more must have existed originally. Marshall's penchant for research would hardly have let him make conclusions about hours of labor based on the single source now remaining (the 1871 Report of the Massachusetts Bureau of the Statistics of Labor). The information remaining centers on the benefits of an eight hour workday. The brief notes on wages lists the payment for the skilled labor of artisans such as machinists and stonemasons. The existing material on trades unions (also from the Massachusetts Report of 1871) recounts the careers of four leaders of a strike in the shoe trade in 1860. All went into the army as privates during the Civil War. One died in battle, but the others rose to become officers (two colonels, one captain) and after the war became professionals: one a lawyer, and the others entrepreneurs in the shoe and food businesses. Such lecture material suggests Marshall concentrated on the character of skilled workers, since factory operatives are not mentioned.[25]

The most interesting part of the lecture, however, is his discussion of the character of the American and the applicability to England of his observations. He was not so taken with America as to consider it a land without problems. The sudden increase in wealth during the nineteenth century, and the coincident arrival of streams of immigrants, led Americans to the notion that low, hard, dirty work could be done by others. The war years had killed off the best men and often left the worst in office. The extreme mobility of American life led to a declining willingness for a man to sacrifice himself for his neighbors. As a result,

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24. Marshall Papers, 6 (1), Lecture Notes. Marshall's other conclusions regarding Virginia City, also included in this lecture, have been recounted in Chapter Two.

25. Marshall Papers, 6 (1), Lecture Notes.

Marshall found unintelligent obedience, intelligent but scheming restlessness, weak trades unions and cooperatives, a tendency toward extravagance, and a spirit of regarding oneself at war with everyone else.[26]

Nor were America's lessons to be automatically transferred to England. He listed five important differences between England and America. First was the difference in the physical qualities of the territories of both nations. America's population was largely immigrant, and the American character had been formed under pressure of different events. The final two differences were the social life and the political tradition.[27]

"But it appears," Marshall went on, "that in many of the changes that are being worked out in England, America has with more rapid steps gone through before us, and that by a study of the present of America we may learn much directly about the future of England."[28] The changes Marshall had in mind were those brought about by the industrial process. The economic influences were far-reaching. The influence of tradition, so long a stable force in English life, had declined to the point that "a man in a large English town is almost as loose from neighbors as in America." Even the Englishman was developing the twin tendencies of extravagance and regarding himself in a state of war with everyone.[29]

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26. Marshall Papers, 6 (1), Lecture Notes.

27. Marshall Papers, 6 (1), Lecture Notes.

28. Marshall Papers, 6 (1), Lecture Notes.

29. Marshall Papers, 6 (1), Lecture Notes. The emphasis in the quote is Marshall's.

Yet he had become optimistic about the changes overall. He told his classes that he had gone to America to seek information on the differences between the two nations, and "to see the history of the future in America." Was it possible for the modern world to develop its own Utopia? He was convinced that it was. The American working man, he found, was the arbiter of his own destiny. It was his character to investigate both sides of any question before forming firm opinions of right and wrong. He disliked poor relief, was not a hypocrite, and took better care of his family. The American analyzed all questions he found, and remained "intrepid[ly] honest to himself." This last, Marshall added, was the ground for his hopes of the future. Such evils as existed in America today he no longer considered endemic to the industrial system, and he had returned to England more hopeful than he had started.[30]

Most illuminating, perhaps, was Marshall's definition of his "model state," for it is in dreams and fantasies that men often set forth their ideals. In his Lectures to Women he had given them his definition of a gentleman: someone who was self-reliant, with an agile, cultivated mind and impatient of being a burden on society. He was "willing to bear and to forbear, to do and to suffer for the welfare of those around him."[31] He hoped someday to see all workers become gentlemen; unskilled work, he told the women, need not be done by unskilled men.[32] This was the theme also of his 1873 lecture on "The Future of the Working Classes." Now, in his classes, he gave a definition of the model state. It was one where accidents of birth would not hinder one's future. Everyone would receive an education, and the common virtues of all citizens would include politeness,

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30. Marshall Papers, 6 (1), Lecture Notes.

31. Marshall Papers, Lectures to Women, IV.

32. Marshall Papers, Lectures to Women, VI.

independence of character, and a sense of responsibility. There would be only a very small amount of inescapable menial work, to be shared even by cultivated persons; and individuals would be willing to take subordinate roles if better persons could be found for their own work.[33]

It is easy to compare this with his description of the Americans he so admired. America was a nation where careers were open to all on the basis of talent, and which had a uniform system of education for its citizens.[34] Americans were ambitious and self-reliant, and their brisk intelligence shone in their faces.[35] They were reluctant to take poor relief and happy to sacrifice for their families.[36]

It is not to be wondered that Marshall admired America so much. America was exactly what he was looking for in the 1870's, and repeatedly he told his students as much:

> [I] wanted to see the history of the future in America.[37]
>
> [I] wanted to see what light American experience throws on the question to what extent one may hope for movement towards that state of things to which modern Utopians look forward.[38]

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33. Marshall Papers, 6 (1), Lecture Notes. Interestingly, Marshall is very careful here to use the term "persons" instead of the generic "man," and in one sentence goes so far as to say pointedly "him or her." This is not a misplaced section from the Lectures to Women, since in the next sentence Marshall says he went to America to find out whether such a model could be achieved. It indicates that in 1876-77 he was still favorably disposed toward women in the economy, though that attitude was to change quickly.

34. Whitaker, Early, II 373.

35. Whitaker, Early, II 360-61, 367-69.

36. Marshall Papers, 6 (1), Lecture Notes.

37. Marshall Papers, 6 (1), Lecture Notes.

38. Marshall Papers, 6 (1), Lecture Notes.

> I returned on the whole more sanguine with regard to the future of the world than when I had set out.[39]

Elsewhere in the lectures Marshall spoke of the "prophetic voices that America utters with regard to us [England]" and said that he went to America to find out if workers could become gentlemen, as in his model state.[40] America, to Marshall, provided the way out of his quandry. The system did work, and here was proof. It gave him renewed belief that an economic structure which promoted individuality could also promote strong character.

Finally, what of the monograph Marshall was writing when he left for the tour? It is difficult to date the beginnings of this manuscript, "The Theory of Foreign Trade," with any precision. In the first edition of the Principles Marshall claimed that it was written 1875-77.[41] Later, a letter of Marshall's to a former student, H. H. Cunynghame, listed the date as 1874.[42] The biographical essay by Keynes (another student) said that the book was "substantially complete" in 1873, but in a letter to E. R. A. Seligman Marshall himself said it was started in 1873.[43] At the end of his career, in 1922, Marshall claimed that it was begun in 1869 and finished by 1873.[44] Recent scholarship believes that Marshall began the book about 1873, and finished the fair copy sent to the publishers in late 1876 or early 1877.[45] The claimed earlier date of 1869 is said to refer to Marshall's earliest essays,

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39. Whitaker, Early, II 355.

40. Marshall Papers, 6(1), Lecture Notes.

41. Marshall, Principles, Variorum (9th) Edition, C. W. Guillebaud, ed. (London: Macmillan and Co., 1961), II 8.

42. Pigou, Memorials, 449.

43. Pigou, Memorials, 23; Whitaker, Early, II, 5.

44. Marshall, Money Credit and Commerce, 330.

45. See for example Whitaker, Early, I 57-67.

which may have formed the basis for the manuscript. But Cunynghame as a student had seen Part 2 of "Foreign Trade" (the first to be written) in 1873.[46] Since the earlier essays date roughly from the period 1869-70, Marshall may have begun to compose a theoretical treatment of economic principles shortly after this.[47]

Marshall had chosen economics as a career partly because the field seemed open. He was correct, but by the time his first book was underway other authors had noticed the gap and were already beginning to publish.[48] Henry Fawcett, the Professor of Political Economy at Cambridge, published a book on Free Trade and Protection in 1878. It is an instructive comparison to consider these two books side by side. Fawcett's was more narrowly focused on the issue, though it did not have the analytical depth of Marshall's. Fawcett said very little about protectionist economic theory, and nothing about the protectionist economists themselves. There was no consideration of social welfare. Effects of the tariff were related to national interests as expressed in budget and trade figures, or in large industries. Fawcett included a lengthy discussion of the Corn Laws, the depression which began in 1873, and commercial treaties negotiated with France (all of which

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46. Pigou, Memorials, 23.

47. On the basis of internal and external evidence Whitaker suggests dates of 1869-70 for essays on Value, Wages, Capital, Rent; 1871 for Money; early 1870's for Profits; and 1870-74 for International Trade. Whitaker, Early I 117-281. Marshall himself claimed that he wrote most of "Foreign Trade" 1869-73 (Marshall, Money 330) and says that Part 2 of "Foreign Trade" was well underway by 1871 (Marshall, Money 357.) These dates indicate that it would have been begun some time earlier, when he was still a deductive theorist, and accord well with the tone of Part 2 which is completely theoretical and deductive. A date of 1869 does not therefore seem impossibly early, and Keynes'bibliographical list of Marshall's writings states that Marshall began work on "Foreign Trade" in 1869: Pigou, Memorials, 500. Whitaker however believes this is mistaken "by several years": Early II 174.

48. Millicent Garret Fawcett's Political Economy for Beginners was published by Macmillan in 1870 and went through seven editions by 1888. William Stanley Jevons' Theory of Political Economy was already on the market as well; Marshall in fact had reviewed it in 1872.

Marshall ignored). It went through six editions by 1885.[49] Fawcett's thoughts were more concentrated than Marshall's, and far better written; but he attempted less than did Marshall.

The full title of Marshall's manuscript indicates the breadth of his attempt: "The Theory of Foreign Trade and Other Portions of Economic Science Bearing on the Principle of Laissez Faire." It was planned to be more than simply a study of tariffs and trade. But in the mid-1870's Marshall's ambitious reach exceeded his grasp. There is in fact little obvious connection between "practical" Part 1 (which was to be set in large type for the general reader) and "theoretical" Part 2 (to be set in small type for bespectacled academics). They were written at different times and under the influence of different philosophies, deductive for Part 2 and inductive for Part 1. Part 2 was commended by Keynes for its "grasp, comprehensiveness and scientific accuracy."[50] It made Marshall's early reputation, especially when four of its chapters were privately printed in 1879 and circulated as the Pure Theory of Foreign Trade and Pure Theory of Domestic Values. But Part 1 was "faltering and imperfect" at best.[51] The argument wanders and Marshall's train of thought is sometimes difficult to follow. There were odd digressions, such as the discussion of war taxation in chapter 6: Marshall repeated

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49. Henry Fawcett, Free Trade and Protection (London: Macmillan and Co., 1878, 6th ed. 1885.) Although they taught at the same university and knew each other, there seems to have been no contact on professional matters between the two men. Marshall apparently was not asked to read Fawcett's manuscript, despite his knowledge of protectionist economics: Whitaker, Early, I 61n. When Fawcett needed help with protectionism he wrote in 1876 to economist D. A. Wells in America, not to Marshall in St. John's College. Marshall had met Wells in America and had spent an afternoon speaking with him, but there is no indication of this in Fawcett's letter to Wells: letter from Fawcett to Wells, 28 Nov. 1876, D. A. Wells Papers, Library of Congress, vol. 13.

50. Pigou, Memorials, 24.

51. Whitaker, Early, I 64.

the belief that an acceptable war tax is a tax on alcohol, since war-like temperaments are particularly fond of alcohol and therefore the incidence of the tax will fall on those most likely to advocate war.[52]

Both Henry Sidgwick, his unofficial mentor, and William Stanley Jevons, his contemporary and competitor, praised the book in testimonials as original and worthy of publication (though privately Sidgwick considered the individual chapters better than the book as a whole).[53] In early 1877 Macmillan, having some doubts about the manuscript, sent it to an unknown reader who knew both the science of economics and the art of literary style. His report was not favorable. The publisher returned the manuscript in May 1877, suggesting that it was too intricate and "meditative," and not vivid enough to hold the audience's imagination.[54] His former student (and now colleague) John Neville Keynes, in the privacy of his diary, could afford to be rather more blunt: "Marshall's style of composition is bad, or rather he has no style at all."[55] At this point Marshall decided to drop work on the book. His engagement and marriage to Mary Paley, the book they were jointly writing which became Economics of Industry, and their move to Bristol where Marshall had been appointed Principal and Professor of Political Economy at University College left him with little time to spare for what had become an unwieldy monograph.

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52. Whitaker, Early, II 86. Marshall goes so far as to say that the argument has "some slight show of reason."

53. Pigou, Memorials, 26n.

54. Whitaker, Early, I 58-60.

55. Entry of 27 July 1877, John Neville Keynes Diaries, University of Cambridge Library (Add. MSS. 7831.)

Despite the sad ending of the manuscript, which was cannibalized over the next fifty years to fill out other projects, the book is useful for its demonstration of Marshall's concerns in this era. It demonstrates the effect of the American tour on his evolution of conviction. The phrase "evolution of conviction" in this respect applies mostly to Part 1, since the theoretical Part 2 was essentially completed before Marshall went to America.

Chapters 1-3 (Part 1) have since disappeared. They were used as the basis of sections of three other books.[56] It is impossible to tell how far they have been re-written (though clearly extensively) but certain themes appearing in all three sections may express Marshall's original work. In most societies, said Marshall, custom tends to operate as a restrictive force, delaying competition and entrepreneurship. Increased wages lead not to waste on the part of the workers, as some believe, but to a better labor force and an improved population in the succeeding generation. The original settlers of North America were of strong character and mostly from England, Holland and France. Political independence gave a boost to American genius, leading first to an increase in industry and eventually to mass production.

In the next three chapters, which survive intact, America is mentioned on virtually every other page. Chapter 4 is entitled, "Foreign Trade in its Bearing on Social and Industrial Progress." Using England as his example of an "old country," and America as an example of a "new country," Marshall discussed foreign trade's influence on employment, the growth of particular industries, and the effect of both of these on the nation's "material and moral well-being." He repeated his

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56. According to Whitaker, they were used to form: Economics of Industry (1879), Book III Chapter 3; Industry and Trade, (1919) Book I Chapter 2; Money Credit and Commerce (1923), Book III. Whitaker, Early, I 122.

conclusions about the beneficial effects of higher wages and noted that new countries attracted the most vigorous portion of a population as immigrants.

Chapter 5 carries the same title: "Foreign Trade in its Bearing on Social and Industrial Progress, Continued." Here Marshall rehearses the free trade/fair trade arguments and their application to industrial and social progress. How, for example, did foreign trade affect the swings of unemployment and business slump that hurt the working classes? Marshall concluded that this question could not be satisfactorily answered because of a lack of evidence (national unemployment statistics were not kept at this time), and castigated the American economists who assumed that a long string of meaningless numbers would make a case for or against protection. He briefly considered socialism, which has a "subtle, though often a silent sympathy" with protection in the modern world. He concluded that governments may be justified in helping infant industries to establish themselves, but noted that British economists have treated this idea weakly.

He linked the possibility of government interference and social advancement in an interesting albeit timid fashion. Marshall posited a new business which developed not just technical skill among the employees, but also their intelligence, trustworthiness and self-control: thus indirectly benefitting the nation. Direct monetary returns to capitalists, however, is posited to be less than from another business which pays higher dividends but does not create similar "moral and social benefits." The first business, therefore, will be unable to attract capital to itself, despite its importance to the country. Marshall wrote,

> The importance of this case I conceive to be enormous on account of the vast industries to which it applies. But in economic discussions it has been to some extent thrown into the shade by the more striking case of the competition for capital in a country

> between what is called a [nascent] industry, and one which is already well established.[57]

The treatment of this idea by British economists has been "timid and weak," said Marshall, and went on to quote John Stuart Mill's approval of tariffs for infant industries. To support his contention that some industries developed moral and social benefits, he quoted at length from Willard Phillips' Propositions Concerning Protection and Free Trade. Marshall concluded, in notes for Part 1 chapter 7, that governments were justified in using tariffs to promote industries in certain cases. By implication, then, governments are also justified in subsidizing certain domestic industries.

There are endless assumptions in this supposititous case which Marshall did not bother to elaborate. Is there simply not enough capital to go around? Can the more profitable business absorb all the capital, leaving none for less profitable businesses? Can the owners of the less profitable business not raise the necessary funds among themselves and their friends and relatives, as happened so frequently in the nineteenth century? Although it is an example of an argument that Marshall could and should have made clearer, it is an argument that is difficult to refute. In theory, if a government may use tariffs to help a nascent industry unable to attract capital, it may also use subsidies to help an established industry in the same situation. This is the point that Marshall was trying to make.

Chapter 6, "Taxes on Foreign Trade for the Purposes of Revenue," demonstrated that the social as well as the economic effects of taxation must be considered. Taxes on necessities he condemned as disproportionately burdensome to the poor. Indirect taxes (duties on tea, sugar, coffee, and the like) should be

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57. Whitaker, Early, II 56.

reduced for this reason; Marshall preferred direct taxation, and was convinced that the public would accept it if the need for such direct taxes was explained.

Chapter 7, "Protection to Native Industries," was never finished.[58] The complete analysis of the protectionist case united all his criticisms of protectionist policy. This chapter would have been Marshall's extended look at the theory, policy and effect of American tariffs. But it was never completed, for reasons unknown to us. Conceivably he wrote the chapters of Part 1 in serial order, which would indicate that chapter 7 was only begun late in 1876 or early in 1877--in other words, just as Marshall's interests were shifting from the concrete observations of "Foreign Trade" to the more theoretical analysis of Economics of Industry.[59] Concurrently, Marshall would also have been running out of time for literary composition. When he discovered that extensive revision would be necessary for the "Foreign Trade" manuscript to be publishable, he may have decided to simply put it aside for a time. Whatever the reason, the outline for the chapter does survive and indicates the direction of his thinking.

Marshall had planned to discuss protection under six topics: Economic; Social; Political; Fallacies; Historical Inductions; and Authorities (a topic headed Miscellaneous was left blank).

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58. Appendix G of Industry and Trade, entitled "Early Industrial and Fiscal Policies of the United States," does consider protective policy, but has nothing in common with the outline of Chapter 7 of "Foreign Trade." Presumably it was written much later and specifically for Industry and Trade.

59. Mary Paley had originally been asked to write this book, but after her engagement to Marshall, he took over the writing. Beyond the first few chapters, however, the book is virtually all Marshall's work. Dr. Giacomo Becattini believes that Marshall "tore it virtually out of Mary's hands": H. M. Robertson, "Alfred Marshall," in Wood, Assessments, I 445.

Part of the Economic analysis was written. Marshall sidestepped rather than denied the argument that tariffs prevented foreign producers from crushing domestic industry; there was nothing to prevent a Pennsylvania manufacturer from destroying a manufacturer in Alabama.[60] He dismissed the arguments that a reliance on foreign markets caused instability (they could often cushion the worst effects of a depression at home, he wrote) and that American agriculture was so bountiful industry needed tariffs to survive (it was simply the old free-trade argument that each nation had special advantages). Marshall did agree, however, that protection of infant industries was justifiable if it was carefully handled: i.e., if the government could avoid falling under the political influence of the industries it was fostering.[61]

The rest of Marshall's topics remained in outline form.[62] Under the heading of Social arguments he had intended to discuss the diversification of industries; the necessity of large towns; the "advantage to the state," and to the next generation, of higher wages; the claim that the manufacturing system in America tended to increase the power of a small elite; and the "alleged superiority of value to a man of training derived from producing to training derived from jobbing, dealing & transporting." Under Political Marshall listed foreign and home politics and a discussion of the morality of lobbying and evasion of the tariff law.

He planned to discuss (without detailing how) the Fallacies that buying American gave twice the employment that buying British did; that low real wages

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60. Whitaker, Early, II 102.

61. Whitaker, Early, II 97.

62. Unless otherwise specified, the following material is all taken from the Marshall Papers, 7(1), Protection.

common to all trades would allow one country to undersell another (a clear reference to the common protectionist belief that free trade would cause American wages to fall toward those of European "paupers"); that uniform taxation on industry would cause a country to be undersold; and that simply bringing consumers and producers together would necessarily lower a product's final cost. Authorities was left blank except for a brief reference to Thompson's Social Science and National Economy. Historical Inductions would summarize his earlier condemnation of the protectionists' use of statistics and examples out of context.[63]

The conclusion Marshall reached was that protection was in fact protecting only the old, "plague spots" of American industry and not helping new industries (no examples were cited). Protection was hindering the highest development of the American genius and demoralizing politics. In theory, however, despite the American example, protection of some (usually infant) industries could be justified: "The plan of imposing a customs tax and devoting proceeds to bounty on home-produced ware has many advantages, and appears likely to grow in favour among more enlightened and moderate advocates of protection."[64]

Marshall's extensive note-taking (discussed in chapter 3) clearly influenced "Foreign Trade." A few quotes were taken directly from the books and pamphlets: Thompson, Social Science, 263-67; Phillips, Propositions, 69-70, 74-75; and Elder, Dream, 13 are among the direct quotations. Chapter 7 on "Protection to Native Industries" would have made far heavier use of these source. In addition to those cited, Marshall referred in his outlines to the works of Smith, Bowen, Wells, Elder,

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63. Whitaker, Early, II 95-96.

64. Whitaker, Early, II 96-97.

Mason, Carey, and Greeley. Little of the rest found its way directly into "Foreign Trade." Marshall's interest in community may be gleaned from an extended quote (Phillips, Propositions, 69-70) on the growth of a community of skilled labor, in connection with his discussion of the indirect benefits an industry provides society. Notes on women's role in the economy found their way into a section of Economics of Industry, the 1879 economic primer; notes on American character were used in a speech at Cambridge in 1875. The notes on currency were never published. Marshall's monetary theory became an oral tradition at Cambridge, to which they may have contributed. But as Keynes noted, Marshall's monetary theory was not published in anything resembling its complete form until 1923 and Money Credit and Commerce. Some of the notes may have made their way into this volume (Sumner's American Currency is cited in Appendix A) but they cannot be traced in detail.

Part 2 of "Foreign Trade" was written before Marshall's trip to America, and contains only brief mentions of the United States. Chapters 1-4 comprise Marshall's theory of foreign trade.[65] Chapter 1, "The Scope of the Pure Theory of Foreign Trade," was Marshall's theory of the extent to which social groups in a society may be considered to act as small independent "nations" in their relations with other social groups. As examples, he cited trades unions, manufacturers' assemblies, and the Granger movement in America. Chapter 2, "The Premises of the Pure Theory of Foreign Trade," discussed a completely theoretical hypothesis--yards of English cloth exchanged for yards of German linen--in order to demonstrate the use of diagrams of supply and demand. Almost as a postscript, Marshall added that economic events must be considered as moral forces to the

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65. Chapters 2 and 3 were later printed privately as the Pure Theory of Foreign Trade (1879.)

extent that they depend on man's habits, knowledge and skill. Chapter 3, "Stable and Unstable Equilibria of Foreign Trade," investigated what factors were necessary to change the point of equilibrium along the curves of supply and demand. Chapter 4, "Variations of International Demand as Affecting the Rate of Interchange," discussed the cost of transport, tariffs and bounties as these affected the course of foreign trade.

The next two chapters were Marshall's theory of domestic values.[66] Chapter 5, "The Pure Theory of Domestic Values," examined the factors affecting the values of commodities produced in a system of free competition. It contained a brief reference to the argument between British economists who believed in the law of diminishing returns in agriculture (that ever greater amounts of labor are needed to raise ever smaller increments of grain) and American economsts who did not (that due to improvements in science and communication ever larger amounts of grain can be raised with ever less amounts of labor). Marshall noted that both cases may be taken as true, if the American case is understood as a special circumstance. In general Marshall upheld the law of diminishing returns.[67] Chapter 6, "The Total Burden of a Tax," discussed an economic measure of the amount a consumer would be willing to pay for any item (consumer's rent) rather than go without it. A final chapter on the effect of customs duties was apparently never begun and no notes remain for it.

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66. Both were privately printed as the Pure Theory of Domestic Values (1879.)

67. See his record of the interview with Carey, where he vainy tried to get the older man to agree with the law of diminishing returns in an older country: Whitaker, Early, II 92-93. This may be the origin of Marshall's discussion of the law in "Foreign Trade."

"Foreign Trade" demonstrates several things about the young Marshall. The breadth of his vision is remarkable. Foreign trade is connected with ethical and social welfare, economic theory and economic science, political morality, taxation, and continuous employment for the working class. The book also demonstrates the undeveloped power of Marshall's pen, for it is full of promise rather than fulfillment. The Principles flows smoothly, to the point that commentators said that it was easy to lose sight of the rigorous thinking underneath the surface. "Foreign Trade" is far rougher and unfinished, and one must conclude that John Neville Keynes was right: there is not much evidence of style in it. What is in evidence, however, is Marshall's powers of economic reasoning. His criticism of the American economists is thorough and devastating; and the theoretical Part 2, written before the American trip and so almost uninfluenced by it, is a small classic that deservedly established Marshall's early fame among his contemporaries.

This powerful reasoning ability points toward two final conclusions. First, it indicated that Marshall's best work might always remain rather more deductive than inductive, despite his best efforts to the contrary. And second, it established that the true effect of Marshall's American tour would be not on his economic theory, but on his economic goal: the creation of a system that would allow individual development in an industrial world, ever more removed from its traditional and customary origins. "Foreign Trade," for all its sympathy with socialist goals of full employment, sides firmly with laissez-faire economics as the method to be employed. Having seen the fruits of that system in America, Marshall could relax his critical views of it. "Foreign Trade" regrets the loss of employment business crises cause, and hopes to be able to alleviate them; but there are no stinging indictments of capitalism as in the Lectures to Women. It is a

remarkable change of attitude, and from his lectures on America one suspects that it is due to his observations of the summer of 1875.

Conclusion

> Marshall is trying for the Principalship & the Professorship of Political Economy in the new Bristol College-- He has given me a copy of his testimonials-- He has also given me some mss of his new book to look over.
>
> John Neville Keynes
> Diary, 10 July 1877

From the autumn of 1875 Marshall's round of activities changed dramatically. His interest in social reform came to a sudden stop. He ceased lecturing to the women students of Newnham College, ended his extension work among the industrial cities of the north, and gave no further addresses to trades unionists in Cambridgeshire. Instead he concentrated on his own college teaching and on the manuscript for "Foreign Trade." In the summer of 1876 John Neville Keynes noted briefly that "Marshall of John's is engaged to Miss Paley," and he began to work on her manuscript as well.[1] A year later they were married, and Marshall took up his new post as Principal and Professor of Political Economy at University College, Bristol.

His work in Bristol made clear the immense change in Marshall after the American trip. The courses he had given to students at Cambridge often included as much ethical philosophy as economics; for a course in moral and political philosophy, Mary Paley recalled reading George Eliot's The Mill on the Floss ("of

1. John Neville Keynes Diaries, entry of 13 July 1876. Mary Paley had been one of Marshall's first pupils; by this time they had known each other for five years. Some months later Keynes scandalized a mutual friend by noting that with Marshall's substance and Paley's style, the new book ought to do very well.

which he spoke with great enthusiasm"), Herbert Spencer, Friedrich Hegel and Bishop Butler.[2] In Bristol the syllabi for his classes suggest a more purely economic tone; the introductory class for 1877-78 covered the method of political economy, the theory of value, principles of taxation, and "the connexion between a man's daily work and his character."[3] Later courses considered money, banking and foreign trade, the theory of wages and the theory of value, and the economic influence of government. Under this last heading he discussed the nature of economic progress and "the grounds and limits of the laissez-faire, or non-interference principle."[4] He abandoned the practical and inductive volume on "Foreign Trade," and spent his limited spare time on the more theoretical primer which became Economics of Industry (1879), the book which contained the first statements of his mature thinking.[5]

The four themes in Marshall's life which were suggested in Chapter One appeared now in a different light. The first, the question of what kind of an economist was he to be, was settled. Marshall's flirtation with socialism quietly came to an end. He still admired their sentiments but thought them foolish and naive at best; in Bristol, he attacked Henry George, a champion of the socialist cause generally, even though the position of the two men on land taxation was similar.[6] A generation later he was able to claim that anyone who attempted to

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2. Mary Paley Marshall, Remember, 19-20.

3. J. K. Whitaker, "Alfred Marshall: The Years 1877 to 1885," in Wood, Assessments, I 131-35; quote 132.

4. Whitaker, "1877," in Wood, Assessments, I 133. No detailed notes for these classes are known to survive.

5. Whitaker calls it "Marshall's first attempt at a systematic account of his doctrines, a necessary first draft for the Principles." "1877," in Wood, Assessments, I 118.

better the condition of the people was a socialist; a wider definition of that label than many would accept, then or later.[7]

The second theme was his interest in philosophy. Evidence of Marshall's personal interest in metaphysics disappeared almost completely. References to Hegel were left out of his later speeches on American industry, for example, though the prediction that America foreshadowed England's future was not. The appendices of the Principles contained Hegelian ideas, as did some of his lectures on economic history, but Marshall's main work–the theory of economics–did not. Kant and transcendentalism were not mentioned again. It was only at the end of his life that Marshall again took up Hegel, and wondered at what point in the evolutionary scale an afterlife could begin.[8]

His epistemology of economics changed also. Despite his continued effort to learn the actual conditions of economic life, Marshall was not as inductive after his contact with American economists in 1875. He struck a balance between induction and deduction, in which the latter method held the upper hand. "Foreign Trade" had been a clumsy attempt to combine the two; Economics of Industry was a far more successful one. In his inaugural lecture at Cambridge in 1885, he began with a brief reference to the unfortunate influence of Ricardo's economic man; but later he emphasized the mistakes of the German historical school and the epoch-making brilliance of Adam Smith, who had determined that there existed laws of economic science.[9]

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6. McWilliams-Tullberg, "Tendency," in Wood, Assessments, I 382. Marshall advocated a tax (though not confiscation) for landed wealth which was due to public causes instead of private.

7. Pigou, Memorials, 334.

8. Pigou, Memorials, 64.

Marshall's interest in reform, the third theme, also declined quickly. Mary Paley Marshall claimed that Bristol's dedication to women's education had been one of the factors drawing Marshall there; but by 1880 he opposed opening degree examinations to women, basing himself on his experiences in Bristol.[10] Though he continued to advocate voluntarism as a remedy (a lecture in 1907 was entitled "Social Possibilities of Economic Chivalry") he no longer asked students to devote their lives to social work among the poor, as he had done in his Lectures to Women. Such a sacrifice was not necessary. The system, he was confident, would reform itself, and in 1919 he could announce that it had made real progress toward the elimination of poverty.[11]

The fourth theme was the importance of character. Character remained central to Marshall, and even increased in importance over the years; in 1894 he did not wish to see a woman conducting extension classes for trades unionists, because it would damage her character.[12] The path to improvement of character was essentially a personal one. What was needed was not increased state help but a stronger will, better education for the coming generation, better home influences. These were the kinds of solutions he proposed at the Industrial Remuneration Conference in 1885. He proposed not a structural improvement of society, which would then improve the individual; rather, Marshall hoped for the opposite. Reform the man, and society would improve automatically and painlessly. In his

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9. Pigou, Memorials, 153, 157, 159-60. Ricardo's error, said Marshall, was due to his "Semitic" mind.

10. Rita McWilliams-Tullberg, Women at Cambridge (London: Victor Gollancz Ltd., 1975) 88-89.

11. McWilliams-Tullberg, "Tendency," in Wood, Assessments, I 401.

12. McWilliams-Tullberg, Cambridge, 106.

youth, a belief in reform and the inductive work of Mill had gone hand in hand. As he grew older, the joint decline of both these interests was striking. Individual character was the focus of his work on improving mankind.

The American tour led him toward all these changes. Giving us an engaging picture of the young economist and demonstrating the background of his thinking in 1875, it also served as a catalyst for many of Marshall's early and unformed ideas. It functioned as a pivot, around which his career as a young economist turned. Before his trip Marshall was uncertain of his vocation, fondly recalled his days as a philosopher, advocated active social reform, and feared industry's effects on character. After his return he threw himself into economic writing, ceased to reminisce about metaphysics, saw no further need for an active social role, and welcomed industry's effects on mankind. The only conclusion possible is agreement with his statement that it was in America he came to know what he wanted to learn. For Alfred Marshall, it is clear that in the autumn of 1875 he now wanted to learn what made the industrial system tick, and how as a scientist rather than as a reformer he might further its goals.

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