

Does economic growth ultimately lead to a “nobler life”? A comparative analysis of the predictions of Mill, Marshall and Keynes

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But in contemplating any progressive movement, not in its nature unlimited, the mind is not satisfied with merely tracing the laws of the movement; it cannot but ask the further question, to what goal? Towards what ultimate point is society tending by its industrial progress? (J.S. Mill, Principles of Political Economy)

Wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else (Aristotle, Nicomachean Ethics, Book 1, Ch. 5)

1. Introduction

In recent literature there has been a renewed interest in economic growth, not as a goal in itself but as a means of fulfilling goals of a “higher” order. The so-called “paradox of happiness” in advanced countries, and the related literature,¹ are a notable example, like the notion of “human development”² in less developed countries. Also the exponential growth in the studies on the economics of education and health care and “quality adjusted” growth accounting³ can be ascribed to a rising interest in the conditions of life in relation to growth.

This point of view, occasioned as it was recently by empirical and practical concerns, has nevertheless deep and noble conceptual roots. As we know, the Classical economists quite naturally considered the change in standards of life, especially in the working classes, as the most important property of economic growth. In this respect, the economic writings of J.S.

¹ E.g. Bruni, L. and P.L. Porta (eds.), 2005 and references contained.

² E.g. Nussbaum M. and A. Sen (eds.), 1993. The Human Development Report issued annually by a United Nations agency is of course an important practical example.

³ E.g. G. Schwerdt and J. Turunen, 2006 and references contained.

Mill are of the utmost importance⁴. He posed the question of the “goal” towards which society was driven by progress in a market economy very explicitly, and he did so in terms of the manner of living of the members of society and expressed it by *objective* standards of comfort and intellectual and moral cultivation: in his eyes, the change in these standards, rather than the increase in production and consumption per se (not to speak of subjective perceptions) qualifies, for good or bad, the performance of a capitalistic economy. After Mill, and partly under his influence, A. Marshall considered the standards of life and the social goals of economic growth as “the more important side” (Marshall, 1920, p. 1) of Political Economy (the other side being “the study of wealth”)⁵: at different times in his long career as an economist, he expanded some of Mill’s arguments and reduced or dropped others, but never lost sight of the fact that the increase in material output was merely a means for making the life of the population fuller and nobler.

It will therefore be interesting to analyse in some detail and to compare the precise arguments put forward by Mill and by Marshall. Not only, in fact, do they offer a lively source of inspiration for current concerns; they also raise some interesting historical questions, which still await a comprehensive answer: in particular, how could Mill predict the coming of a Golden Age of society, so different from the “stationary state” of Smith, Ricardo and Malthus, while their theories of value and distribution had so many elements in common? Conversely, how could Marshall share many of Mill’s views on “the probable futurity of the working classes”, and yet develop a completely different theory of distribution⁶? Perhaps their ethical concerns had a common ground, strong enough to lead them to similar conclusions, notwithstanding their theoretical differences?

⁴ We are referring here in particular to Mill (1929), and especially Book IV; Mill (1845); Mill (1869).

⁵ We are referring here in particular to Marshall (1920), especially Book VI, chapter XIII; Marshall (1925)[1873] and Marshall (1925)[1907].

⁶ Despite a clear difference on political grounds (e.g. Raffaelli, 1995 and Biagini, 1995), Mill and Marshall basically predicted the fulfilment of the same goal by mature market economies.

It is with these questions that this paper is particularly concerned. Dealing with them will lead us quite naturally to briefly reconsider also Keynes's famous one-century-ahead 1930 prophecy (Keynes, 1931 [1930]): as we shall argue, Keynes's piece, albeit essentially "Millian" in spirit, also presents some clear Marshallian elements. When confronted with what the three of them considered the fundamental goal of economic growth – to prepare the material conditions for a new, nobler phase in human civilisation – a common milieu did indeed emerge.

Section 2 illustrates Mill's conception of the "stationary state" and how it will (or can) be reached. His predictions will be discussed under three headings: his theory of wages in relation to population and "prudence", his conception of a declining importance of production and the key role he attached to education. We shall argue that the current representations of Mill's "stationary state"⁷ do not pay due attention to Mill's distinction between wages and standards of life and between economic growth and social progress. We shall see, in Section 3, that Marshall agreed on most of Mill's conclusions precisely on "standard-of-life" and "progress" issues. He did so, however, following a different path, in which a "nobler life" becomes the *cause* no less than the effect of economic progress. This change involved a new theory of wages, based on "efficiency" rather than on "population", and the abandonment of Mill's conception of the stationary state. Keynes's revival and reinterpretation of Mill's and Marshall's predictions are briefly discussed in Section 4. Section 5 concludes.

2. The ultimate goal of economic progress: Mill's "stationary state"

⁷ See Schwartz (1972), Ch. 8; Hollander (1984a) and (1984b); Hollander (1985), especially pp. 881-88.

The Ricardian stationary state⁸ was characterised by very low, almost vanishing profits, low wages, which were merely sufficient for subsistence and reproduction, and high rents: such was the effect of past capital accumulation and population growth on the use of limited, privately owned natural resources. From the point of view of human progress, it was therefore a rather miserable state. It is true that, according to Ricardo, technological improvements and opening up to free international trade tended to postpone the limit of accumulation and growth, but the ultimate effect of such a postponement would be that of making the world even more densely populated and natural resources even more intensively used. All the strength and the social value of a capitalistic market economy therefore was in the process of growth in itself, and *not* in the point towards which it drove society. *During* the process of growth, the conditions of life of the working classes could improve well above subsistence (cf. Ricardo, 1951, pp. 94-5), without provoking any dramatic fall in profits, and capital accumulation allowed for a higher and more efficient production. Alas, this process was not unlimited, and when the limit had been reached, the only goal fulfilled would be that the natural resources and the capital of the planet could feed a much larger population; there would be no benefits for the individual workers of the future generations, nor would there be any further substantial technological improvement, since profits have fallen to zero and capital accumulation has stopped.

J.S. Mill could not conceive of such a prospect, so discouraging for human civilisation. As we know, he had a very wide and passionate view of history and institutions: the setting of society in a certain country at a certain time was but a phase in the historical evolution of mankind and its institutions were transitory. The history of mankind ought to be (and in part was), according to Mill, a process bringing the “human nature to its greatest perfection” (Mill, 1929, preface to the third edition, p. xxx), both from an intellectual and a

⁸ Among the many formal expositions we should mention Pasinetti (1960), Samuelson (1978) and Hollander (1984a).

moral point of view. Like his predecessors, he thought that the attainment of a stationary state was unavoidable, due to the limited natural resources of the earth, but he argued that it could be a happy, not a miserable, state of society. Nineteenth century technical progress and the accumulation of capital offered an unprecedented opportunity in this respect. Not surprisingly, then, his “stationary state” was characterised by

a well-paid and affluent body of labourers; no enormous fortunes (...) but a much larger body of persons than at present, not only exempt from the coarser toils, but with sufficient leisure, both physical and mental, from mechanical details, to cultivate freely the graces of life (Mill, 1929, p. 780).

Conversely, the process of economic growth, driven by “the struggle for riches”, by “trampling, crushing, elbowing, and treading each other’s heels” (Mill, 1929, p. 748), was altogether disagreeable, and was a depreciable “false ideal of human society” (Mill, 1929, p. 752). It was a *necessary* phase, though: “while minds are coarse they require coarse stimuli, and let them have them” (Mill, 1929, p. 749).

Mill’s stationary state is therefore the precise opposite to Ricardo’s (and for that matter also to Smith’s), the former representing the fulfilment of the fundamental goal in historical evolution, necessarily passing through several imperfect stages, and the latter representing the halting of a phase of progress and prosperity⁹.

The interpretation of Mill’s “stationary state” as a special case of a wider Classical model of economic growth¹⁰ tended to obscure some important original aspects which are at the basis of his conception of the stationary state. For our purposes, they can be discussed

⁹ Mill referred to Ricardo’s conception as to that of “the political economists of the last two generations”, including also Adam Smith. Mill, 1929, pp. 746-7.

¹⁰ See Samuelson (1978) and Hollander (1984a) and (1984b). In 1955, Stigler wrote: “[J.S. Mill] is now considered a mediocre economist of unusual literary power; a fluent, flabby echo of Ricardo Yet however one judges Mill, it cannot be denied that he was original” (Stigler, 1955, p. 296). After fifty years or so, it is perhaps still true that the precise originality of Mill with respect to “the political economists of the last two generations” still has to be fully assessed and recognised.

under three headings: his interpretation of Malthus's theory of population, the diminishing importance he attached to production and the fundamental role he attributed to education.

2.1 Mill and Malthus's principle of population

Although Mill's stationary state, like Ricardo's, is based on Malthus's principle of population, it must be stressed that he *interpreted* that principle quite differently (thus reaching opposite conclusions). In short, Mill stressed the operation of Malthus's "preventive check" much more than Ricardo. A prudential restraint in marriages and fertility – driven by either the fear of misery or the desire for more comforts, or by legal restrictions – may, indeed, "prevent" Malthus's "positive check" from being effective. To be sure, this was not ignored by Ricardo¹¹, nor was it ignored by Malthus¹². Mill's original contribution consisted in stressing the prospective *practical relevance* of prudential checks and in working out theoretically its precise consequences. According to Mill, the prevalence of "mortality" or of "prudence" was a matter of stages in civilisation. The former check was predominant "in a very backward state of society, like that of Europe in the Middle Ages, and many parts of Asia at present [1848]", where "population [was] kept down by actual starvation" (Mill, 1929, p. 159); however, he maintained that "it cannot *now* be said that in any part of Europe, population is principally kept down by disease, still less by starvation, either in a direct or in an indirect way" (Mill, 1929, p. 352, emphasis added). Prudence was becoming a more effective restraint on an excessive population growth¹³.

¹¹ "The friends of humanity cannot but wish that in all countries the labouring classes should have a taste for comforts and enjoyments, and that they should be stimulated by all legal means in their exertions to procure them. There cannot be a better security against a superabundant population" (Ricardo, 1951, p. 100).

¹² "The increasing operation of the prudential check to marriages (...) would be (...) in the highest degree beneficial to society" (Malthus, 1989 [1826], quoted in Hollander, 1984, p. 208).

¹³ This historical evolution also fitted Mill's general views on social philosophy: "the conduct of human creatures is more or less influenced by foresight of consequences, and by impulses superior to mere animal instincts: and they do not, therefore, propagate like swine, but are capable, though in very unequal degrees, of

His prediction was based on some examples which could reasonably be considered as representative of probable future developments – a procedure he reiterated over and over in matters concerning evolution. He considered first of all some countries which are “honourably distinguished” in this respect:

The countries in which, so far as is known, a great degree of voluntary prudence has been longest practiced (...) are [1848] Norway and parts of Switzerland. (...). In both these countries the increase of population is very slow; and what checks it, is not multitude of deaths, but fewness of births. (...) The population contains fewer children, and a greater proportional number of persons in the vigour of life, than is known to be the case in any other part of the world (Mill, 1929, p. 160).

On the other hand, he considered the social classes, and their habits, which *within* a country exercised this “prudence” more effectively. With specific reference to England, the role of the advance guard was played by many people among the middle classes and the skilled artisans: not only did they manage to transmit their own standards of life to their children by avoiding over-multiplication, which was also done by “the great majority of the middle and the poorer classes” (Mill, 1929, p. 159), but also made “an additional restraint exercised from the desire of doing more than maintaining their circumstances – of improving them” (Ibid.; see also p. 353). On the other hand, he recognised that, in England, among the common agricultural workers, which at his time accounted for no much more than the social group formed by the middle classes and the skilled artisans, “the checks to population may almost be considered as non-existent” (Mill, 1929, p. 357). Such a lack of individual prudence, however, can and should be filled by legal interventions or, to the same effect, by customs equivalent to it. Once again, Mill presented a series of examples and in particular, various sorts of legal and

being withheld by prudence, or by social affections, from giving existence to beings born only to misery and premature death. In proportion as mankind rise above the condition of the beasts, population is restrained by the fear of want, rather than by want itself” (Mill, 1929, pp. 158-9).

practical obstacles to improvident or premature marriages, taken mainly from the experience of the German states, as well as, once again, Norway and Switzerland.

2.2 “Prudence” and the “habitual standard of comfortable living”

The precise mechanism via which “prudence” sets a beneficial limit to population growth and may contribute to *permanent* improvements in the workers’ conditions of life involved theoretical considerations, and is worth analysing in some detail.

Mill assumed, like Ricardo, a minimum “habitual standard of comfortable living” (Mill, 1929, p. 161): below the minimum, population (or its rate of growth) tends to fall; above the minimum, it rises. They differ, however, in the supposed nature of this minimum. For Ricardo, the minimum consists of the comforts which, being customary, were perceived as “absolute necessities” (Ricardo, 1951, I: 94); Mill, on the contrary, assumed that they were variable:

[Ricardo’s] assumption contains sufficient truth to render it admissible for the purposes of abstract science (...). But in the applications to practice, it is necessary to consider that the minimum of which he speaks, especially when it is not a physical, but what may be termed a moral minimum, *is itself liable to vary* (Mill, 1929, p. 347; emphasis added).

This of course reflects Mill’s greater emphasis on “prudence” and his assumption that the habitual standard was higher than a physiological standard required by mere subsistence. His specific contribution consists therefore in his analysis of the complex relationships between the *variations* in the standard of comfort and the variations in fertility.

A certain lifestyle – defined by objective properties like the quantity and quality of education, the quality of social life, leisure time and, of course, physical comforts - becomes a “habitual standard” if it is very common among a certain social class and, most importantly, if it can be passed on to future generations. Now Mill stressed *an inverse relationship* between

comfort and fertility: the higher the number of children, the lower the standard that can be passed on to them. It follows that, at a given wage, there is a critical habit in respect to population which permits a labourer to pass on to his family a constant habit in respect to comfort. In the words of Mill,

it has been the practice of a great majority of the middle and the poorer classes (...) in most countries to have as many children, as was consistent with maintaining themselves in the condition of life which they were born to, or were accustomed to consider as theirs (Mill, 1929, p. 159).

The actual standard of individual families, however, can be *improved* by an additional restraint, as noted above, and it may happen to spread through the same social group, as in the above-mentioned case of the skilled artisans, thus becoming permanent and establishing a new habitual standard¹⁴. This potential (and to some extent, actual) improvement is central in Mill's argument: if it was true, in the Ricardian world, that any excess of comfort over subsistence tended to be reversed by a higher fertility, then it was no less true that the conditions of the labouring population could be *permanently* improved "through a voluntary restriction of the increase of their numbers" (Mill, 1989, p. 94). With this in mind, it is very clear in what sense he says in his Autobiography that "Malthus's population principle we [he and his Benthamic colleagues] took up with ardent zeal in the *contrary sense*" (Ibidem; emphasis added).

The above argument was subject to *given_wages*. If real wages *change*, the trade-off improves or worsens, as the case may be, and there can be, according to Mill, different combined responses in the habits concerning comfort and in those concerning fertility. He

¹⁴ This fundamental aspect of Mill's argument is recognised, albeit mildly, by Hollander: "Limitation of family size to the end of actually raising living standards is conceded [by Mill] amongst members of the middle class" (Hollander, 1984, p. 252). Hollander's formal account of Mill's stationary state, however, is mainly based on the very different idea that "prudence" is aimed at preventing wages from falling. This is a rather weak point, because it involves a logical error (lack of incentives) which is usually ascribed only to Malthus. See Rashid (1999), p. 322.

distinguished sharply here between social groups: the best educated people, those belonging to the middle classes and the unionised labourers, tended to transfer any rise in the real wage into a higher comfort, keeping fertility constant or even reducing it, whereas they compensated any fall in the real wage with a reduction of fertility, thus preventing their habitual standard of comfort from falling. Quite the contrary, less educated and poorer people tended to take advantage of a wage rise in terms of a higher fertility and compensate a wage fall with a contraction of comfort, down to the limit of mere subsistence, where Malthus' positive check was effective. However, Mill believed that the latter behaviour was being abandoned on the basis of the supplementary role played by public "prudence", by public education, re-distributive policies, unionisation, etc. . In the "probable futurity of the working classes" the first attitude was to dominate.

Wages, however, were not independent, in the long run, of fertility choices. Quite the contrary, they *crucially* depended on them. We know that the theory of wages presented by Mill in his *Principles* was based on the wages found doctrine, according to which "wages depend on the proportion between population [the number of the labouring class] and capital [the part of it which is expended in the direct purchase of labour]" (Mill, 1929, p. 343). He formally abandoned that doctrine¹⁵ in his review of Thornton's book on labour (Mill, 1869), in which he admitted that trade unions may force capitalists to devote more capital "in the direct purchase of labour", thus making room for permanent wage increases. Nevertheless, he did not cast any doubt on the fact that a check on population growth was beneficial to wages.

There was therefore an intimate connection between habits in respect to comfort, habits in respect to fertility on the one hand and real wages on the other; and between all of them and the attainment of a "happy" stationary state. If all social classes conformed to the kind of behaviour then observed among the "skilled artisans", not only would the working

¹⁵ The precise object of Mill's recantation is still controversial: see Ekelund (1976), West and Hafer (1978), Ekelund and Kordsmeier (1981).

classes transmit a higher standard of comfort to their (fewer) children at the then ruling wage rates but also wages themselves would rise, in the long run, as an effect of the check in population. At this point, the economy takes a step towards the stationary state: in fact, higher wages would involve lower profits and a lower rate of capital accumulation (cf. Mill, 1929, pp. 418-21). It is interesting to note that, in Mill's path to the stationary state, wages can never fall: they can only *rise*. In fact, a spontaneous rise in fertility in mature countries would clash with the evidence; on the other hand, the Ricardian mechanism of diminishing returns in agriculture would be counterbalanced by a fall in fertility, aimed at transmitting to future generations an unchanged standard of comfort. By contrast, any movement towards a higher comfort and a lower fertility, which *did* conform to evidence in mature countries, was conducive to higher wages and still higher standards of comfort.

2.3 The diminishing importance of production

Mill's stationary state, as compared with Ricardo's, is characterised by a smaller population and a higher standard of comfort. It may seem, then, that production might be the same, and diminishing returns in agriculture could operate in a like way. This is not the case, however, and here we find a second fundamental ingredient of Mill's stationary state. Mill's habitual standard, unlike Ricardo's "necessaries", is not entirely based on *material* prosperity, nor does an increase of it involve, from a certain level, an increase in the production of material goods. Education and health care, leisure time, enjoyment of the arts, short working hours, the opportunity of having social relations, etc. contributed to the habitual standard, and were the distinctive components of what made the "graces of life" (Mill, 1929, p. 750) enjoyable. They could be expanded indefinitely by a constant population without encountering a limit in natural resources. The consumption of material goods, by contrast, concerned the physical rather than the moral sphere of human life and had a limit beyond which society should not go. "Only in the backward countries of the world" (Mill, 1929, p. 749) was the mere increase

in production and accumulation “an important object”; but an “inordinate importance” (Mill, 1929, p. 752) was attached to them in more developed countries. If society was to tend to Mill’s stationary state, the rise in productiveness of labour should gradually allow for shorter labour hours, rather than for increased production:

Labour is unquestionably more productive on the system of large industrial enterprises; the produce, if not greater absolutely, is greater in proportion to the labour employed: the same number of persons can be supported equally well with less toil and greater leisure (Mill, 1929, p. 762).

Mill’s stationary state, then, can be attained *before* an excessive pressure needs to be exerted on natural resources¹⁶, and thereafter, the population being constant, any improvement should be primarily directed to moral and social progress; also improvements in the “industrial arts”, so widespread and important in the progressive phase, are still possible in a stationary state, and they, too, rather than serving the purpose of increasing material wealth, “would produce their legitimate effect, that of abridging labour” (Mill, 1929, p. 751).

2.4 Education

The attainment of the stationary state required adequate social institutions. Mill’s plea for a reform of the property system and for re-distributive policies, his passionate support for profit sharing and the co-operative movement, his intellectual and political efforts against the privileges and the arbitrary exercise of power and in favour of the legal protection and enforcement of the rights of powerless people are all so widely known¹⁷ as to require no further discussion here. Rather, we must briefly consider the fundamental social goal to be pursued via those institutions: the mental and moral cultivation of all people at large. No

¹⁶ According to Mill, there was not “much satisfaction in contemplating the world with nothing left to the spontaneous activity of nature; with every rood of land brought into cultivation, which is capable of growing food for human beings” (Mill, 1929, p. 750) .

¹⁷ See, in particular, Schwartz, 1972 and R.B. Ekelund jr and R.D. Tollison, 1976.

voluntary restraint in population growth, nor any interest in anything but material comfort and the “coarser pleasures” would be possible without a sound education, primarily directed at the working people. Education is therefore a third indispensable ingredient of Mill’s stationary state, without which the former two would remain at the stage of abstract normative prescriptions.

“Education” must be considered here in a very wide sense. School education was of course a fundamental institution supported by Mill. In particular, “publicly provided education for the poor, not only of the technical type, but also leading to character formation” (Ekelund and Tollison, 1976, p. 222) was a necessary means for promoting self-dependence.

More generally, Mill found that

there is reason to hope that great improvements both in the quality and in the quantity of school education will be effected by the exertions either of government or of individuals, and that the progress of the mass of the people in mental cultivation, and in the virtues which are dependent on it, will take place more rapidly, and with fewer intermittences and aberrations, than if left to itself (Mill, 1929, p. 758).

Mill also relied very much on what he called “spontaneous education” (Mill, 1929, p. 757), resulting from the possibility of social relations and from their quality: a necessary premise was that workers were free from the coarser toils and had sufficient leisure, but also relationships in labour-managed co-operatives played an important role in this respect. Such spontaneous education “may be greatly accelerated and improved by artificial aids” (Mill, 1929, p. 757) like the newspapers, lectures and discussions, collective deliberations on questions of common interest, trade union and even political agitations.

3. Conditions of work and a “nobler life”: Marshall’s “fancied” society

Marshall’s famous paper on “The future of the working classes”, read at the Cambridge Reform Club on 25 November 1873, summarised the subject-matter of his *Lectures to*

women, delivered a few months earlier¹⁸. It is certainly more than a coincidence that in the same year in which Mill died (on 8 May) and his *Autobiography* was published, Marshall agreed to speak on the topic of Mill's celebrated chapter "On the Probable Futurity of the Labouring Classes". Mill's *Principles* had in fact an "enormous influence" (Groenewegen, 1995, p. 145) on Marshall's economic apprenticeship and he certainly borrowed from him, and thereafter held, a conception of economics as a science whose main *practical* aim was to contribute to an amelioration in the *conditions of life* of the working classes and of mankind in general¹⁹. At the very beginning of his conference, then, Marshall mentions Mill's *Autobiography* and the relevant chapter of his *Principles*, and very explicitly says that

The course of inquiry which I propose for to-night will never lie far apart from that pursued by Mr and Mrs Mill, but it seldom exactly coincides with it. (Marshall, 1925 [1873], pp. 101-2; as Marshall remarked, Harriet Taylor informally contributed to Mill's *Principles* and to the above-mentioned chapter in particular).

Marshall's *Principles*, almost twenty years later, included a chapter – actually the last chapter of book VI, concerning distribution (indeed the last chapter of the whole volume) - on "Progress in relation to standards of life", which covers similar topics. Not surprisingly, this title resembles that of Mill's entire Book IV, on the "Influence of the progress of society on production and distribution". Of course, Marshall's *Principles* are devoid of "the over-

¹⁸ The *Lectures to women* have been recently published with extensive commentary in Raffaelli, Biagini and McWilliams Tullberg (1995).

¹⁹ According to Groenewegen, "The problem which guided Marshall's work throughout the whole of his life [was that of] raising the standards of life of the working class until they had reached those of "gentlemen" (Groenewegen, 1994, p. 278). Along similar lines is the interpretation of Himmelfarb, 1991, pp. 285-300 and the seminal contribution of Parsons (1931, p. 132). As Coats noted, for Marshall "ethics was both the 'sister' of economics and 'the good Abigail', the 'mistress' of economics" (Coats, 1990, p. 155). A fond interest in the standards of life of the working class was very common among Late Victorian intellectuals, as the beautiful study of G. Himmelfarb (1991) shows. For a valuable survey of the Anglican ethics in Marshall's times, see Biagini, 1995.

sanguine temperament of the youth”, whose marks were admittedly borne by the earlier paper, and present much more moderate views, which clash with Mill’s radicalism. Nevertheless the general inspiration remained the same and it is of some interest to ask what arguments have been eliminated, contracted, expanded or newly added in the chapter (and more generally in the *Principles*), as compared both to Mill and to the 1873 conference paper.

3.1 The stationary state

The most obvious change consists in the fact that the classical notion of an unavoidable stationary state does not play any significant role in Marshall. As we have seen, Mill’s interpretation of Malthus’s population law “in the opposite sense” radically changed that notion. With that in mind, the check on population growth, being voluntary, was more an assumption, or an empirical observation, or even a normative prescription, than the necessary outcome of economic processes. Marshall’s insistence on the need for a check on population growth has always been along these lines (e.g. Marshall, 1925, p. 114; Marshall, 1920, p. 691) and had no special bearing on his theory of wages²⁰. There was, then, no need for the typical ingredients of the Classical theory of the stationary state, such as the law of a falling rate of profit or the existence of a “habitual standard” below which population stops growing²¹. Besides, Mill’s stationary state had a Saint-Simonian flavour, and in general, the flavour of a socialist-utopian Golden Age, which was far from Marshall’s perspective. It should be finally remarked that Marshall did use a conception of a “stationary state” in the *Principles*, but he

²⁰ “Wages in Britain are now but very little affected by the rate of growth of population and the pressure on the means of subsistence” (Marshall, 1925, p. 326).

²¹ Marshall did not pay tribute to the Classical tradition in this aspect, nor did he set himself to explain (contrary to Mill) why his predictions were so different from those of Smith or Ricardo or Malthus.

did so in a completely new meaning referring to a hypothetical state, relevant only as a first analytical step²², and not a final state of society.

In spite of this major change, however, Marshall plainly accepted, and expanded, Mill's fundamental prediction about the "probable futurity of the working classes". In the conference paper, he presented most of his arguments in terms of a "fancied country", in which "everyone who is not a gentleman will have himself alone to blame for it" (Marshall, 1925, pp. 110-11; in the *Lectures to Women* the same concept had been expressed by the rhetorical question: "Why should you not make every man a gentleman? Every woman a lady?" (Raffaelli et al., 1995, p. 141). Later, in the *Principles*, he no longer referred to a "fancied country", but kept the question of "whether it is necessary that there should be any so-called "lower class" at all" (Marshall, 1920, p. 3) practically unchanged, like his answer. The fact that his argument was in terms of a slow but steady progress, rather than in terms of a "final" stage of society, is therefore of secondary importance, as compared with the common vision of society in the "next" stage of human civilisation.

3.2 Standards of comfort, standards of life and the aims of economic progress

Mill defined the ultimate aims of economic activity in terms of "mental and moral cultivation", "intellect and virtue", "higher aspirations", enjoyment of the "graces of life", "heroic virtues", "greatest perfection of human nature" or, more simply, "happiness"; such attributes were broadly agreed by Marshall. In the conference paper, however, he preferred to consider, more simply, an existing "type", the gentleman of the late Victorian age, whose characteristics were obvious and naturally appreciated by his audience. Later he chose the

²² "Our first step towards studying the influences exerted by the element of time on the relations between cost of production and value may well be to consider the famous fiction of the "Stationary state" in which those influences would be but little felt; and to contrast the results which would be found there with those of the modern world" (Marshall, 1920, p. 366).

more neutral phrase “full citizens”²³ (e.g. Marshall, 1920, p. 720); the kind of life he had in mind, however, remained the same. The goals to which, according to both Mill and Marshall, economic progress should aim were therefore intellectual and moral, and should concern the generality of the population. The problem posed by Marshall both in the conference paper and in the *Principles* was whether the failure of a large part of the population to cultivate the above aims was an *economic* necessity (cf. Marshall, 1925, p. 102; Marshall, 1920, p. 3 and pp. 713-14), and argued that it was not. He thought that, at his time, material wealth was growing sufficiently for the standard of life of people belonging to *all social classes* to be potentially coherent with such a “cultivation”; the problem was how these material means were to be used.

Marshall favoured a re-distributive policy much more mildly than Mill, as we know, even though he did consider re-distribution as an important aspect of social progress²⁴. However, re-distribution is only one aspect, perhaps not the most important in Marshall’s eyes. A *sufficient* income was of course a precondition, but much more important than real wages, output and consumption were *activities* – how were workers to spend their lives. The conditions of work, the use of leisure, youth and “after life” education, and social intercourse were the main elements shaping people’s characters. Expenditure and consumption were very poor indicators of being or not being a “gentleman”. Quite the contrary, an excessive liking of

²³ According to Biagini, Marshall’s concept of citizenship “was a further manifestation of the ‘Anglican ethic’ which inspired him. In this connection the affinities between Marshall and Arnold Toynbee (...) are worth noting. They shared a missionary approach to the problems of modern industrial society, within the framework of a civically-minded social Christianity” (Biagini, 1995, p. 34).

²⁴ “The inequalities of wealth (...) are a serious flaw in our economic organisation. Any diminution of them which can be attained by means that would not sap the springs of free initiative and strength of character (...) would seem to be a clear social gain. Though arithmetic warns us that it is impossible to raise all earnings beyond the level already reached by specially well-to-do artisan families, it is certainly desirable that those who are below that level should be raised, *even at the expense of lowering in some degree those who are above it*” (Marshall, 1920, p. 714; emphasis added).

material comforts, both by the rich and by the relatively poor, was detrimental to the formation of a “deep full character” (Marshall, 1925, p. 345) and to a man’s “inner life”:

There still remains a vast expenditure which contributes very little towards social progress, and which does not confer any large and solid benefits on the spenders beyond the honour, the position, and the influence which it buys for them in society (Marshall, 1925 [1907], p. 325).

Perhaps £100,000,000 annually are spent even by the working classes, and 400,000,000 by the rest of the population in England, in ways that do little or nothing towards making life nobler and truly happier (Marshall, 1920, p. 720)

Marshall had to distinguish very carefully, then, between what he called the “standard of comfort” and the “standard of life”. The former consists in material goods and must be kept within limits, the latter consists in human *activities* and can be boundlessly expanded. There is in this respect, once again, a clear similarity with Mill. Marshall’s “standard of life” is comparable to Mill’s “habitual standard of comfortable living”, in so far as both of them involve a wide range of human activities which extend well beyond the sphere of marketable material goods, while Marshall’s “standard of comfort” broadly corresponds to Mill’s “real wages”. This distinction is stressed very much by Marshall, and we can quote at length:

A rise in the standard of life implies an increase of intelligence and energy and self-respect; leading to more care and judgment in expenditure, and to an avoidance of food and drink that gratify the appetite but afford no strength, and of ways of living that are unwholesome physically and morally. A rise in the standard of life for the whole population will much increase the national dividend, and the share of it which accrues to each grade and to each trade. A rise in the standard of life for any trade or grade will raise their efficiency and therefore their own real wages(...)

But many writers have spoken of the influence exerted on wages by a rise, not in the standard of *life*, but in that of *comfort*; - a term that may suggest a mere increase of artificial wants, among which perhaps the grosser wants may predominate. It is true that every broad improvement in the standard of comfort is likely to bring with it a better manner of living, and to open the way to new and higher activities (...). But the only

direct effect of an increase of wants is to make people more miserable than before (Marshall, 1920, pp. 689-90; emphasis in original; a similar contrast is very vivid on p. 700).

3.3 Education and working hours

A “careful and long continued education” (Marshall, 1925, p. 104) was the first condition for full citizenship. The need for a sound education received the same passionate emphasis in the Conference as in the *Principles*²⁵. On both occasions, he advocated a compulsory public school, which should be very liberally funded²⁶. By observation, Marshall held that an adequate education was the rule among wealthy families (e.g. Marshall, 1925, p. 104), so that his plea for a more thorough system of public education was aimed at educating the children of the “lower classes”. It is of some interest to note, in this respect, that school should pay special attention to those fundamental and wide aspects of education, other than codified knowledge, which parents may neglect:

The schoolmaster must learn that his main duty is not to impart knowledge, for a few shillings will buy more printed knowledge than a man’s brain can hold. It is to educate character, faculties and activities; so that the children even of those parents who are not thoughtful themselves, may have a better chance of being trained up to become thoughtful parents of the next generation. (Marshall, 1920, p. 718)

It is also interesting to note that as early as 1873 Marshall clearly envisaged some “positive externalities” from education:

The difference between the value of the labour of the educated man and that of the uneducated is, as a rule, many times greater than the difference between the costs of their education (Marshall, 1925, p. 118).

²⁵ A very clear assessment of Marshall’s views on education is contained in Raffaelli, 1995, pp. 7-10.

²⁶ “what temporary pecuniary loss can be set against the education of the nation?” (Marshall, 1925, p. 117); “To this end public money must flow freely” (Marshall, 1920, p. 718).

A similar concept concerning the positive externalities from education is also expressed in the *Principles* with reference to the many informal frameworks in which education can take place:

It is a vast and wholly unmixed gain when the children of any class press with the relatively small charmed circle of those who create new ideas, and who embody those new ideas in solid constructions. Their profits are sometimes large: but taking one with another they have probably earned for the world a hundred times or more as much as they have earned for themselves (Marshall, 1920, p. 719).

A second fundamental premise for a child to become a “full citizen” concerned the characteristics of the occupations in the after-life. There were, in fact, occupations conducive to “culture and refinement of character” (Marshall, 1925, p. 103), and others conducive to “a character rude and coarse” (p. 103); broadly speaking, this distinction coincided with the distinction between skilled (and possibly intellectual) and unskilled (and always manual) labour (e.g. Marshall, 1925, p. 105; Marshall, 1920, pp. 716-18, 720).

In the conference paper, Marshall characterised his “fancied country” by short hours of manual work: “No one is to do in the day so much manual work as will leave him little time or little aptitude for intellectual and artistic enjoyment in the evening”. He thought that “in our new society (...) a man would not in general perform manual work for more than six hours a day. (...) In heavy work three sets of men might each work a shift of four hours” (Marshall, 1925, p. 113). Since, according to S & B Webb, “the nine hours movement (...) [was not] fully successful until 1871” (S & B Webb, 1965 [1897], p. 352, n. 1), Marshall’s prescription would have implied, more or less, *halving* the daily hours of unskilled labour. He clearly thought that at his time technical progress, which “has multiplied enormously” labour productivity (Marshall, 1925, p. 111), offered such an opportunity for reducing working hours and increasing leisure time, especially for unskilled labour; by contrast, the increase of the national product and a mere increase in wages were of secondary

importance (cf. Marshall, 1925, p. 105). In turn, more leisure, more intellectual and moral cultivation, a better social intercourse would be an independent source of productivity increase: workers would have more intelligence, energy and self respect and they would gradually learn to perform their labour more and more productively and would apply inventions more readily, thus doing the same work as before, in less time. This virtuous circle involving innovation and “intelligence” would lead, in Marshall’s fancied country, to the end of unskilled labour²⁷:

The total work done per head of population would be greater than now. Less of it would be devoted directly to the increase of material wealth, but far more would be indirectly efficient for this end. Knowledge is power; and man would have knowledge. Inventions would increase, and they would be readily applied. All labour would be skilled, and there would be no premium on setting men to tasks that required no skill. The work which man directs the forces of nature to perform for him, would thus be incomparably greater than now (Marshall, 1925, p. 112).

The bold opinions expressed in the conference paper are much moderated in the *Principles*: shorter hours of labour would still increase efficiency, by increasing energy, intelligence and force of character and therefore any diminution would *not*, except temporarily, reduce output (cf. Book VI, Ch. XIII, § 3 and § 4). In the *Principles* the possibility of “halving” them is no longer mentioned, however, nor are shifts of six or four hours: Marshall now advocates a “*moderate* diminution of the hours of labour” (Marshall, 1920, p. 694; emphasis added), which would generally exert a positive effect on the efficiency of workers. The argument is now much more balanced, however. The effect on efficiency is mainly referred to the case of

²⁷ This prediction parallels Mill’s more “political” prediction concerning the end of hired labour. Marshall’s estimate of the share of unskilled labour at the end of the 19th century was one fourth of the population (Marshall, 1920, p. 716). Half a century before, Mill had estimated that the “common labourers” were about one half of the population (Mill, 1929, p. 353). Marshall estimated that *one century backwards*, “more than a half would have been found unfit for any skilled labour at all”.

expensive, complex machinery which called for shifts²⁸. By contrast, in more mature sectors, like mining or railways, there was not much gain in efficiency from a reduction in working hours and in this case shorter hours (at the same wage) would imply some losses (cf. Marshall, 1920, p. 696) in terms of output and profits²⁹. The relationship between working hours and efficiency is presented in the *Principles*, not surprisingly, as complex and multifaceted and a quantitative evaluation is considered very difficult (cf. p. 701). On the whole, however, his judgement about the positive qualitative effect of short hours on efficiency and wages (per unit of time) remained the same.

3.4 The standard of life, wages and economic growth

In spite of his endless balancing of arguments, Marshall always held that a higher life standard makes for higher efficiency and wages:

A rise in the standard of life for any one trade or grade will *raise their efficiency* and therefore their own real wages (Marshall 1920, p. 689; emphasis added).

As we have seen above, Mill thought that a higher habitual standard of comfort would lead to a check on population growth, and *thereby* to a rise in wages, and Marshall was careful to stress that his argument was completely different to Mill's. Only when "the wheat-fields of the world are worked at their full power" does it follow that "a rise in the standard of *comfort* may rise wages merely by stinting the growth of numbers" (Marshall, 1920, p. 692; emphasis added). This was not a relevant case, however. In fact, "while the present good fortune of abundant imported food attends on the English people, a rise in their standard of comfort could not increase their wages, merely by its action on their numbers" (Marshall, 1920, p.

²⁸ "Anglo-Saxon artisans, unsurpassed in accuracy of touch, and surpassing all in sustained energy, would more than any others increase their net produce if they would keep their machinery going at its full speed for sixteen hours a day, even though they themselves worked only eight" (694).

²⁹ Marshall also stressed that a reduction of working hours was "specially suitable to industries in which piece-work prevails" (p. 693).

692; see also p. 691 and p. 697). Population was no longer the relevant aspect; nor was comfort as such relevant: what mainly mattered for wages was efficiency and efficiency depended on the standard of life; material comfort mattered only in so far as it affected the “manner of living” in a virtuous sense.

A better, fuller, nobler life was at the same time the cause and the effect of economic progress, according to Marshall, and therefore there was a double-sided relationship between the manner of living and wages; the concluding chapter of the Principles is built precisely around the question of “how far is either to be regarded as the cause of the other, and how far as the effect” (Marshall, 1920, p. 689).

Having got rid of the Ricardian and Millian idea that wages were kept down by the increasing difficulty of obtaining food – for this “was in fact the case in England a hundred years ago” – Marshall could concentrate on the new idea that, by competition, wages depended on the “net product” (Marshall’s marginal product) of labour:

When the net product due to the labour of additional workers was largely in excess of the wages that were being paid to them, a pushing employer would brave the indignation of his peers, and attract workers to him by the offer of higher wages: and (...) in progressive industrial districts this competition was sufficient to secure that no considerable body of workers should remain for long with wages much below the equivalent of their net product (Marshall, 1920, p. 705).

The quoted passage explicitly refers to the progressiveness of industrial districts as the main “independent” source of wage rises; in this case, a better manner of living will be the *effect* of a wage rise, rather than the other way round. We need not, of course, insist on this effect. There are however some further, subtler effects of technical progress, which did not pass unnoticed by Marshall, and which should be mentioned here. In fact, complex machinery not only tends to reduce the need for unskilled labour, it also “increases the demand for judgement and general intelligence” (Marshall, 1920, p. 257) and therefore “takes over sooner

or later all monotonous work in manufacture” (p. 262). This had an effect on the life standard of factory workers which was quite independent of wages:

The social surroundings of factory life stimulate mental activity in and out of working hours; and many of those factory workers, whose occupations are seemingly the most monotonous, have considerable intelligence and mental resource. (Marshall, 1920, p. 263)

At this point, when considering the technological innovations and industrial relations from the point of view of the life standard of workers, there is a gradual shift towards a consideration of the life standard itself as a *cause* of higher wages.

A first relevant aspect concerns the hours of labour, as we have seen above. A second specific aspect concerns trade unions. Also in this case Marshall had carefully balanced opinions. On the one hand, especially at an early stage, trade unions were acknowledged to have rendered a valuable service in widening the workers’ horizons and in raising their standard of social duty. This helped workers to “obtain conditions of life consistent with true self-respect and broad social interests” (Marshall, 1920, p. 703) and was conducive to higher efficiency. Likewise, he welcomed the “true standardisation of work and wages” (p. 706), such as a sound application of the so-called “Common rule”, for its positive effects on the general conditions of life; and on this account a rise in wages is coherent with an output growth. On the other hand, however, he feared that the Common Rule may lead to a “false standardisation” “which tend[s] to force employers to put relatively inefficient workers in the same class of payment as more efficient workers; or which prevent[s] anyone from doing work for which he is capable, on the ground that it does not technically belong to him” (Marshall, 1920, pp. 706-7). By so doing, “obstacles were put in the way of the use of improved methods and machinery” (p. 707). Marshall severely criticised trade unions when

they promoted such a “false standardisation” and praised them when they condemned it³⁰: such behaviour was considered “anti-social”, because it raised wages, so to speak, artificially, without determining any increase in efficiency. On the contrary, by reducing efficiency, and depressing profits and capital accumulation, they tended to *reduce* output: the increased standard of *comfort* that workers may obtain in such a way had indeed, for Marshall, a very high social cost and should by all means be avoided.

4. Beyond the “money-motive”: Keynes’s grandchildren

Mill’s and Marshall’s writings on the aims of economic growth naturally lead us to the short pamphlet that Keynes – another great British economist! - wrote on the same topic 40 years after the publication (first edition) of Marshall’s *Principles*. Not only did Keynes adopt the same “prophetic” style as his predecessors but also, in his “Economic Possibilities for our Grandchildren”, he borrowed and expanded some of their ideas.

Keynes’s short essay is of course too widely known to require a detailed account here. It will suffice to remind the reader that he looked into the economic conditions “one hundred years hence” (Keynes, 1931, p. 364 and p. 365) – about one generation ahead *now* – and in particular at the *standard of life* permitted by economic conditions in progressive countries at that time, assuming continuing technical progress and capital accumulation (“the power of compound interest”) and assuming “no important wars and no important increase in population” (pp. 365-6)³¹. His basic prediction was that “in the long run (...) *mankind is solving its economic problem*” (p. 364; emphasis added). There is here a fundamental common ground with Mill and Marshall: the test of progress is not output in itself, but the standard of life that it makes possible; moreover, there is a *limited* per capita output which can

³⁰ “The service which the leading trade unionists rendered to the country by condemning anti-social conduct are never to be forgotten”(Marshall, 1920, p. 707).

³¹ Actually, a very “important” war was round the corner; but population was not to increase very much in progressive countries, nor was the pace of technological progress and accumulation to be reduced on average.

satisfy the material needs of mankind. It should be stressed that this has nothing to do with the subjective perception of “satiation”; all of them referred to an *objective* standard of comfort, which was not an end in itself, but a means (otherwise it should rightly be assumed to be unbounded, except for satiation). These means may simply be “adequate” in order to remove the economic obstacle to fulfilment of the “true” ends of human life.

Keynes’s piece clearly borrows from Mill a secular view of the progress in civilisation, and especially a sequence of “ages”, characterised by qualitatively different economic conditions, political and social institutions, and different codes of private and public morals:

The modern age opened, I think, with the accumulation of capital, which began in the sixteenth century (...). From that time until to-day the power of accumulation by compound interest, which seems to have been sleeping for many generations, was re-born and renewed its strength (...). From the sixteenth century, with a cumulative crescendo after the eighteenth, the great age of science and technical innovation began, which since the beginning of the nineteenth century has been in full flood. (Keynes, 1931, pp. 361-365).

An even more specific similarity with Mill is Keynes’s assessment of the historical role of the “money-motive” in the current age of market economies. Both of them had mixed opinions. On the one hand, in fact, the “money-makers” rendered an invaluable service to society, in so far as they speeded up the rate of material production. As we have seen, Mill thought that in the (then) current stage of civilisation, “while minds are coarse they require coarse stimuli, and let them have them”; likewise Keynes recognised that

The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance (Keynes, 1931, p. 368).

On the other hand, however, they recognised the moral drawbacks of the money motive, which were to become more transparent as soon as the “economic problem” was on the way to being solved. Even more emphatically than Mill³², Keynes asserted that

The love of money as a possession – as distinguished from the love of money as a means to the enjoyments and realities of life – will be recognised for what it is, a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease (Keynes, 1931, p. 369).

The money motive was therefore a force to be welcomed only conditionally and *temporarily*, until the time was ripe for man to attend to his real *permanent* problem:

How to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well (Keynes, 1931, p. 367).

At that time,

It will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes (Keynes, 1931, p. 368).

Keynes’s wise “peoples” are Mill’s “better minds” who are not involved in the struggle for riches and will gradually “succeed in educating the others into better things” (Mill, 1929, p. 749); and his age of material “abundance”, in which “the accumulation of wealth is no longer of high social importance” (Keynes, 1931, p. 369) is clearly Mill’s “stationary state”.

In Keynes’s piece, however, there are also some themes which are perhaps more Marshallian than Millian. A common passionate assessment and enthusiastic predictions of the effect of the advances in science and technology on economic growth is very clear.

³² Keynes’s passage quoted below may be paralleled with this of Mill: “The idea is essentially *repulsive* of a society only held together by the relations and feelings arising out of pecuniary interest” (Mill, 1929, p. 754).

Symmetrically, however, both of them cast some doubts on the capacity of man to take due advantage of his economic possibilities and of leisure:

To judge from the behaviour and the achievements of the wealthy classes to-day in any quarter of the world, the outlook is very depressing! For these are, so to speak, our advance guard – those who are spying out the promised land for the rest of us and pitching their camp there. For they have most of them failed disastrously, so it seems to me – those who have an independent income but no associations or duties or ties – to solve the problem which has been set them (Keynes, 1931, p. 368).

A similar assessment of the life of the rich, with special reference to expenditure, had been made by Marshall in his 1907 E.J. article on the “Social Possibilities of Economic Chivalry”, where he complained that “much expenditure has no touch of nobility” (Marshall, 1925, p. 342) and that the “well-to-do classes expend vast sums on things that add little to their happiness and very little to their well-being, but which they regard as necessary for their social position” (p. 324).

The situation was not much different, for opposite reasons, with the (present) “lower classes”, who did not have the opportunity of learning to use leisure well. It may not be coincidental that Keynes considers by way of illustration the epitaph written for herself by the old charwoman, whose heaven was “to do nothing for ever and ever”, and which distinctly parallels Marshall’s “sad old picture of the needle-woman”³³.

5. Concluding remarks

The writings of Mill, Marshall and Keynes reviewed in this paper share the same conception of output growth in relation to goals of a “higher” order: as time goes on, and capital and technical knowledge accumulate, material production has a diminishing importance, whereas the conditions of work, the use of leisure and the quality of inter-personal relations tend to become the relevant aspect for potentially *all* members of society.

³³ Marshall (1925), p. 108.

These common aspects are still an inspiration for the current studies on “quality of life” issues, which are attracting increasing interest.

There are also differences and contrasts, however, and their precise assessment helps to clarify the specific contribution of each author. If our analysis is correct, Mill’s “stationary state” of society should be contrasted *more* with Ricardo’s and *less* with Marshall’s early “fancied country” than currently perceived; and the latter should be contrasted even less with the more balanced conclusions of Marshall’s *Principles*.

Of course, Mill’s analysis of wages in relation to growth adopted the same logical scheme as Ricardo, as Hollander and Samuelson have shown, and the opposite conclusions they reached depend on different assumptions concerning population. From this point of view, the current perception of a “Ricardian” Mill is perfectly correct. Also the contrast between the Classical theory of wages, based on population, and the Marshallian theory, based on productivity, is clear. We have argued, however, that for both Mill and Marshall wages were less important than conditions of life, and output growth was less important than “mental and moral cultivation”. Wages and production were, so to speak, the means, while conditions of life and cultivation were the ends. The former were therefore no more than aspects of a wider and very complex – and indeed fundamental - relation between conditions of life and the economy. It is from *this* point of view, we argued, that Mill anticipated many Marshallian (and for that matter, Keynesian) themes and departed sharply from Ricardo and Malthus. Both Mill and Marshall emphasised the economic importance of self-dependence, self-respect and intelligence: at the then current state of capital accumulation and technical knowledge, they were the key requisite for sound conditions of life for all the population. Mill thought that self-dependence would lead to a voluntary check on population growth and thereby to better conditions of life in the following generation; Marshall thought that this effect could be immediately obtained by means of higher productivity. It is true that the Millian “stationary state” is replaced by the Marshallian steady, slow progress, and that a low rate of population

growth, albeit remaining an important condition, played no decisive role in Marshall, but the important question for both was whether sound conditions for all members of society were attainable at some stage of the process: whether, afterwards, capital would continue to be accumulated and population would continue to (moderately) grow, was secondary.

This interpretation is somehow reinforced by the synthesis of Millian and Marshallian themes which can be found in Keynes's "Economic Possibilities". In fact, this short pamphlet borrowed from Mill a secular vision of successive economic and social "ages", in which the age of output growth, dominated by the money motive, was disagreeable yet necessary, and the next age could witness a full development of the mental and moral attitudes of mankind. This optimism concerning the potential of a market economy can also be found in Marshall of course, but a more specific Marshallian theme was a negative evaluation of the way in which the then rich, that advance guard of the society to come, made use of their income and their leisure.

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