

Workshop on
Welfare Economics and the Welfare State in Historical Perspective

20 and 21 March, 2015
Institute of Economic Research
Hitotsubashi University

Reconstructing Aspects of Pigou's Utilitarian Ethics

By

Karen Knight
University of Western Australia

Abstract: Although the economic thought of Marshall and Pigou was united by ethical positions broadly considered utilitarian, differences in their intellectual milieu led to degrees of difference between their respective philosophical visions. This change in milieu includes the influence of the little understood period of transition from the early idealist period in Great Britain, which provided the context to Marshall's intellectual formation, and the late British Idealist period, which provided the context to Pigou's intellectual formation. During this latter period, the pervading Hegelianism and influences of naturalism arising from the ideas of Charles Darwin and Herbert Spencer were challenged by Hermann Lotze, a key transitional thinker influencing the Neo-Kantian movement, who recognised significant limits of naturalism, on the one hand, and the metaphysical tenor of absolute idealism, on the other, and attempted to provide a balance between the two. The goal of this paper is to make the provisional case for the argument that Pigou's views on ethics were not only directly influenced by utilitarian thinkers like Mill and Sidgwick, but they were also indirectly influenced by Hermann Lotze, via the influence of the Neo-Kantian movement on late British idealism. To that end, Pigou's essays in *The Trouble with Theism* (1908), including his sympathetic consideration of the ethics of Friedrich Nietzsche, reflect the influence of Lotze indirectly through the impact at Cambridge of: James Ward's critique of associationist psychology, and consideration of the limits of naturalism including the critique of evolutionary ethics; Bertrand Russell's rejection of neo-Hegelianism and, together with Alfred North Whitehead, the development of Logicism; and G.E. Moore's critique of utilitarian ethics on the basis of the naturalistic fallacy and the development of his own intuitionist system of ethics.

1. Introduction

The economic thought of the Cambridge economists, Alfred Marshall and A.C. Pigou, have largely been viewed as united by ethical positions broadly considered utilitarian, with various studies providing perspectives of the development of Marshall's ethical thought as associated with the new evolutionism of his times (Black, 1990; A. W. Coats, 1992, pp. 221-224; B. W. Coats & Raffaelli, 2006; Whitaker, 1977). The importance of the Cambridge philosopher, Henry Sidgwick, in the development of both Marshall's and Pigou's utilitarian ethics has also been underlined (Backhouse, 2006; Backhouse & Nishizawa, 2010; Medema, 2009; O'Donnell, 1979; Schultz, 2004). O'Donnell (1979), for example, points out the implicit link between Sidgwick, Marshall and Pigou by arguing that Pigou modernised Sidgwick's philosophical thoughts; with Pigou's seminal work on welfare economics, *Wealth and Welfare*, being identified as the synthetic product of Sidgwickian ideas and Marshallian analytics.¹ Backhouse's and Nishizawa's (2010) edited compilation broadly considers the development of welfare economics towards the end of the 19th century, considering the emergence of welfare analysis arising from Sidgwick's utilitarianism at Cambridge, on one hand, compared to that developed at Oxford influenced by T.H. Green's idealist thought, on the other. Their study complements recent works which have asserted the heterogeneous nature of idealist sentiment in Great Britain (Boucher & Vincent, 2012; Dunham, Grant, & Watson, 2011; Mander, 2011). The general impact of idealist philosophy has been noted as having influenced both Marshall and Pigou. Simon Cook, for example, considers the broad influence of "neo-Hegelian" idealism upon Marshall and Satoshi Yamazaki (2008) identifies Pigou as an "ideal" utilitarian.

The purpose of this paper is to examine the relative impacts of idealism upon the ethical thought of Pigou and comment on how this may have shaped his utilitarian ethics and approach to welfare economics. A provisional case is made for the argument that Pigou's views on ethics were not only directly influenced by utilitarian thinkers like Mill and Sidgwick, but also indirectly influenced by changes in key intellectual influences arising during the late British idealist period.

To that end, it is argued that Pigou's essays in *The Trouble with Theism* (1908) reflect the influence of the prominent German philosopher Hermann Lotze indirectly through his impact at Cambridge on the development of scholars' thought such as: James Ward's critique of associationist psychology and the promotion of phenomenology, and together with W.R. Sorley, significant critique of naturalism and evolutionary ethics; Bertrand Russell's rejection of neo-Hegelianism and, together with Alfred North Whitehead, the development of Logicism; and G.E.

¹ Pigou's connection to Sidgwick is also pointed to by Bart Schultz (2004) who noted J.S. Nicholson's (1913) survey including Pigou's *Wealth and Welfare* included the critical observation of Pigou's debt to Sidgwick's body of work as it pertained to political economy.

Moore's critique of utilitarian ethics on the basis of the naturalistic fallacy and the development of his own intuitionist system of ethics. The paper concludes that these influences underlie transformations in Pigou's ethical thought and may account for differences between the welfare analysis developed by his teacher and mentor Alfred Marshall.

This paper is organised in the following way. Section 2 broadly provides a wider context from which Marshall's and Pigou's shared utilitarian traditions arose. This includes a closer examination of the heterogeneous nature of British idealism, with particular consideration of the importance of Herman Lotze's influence in the closing decades of the 19th century. Section 3 considers the emergence of modulated forms of idealism and important critiques against naturalism and absolute idealism arising from intellectuals in the Moral Sciences at Cambridge. In Section 4 aspects of Pigou's philosophical biography are reconstructed to demonstrate wider impacts upon his ethical thought than those traditionally acknowledged. The paper concludes in Section 5 by making a provisional case for the argument that Pigou's views on ethics were indirectly influenced by the pervading impact of Lotze on late British Idealism.

2. The Heterogeneous Nature of British Idealism

Two major stands of ethical investigation emerged in Britain after Thomas Hobbes's (1651) consideration of moral order. These philosophical responses were diametrically opposed. From one end, scholars developed rational conceptions of moral rules or "Divine Legislation" from which to determine moral principles, broadly becoming referred to as an intuitionist approach. From the other end, scholars responding to David Hume began to employ empiricist approaches to ethical considerations by exploring various psychological aspects of human conduct and moral sentiment. This is the approach from which utilitarianism developed based on the Associationism² of Jeremy Bentham (1789) and John Stuart Mill 1863.³ The "Good" was that which produced maximum pleasure and minimum pain and underlay the postulate, "the greatest happiness of the greatest number that is the measure of right and wrong". From 1871, the hedonistic calculus was developed in a more formal sense when incorporated into the mathematical theories of marginal utility by William Stanley Jevons, who determined that value was determined solely upon utility.

² Associationism in this regard can be traced to the notions of Plato's and Aristotle's ideas of impacts of successive mental states and associative memories. Today associationism is considered a reductionist school of psychology. Wilson (2014), however, notes that although John Stuart Mill's thought emerges from the British empiricist tradition, he cannot be considered an epiphenomenalist and in fact Mill says little in regard to the mind-body problem, unlike Herbert Spencer who, importantly, deals with them in detail in his *Principles of Psychology* (1855). Wilson also notes the break of between John Stuart Mill's utilitarianism and the utilitarianism of Bentham and that of his father noting that in Mill's *Examination of Hamilton's Philosophy* (1865) he vigorously defends the notion of human beings as active in their own self-determination.

³ Psychological considerations of moral philosophy had been considered earlier by David Hartley and Adam Smith, though in different ways.

Jevons, along with Marie-Esprit-Léon Walras and Carl Menger jointly consolidated an approach which is considered to have revolutionised economic theorising. Sidgwick attempted to reconcile the opposing philosophical positions of ethical intuitionism and utilitarianism. Refusing to abandon utility as an ethical guide to morality, Sidgwick (1874 p. 473) closely examined opposing methods of ethics which had arisen (hedonistic egoism, universalistic hedonism and intuitionism) and came to the pessimistic conclusion that “[...] the Cosmos of Duty is thus really reduced to a Chaos: and the prolonged effort of the human intellect to frame a perfect ideal of rational conduct is seen to have been foredoomed to inevitable failure”. In reaching this fundamental contradiction, an inherent dualism remained in Sidgwick’s solution. In distinguishing intuitionism in meta-ethics (the theoretical meaning of moral propositions and how their truth-values may be determined) and intuitionism in normative ethics or deontology (the practical means of determining a moral course of action)⁴, Sidgwick’s utilitarianism led to the separation of personal desires from the general happiness of the greatest number. It is against this background that marginal utility and utilitarianism informed the economic thought of both Marshall and Pigou.

But the utilitarian line of political economy and ethics, as qualified by Mill and then by Sidgwick, came to confront an alternative ethical school in the closing decades of the 19th century. Sidgwick viewed the Oxford scholar T.H. Green as the main representative of idealism in Britain and as attempting to enunciate an ethical system alternate to his own (Schneewind, 1977, p. 383-4). Published in 1883, a year after his death, Green’s *Prolegomena to Ethics* presented the end, or the good, as individuals’ realisation that their consciousness was but part of many, forming and reflecting the one “Divine” mind or greater absolute. Refuting reality posed as a purely material process, idealists did not view mind (or consciousness) to be a mere passive receptor of external stimuli, but rather an active element in the constitution of reality itself (Boucher & Vincent, 2012, p. 1). Emphasising the social aspect of the human condition, idealism sought to counter the individualism of utilitarianism, the naturalism of evolutionary theories and disesteeming of religious theistic beliefs, and in the context of the late 19th century, provided a platform for wide ranging social reform in Britain in the wake of growing social dislocation and poverty caused by the processes of industrialisation.

In contrast to utilitarianism, Idealists influenced by Green drew on Kantian notions of moral duty to act in a certain way based on a standard of rationality (Kant’s Categorical

⁴ Shionoya provides this succinct distinction (1991, p.7)

Imperative)⁵ and the Hegelian emphasis on self-realization (or the development of spiritual evolution) as a moral duty. Although interpretation of Hegelianism at Oxford was by no means uniform, monism⁶ and absolute idealism featured in the work of T.H. Green, Edward Caird, and particularly that of F.H. Bradley, and also of Green's students: Bernard Bosanquet⁷, R.L. Nettleship, and J.H. Muirhead. Philosophically, however, absolute idealism led to an *aporia*; the subordination of parts to the whole and hence, an annulment of individuality. This sat in stark contrast to the individualism inherent in utilitarianism. Although the utilitarian tradition at Cambridge was sustained via the influence of Sidgwick, idealist thought and sentiment gained a foothold at Cambridge via James Ward, William Sorley, and later J.M.E. McTaggart, though not in the absolute form which had arisen at Oxford. It is the heterogeneous adherence to the idealism of Kant and Hegel, and the impact of other key intellects whose impact has been relatively overlooked, which led to forms of *personal* idealism to emerge alongside *absolute* idealism in Great Britain; a point generally overlooked when considering the impact of idealism upon Cambridge economists.

British idealism is generally considered to have commenced with the appearance of James Stirling's book *The Secret of Hegel* published in 1865, although early forerunners such as James Ferrier, John Grote, Benjamin Jowett and James Martineau had introduced the Germanic philosophies of Kant and Hegel to Britain earlier.⁸ Developing in a distinctive way, British idealism was characterised by intellects not only adhering in different degrees to aspects of the philosophies of Kant and Hegel, but also influenced by the German neo-Kantian movement whose roots can be traced back to the period shortly before and after Kant's death in 1804.⁹

In Germany, three highly influential transitional philosophers and scientists – Rudolf Hermann Lotze, Hermann Helmholtz and Adolf Trendelenburg – modulated absolute Hegelianism, and influenced the Neo-Kantian movement in the German speaking world. Their thought had come of age during the mid-1800s during three profound philosophical developments: the rise of materialism, the materialist debates (or controversy), and the identity crisis of philosophy. In Beiser's (2013, p.2) recent assessment, Trendelenburg and Lotze were –

⁵ Set out in *Groundwork for the Metaphysics of Morals* Kant's Categorical Imperative takes the form of a series of formulations centred on an individual's ability to reason through given certain objective ethical rules and that individuals have a duty to act in ways to uphold these ethical rules.

⁶ Monism is the philosophical view that existing things can be explained in terms of a single reality or substance; and as compared to pluralism.

⁷ Bosanquet, however, would later develop idealism along naturalist lines as propounded in his Gifford lectures in 1912, *The Principle of Individuality and Value*.

⁸ See Mander (2011, pp. 27-34) for a detailed description of the early importation of the German philosophies of Kant and Hegel to Britain.

⁹ Beiser (2014, Part I, 1.) considers the Neo-Kantian movement as becoming fully visible and established during the 1860s but that the movements roots can be traced to the end of the 18th Century and early 19th Century in the works of Jakob Friedrich Fries (1773-1843), Johan Friedrich Herbart (1776-1841) and Friedric Eduard Beneke (1798-1854).

“[...] sources of resistance against [...] historicism, naturalism, positivism, and materialism [providing those] “that could not accept psychologism in logic, mechanism in biology, materialism in psychology, or relativism in history”.

Together, they provided alternate routes of philosophical and scientific thought which inspired the likes of Hermann Cohen, Edmund Husserl, and Heinrich Rickert to develop their views with an acknowledgment of the realm of value and validity.

Trendelenburg recognised the advance of the empirical sciences and sought to preserve philosophy by reorientating its purpose to explain the phenomenon of the modern science; this program advanced by neo-Kantians later became referred to as epistemology (Beiser, 2013, p. 14). Helmholtz, distanced himself from Kant’s metaphysics on the basis it was the product of outdated science (specifically the implications of non-Euclidean geometry), though not the empirical or scientific side of Kant’s work. His program was an attempt to build philosophy on the basis of science (Beiser, 2014, p. 203-205). The influence of Helmholtz’s work in energy physics on Jevon’s development of marginal theory in economics has been contentiously debated (Grattan-Guinness, 2010; Mirowski, 1989; Whitaker, 1996); as has his physiological work upon Marshall’s early interests in psychology and Kantian philosophy (Simon Cook, 2006; Groenewegen, 1995, p. 125-126; Raffaelli, Becattini, & Dardi, 2006, pp. 128, 192, 568).

It is Lotze’s pervading influence at Cambridge, however, which is of interest in the development of Pigou’s philosophical orientation, as Lotze’s influence, alongside that of Sidgwick, can be traced to significant philosophical critiques which emerged in the Moral Sciences at Cambridge approaching the turn of the 20th century. Lotze first became prominent in German-speaking Europe as part of the anti-Hegelian German objectivist movement (Milkov, 2013). Graduating from Leipzig University in 1838 with doctorates in medicine and philosophy, a feature of Lotze’s philosophical approach was a commitment to scientific method. His major philosophical works included: his early system of philosophy in what is sometimes referred to as the “lesser” *Metaphysics* (1841) and “lesser” *Logic* (1843); his philosophical system written for a popular audience, *Microcosm* (published in three volumes between 1856 and 1864); and his revised works in philosophy which consisted of his substantially extended and revised work on logic and metaphysics in what is sometimes referred to as the “greater” *Logic* (1874) and “greater” *Metaphysics* (1879). Lotze died in 1881 before his planned final volume that was to include a treatment of ethics, aesthetics and religious philosophy, was completed.¹⁰

¹⁰ George T. Ladd (1986a, 1886b, 1887), however, published dictated portions of Lotze’s Lectures on Aesthetics as well as Psychology and Logic.

Considered the single most influential philosopher in Germany before the impact of high modernism, Lotze's continuing interest in both medicine and the mind-body problem also led to foundational works in the emerging discipline of psychology (Sullivan, 2010). During the mid-1800s, such was Lotze's reputation that scholars from across Europe, Great Britain and America made sojourns to Germany to attend his lectures and study under his guidance.

In a similar spirit to Sidgwick, Lotze attempted to mediate between opposing philosophical views to find an alternate to the extremes of idealism, on the one hand, and realism, on the other. To address this, Lotze approached this problem by postulating a union between the realms of thought and material. This union was conceived as arising from a process that Lotze termed "teleo-mechanism" or "ideal-realism", whereby the natural material world was conceived as an essentially mechanical system, but it was via this mechanism that consciousness (or spirit) moved towards the realization of a set of idealities. Lotze had a pluralist conception of value which included: ethical values (Good); theoretical values (Truth); and aesthetic value (Beauty).¹¹ Ethical values were set as the *prius* of Lotze's system of philosophy as he proposed that is only via the conception of these values, as idealities, that human beings could comprehend and interpret the process towards which this unified system moved.¹² In recognising the constraints of human cognition, Lotze argued that the *unity* between the realms of thought and the natural material world transcended knowledge and rational demonstration. The concept of relations was internal to Lotze's system; to be was to be related. Because of this, Lotze advanced that axiology, in light of the limits of human cognitive capacities, should be an anthropological exercise. His system was not without issues of coherence or critique, but aspects of his work broadly appealed to scholars; their interest being characterised in the literature as having been shaped by partisan motivations and a reflection of personal values (Beiser 2013, p. 130; Mander 2011, p. 22; Passmore 1966, p 49-51).

Lotze's system of thought was imported to Britain in two ways. First, several notable British intellects had studied under Lotze at Göttingen: James Ward, a contemporary of Marshall who held the Chair in Mental Philosophy and Logic at Cambridge from 1897-1925; John Cook Wilson who became the Wykeham Professor of Logic at New College, Oxford; Andrew Seth Pringle-Pattison who later became Professor of Logic, Rhetoric and Metaphysics at St Andrews (1887-91); James Sully who became the Grote Professor of the Philosophy of Mind and Logic at University College, London, from 1892 to 1903; Richard Burdon Haldane, the notable

¹¹ Together with Wilhelm Windelband, Lotze has been described as a father of axiology or the philosophy of values (Skowronski, 2010 , p. 4)

¹² It is not unsurprising that Kuntz (1971, 68-87) traces Alfred North Whitehead's development of process philosophy back to Lotze's conception of relational movement towards idealities.

British politician and Lord Chancellor from 1912-1915 and 1924; and the poet, Robert Browning. Lotze's second path of influence in Britain was through the systematic translation of his metaphysical works commenced by Green in 1890, which continued after Green's death by Bernard Bosanquet, with F.H. Bradley, R.L. Nettleship and J. Cook Wilson all assisting with editing his works at various stages. Translations of Lotze's works were then published in the newly commenced journals *Mind* and *The Proceedings of the Aristotelian Society* which published material relating to psychological and philosophical matters. Concurrently, Sidgwick facilitated the translation of Lotze's popular and influential work, *Microcosm*, the translation of which was completed by Elizabeth Hamilton and E.E. Constance Jones at Cambridge in 1885. T.M. Lindsay's (1876) article on Lotze, in the very first edition of *Mind*, underlines the importance of, and regard in which Lotze was generally held across several continents and, indeed, provides a counter to how mechanism was generally viewed in the newly emerging moral sciences; a view which counters the purely physicalist influences which historians have tended to highlight as having shaped, for example, economic method.¹³

3. The Emergence of Personal Idealism at Cambridge

Luigi Dappiano (1997, p. 111) contends that the idealism which emerged at Cambridge differed from that at Oxford¹⁴ because of a "[g]reater proximity to Lotze [and] a greater receptivity to his realist and pluralist theories". This contention, however, might best be considered alongside the strong tradition of utilitarianism in the moral sciences at Cambridge during this period, upheld by presence and influence of Sidgwick, and why contemplations of the importance of the individual remained an important metaphysical preoccupation in the moral sciences at Cambridge during the late 19th Century.

¹³ Lotze's philosophical and scientific legacies largely fell into obscurity during the course of the 20th century, though renewed interest in his work has coincided with increased interest in, and research being undertaken on, topics related to the history of analytic philosophy, the history of idealism, and the impact and migration of European thought during the 19th century. Discussing the impact of Lotze's logic, Mathieu Marion (2009, p. 8) notes that "the influence of Lotze is everywhere to be felt in the late 19th Century but hardly ever studied". Lotze's body of work has been identified as having influenced the (i) neo-Kantians (Milkov 2003); (ii) Franz Brentano and his school (Albertazzi, 2006); (iii) the British idealists (Dappiano, 1997; Mander, 2011; Milkov, 2000); (iv) American pragmatism (Hookway, 2009; Kraushaar, 1938); (v) Husserl's phenomenology (Hauser, 2003 as cited by Milkov 2008); (vi) Dilthey's philosophy of life (Orth, 1984 as cited by Milkov 2008); (vii) Frege's logic (Reck, 2002, 2013); and (viii) the early Cambridge analytical philosophy of Russell and Moore (Bell, 1999; Milkov, 2008, 2013). By the 1930s, however, Lotze's pluralist approach had given way to a wave of new philosophical concerns and the likes of Wittgenstein (as cited in Cahill, 2011, note 97) would comment that Lotze was "probably a man who shouldn't have been allowed to write philosophy".

¹⁴ An important exception here is John Cook Wilson, the Wykeham Professor of Logic at New College, Oxford, who had studied directly under Lotze at Göttingen. Cook Wilson has been referred to as the founder of "Oxford Realism" influencing the like of H. A. Prichard, Gilbert Ryle, and J. L. Austin. Cook Wilson was critical of both empiricism and idealism, and was instrumental in weakening the sway of idealism at Oxford (Mathieu, 2010).

The importance of the individual became a distinguishing feature of the philosophical visions developed at Cambridge during the late British idealist period. Ward and McTaggart, particularly, developed idealist systems in which selves were fundamental, the parts being distinguished from the whole. Ward's¹⁵ idealism had pluralistic features where interaction between a multiple "cognitive agents" was a source of both habit formation and spontaneity. Ward's and Stout's conception of the whole consisted of parts that were subject at times to transformation through relations forming new wholes, so over a continuum the emergence of a plurality of wholes was conceived. Thus for Ward:

"[a]t any given moment we have a certain whole of presentations, a 'field of consciousness' psychologically one and continuous; at the next we have not an entirely new field but a partial change within this field" (as cited in van der Schaar, 2013, p.52).

McTaggart expounded a form of personal idealism where selves were distinguished from the absolute by their temporality and movement toward an ideal state conceived as love (Mander 2011, pp. 369-376; Passmore 1966).¹⁶ Sorley's fellowship dissertation for election at Trinity was a study of ethics with particular consideration given to the theory of evolution.¹⁷ Sorley followed Lotze's emphasis on value and the dictum that "the true beginning of metaphysics lies in ethics"; for Sorley, freedom of the self as a centre of consciousness came to realise the nature of reality through moral experience and the process of valuation (Long, 1995, pp.381-394).

The focus upon personal idealism was not limited to Cambridge. Outside of Cambridge Andrew Seth Pringle-Pattison (1890) initiated a critique against absolute Hegelianism in his book, *Scottish Philosophy: a Comparison of the Scottish and German answers to Hume* based on absolute idealism's failure to deal with human individuality.¹⁸ Hastings Rashdall, a Fellow of New College, Oxford, also adopted a type of personal idealism in his main work *The Theory of Good and Evil* (1907)¹⁹ and expounded a non-hedonistic theory of utilitarianism he termed "ideal utilitarianism". Rashdall (1907, Vol II p. 1) contended that "acts are right or wrong according as they do or do not tend to promote the greatest quantity of [general] good". He developed a pluralist notion of the Good as

¹⁵ James Ward had acknowledged the resounding influence upon both Sidgwick and Lotze upon his views stating that "two men have made me: Hermann Lotze and Henry Sidgwick" (Ward as cited by Bartlett, 1925).

¹⁶ Dappiano (1997, p. 112-113) finds the features of common sense and critical realism in MacTaggart's personal idealism consistent with the early Hegelianism adopted by John Grote who had succeeded Whewell as Knightsbridge Professor of Moral philosophy at Cambridge University in 1855.

¹⁷ Leaving Cambridge in 1888, Sorley held Chairs in Philosophy and Logic at Cardiff and later Saint Andrew's, returning to Cambridge in 1900 when he succeeded Sidgwick as Knightsbridge Professor of Moral Philosophy.

¹⁸ Although Dunham et al (2011) citing Cunningham (1933) notes that Pringle-Pattison distanced himself from personal idealists such as Ward and McTaggart and is better seen as representing a middle point between absolute and personal idealism which Cunningham refers to as "Personalistic Absolutism".

¹⁹ Rashdall had dedicated his work to Green and Sidgwick.

had Lotze. In Rashdall's case, however, the Good consisted of virtue, intellectual activities, affection or social emotion, and pleasure.

Given the established importance of Sidgwick's influence upon Marshall and Pigou, can we establish whether Sidgwick was influenced by Lotze's philosophy? The answer to this question can be illuminated somewhat by assessments made by Sidgwick's contemporaries. Two sources become relevant in this regard: Andrew Seth Pringle-Pattison's (1908) review of Sidgwick's memoir in *Mind* and an assessment of Sidgwick and Lotze in comparative form by Merz (1903). Pringle-Pattinson (1908, p. 92) finds a spirit of commonality in both scholars – "To Sidgwick as to Lotze, with whom he had temperamentally a good deal in common, the problem of philosophy presented itself as the reconciliation of spiritual needs with intellectual principles". In recognising the weaknesses of idealism and utilitarianism, Sidgwick like Lotze sought reconciliation between the realms of thought and material. However, whilst Lotze's solution sought union by finding order in the "cosmos", Sidgwick found "chaos" in attempts to find a unity and an inherent duality remained in his system ethics. Merz's (1903, pp. 224-229) assessment of Sidgwick's *Methods of Ethics* found that "those [...] who know about Continental philosophy cannot help being [...] struck by the similarity of the position of Lotze's writings". Merz found that: (i) both scholars undertook a thorough investigation of existing and conflicting schools of thought by engaging common-sense; (ii) both were sceptical of the human cognitive capacities to solve philosophical problems and therefore opposed the extremes materialism and intuitionism leading them both to conclude that behind our ultimate intuitions there remained something which must be accepted but remained unproved; and (iii) both recognised the ultimate importance of the individual consciousness or Self in the contemplation of philosophical issues, but Sidgwick's universalistic hedonism led him to determine two lines of ethical thought – the personal (intuitional) and the social (utilitarian). Merz also, perhaps revealing his own leanings, considered that neither Lotze nor Sidgwick had provided a full statement or adequate criticism of evolutionary ethics. However, both Lotze (Beiser 2014, p. 261 cites Lotze's 1884 *Metaphysik*, pp. 464-466 in this regard) and Sidgwick (1876) were sceptical of radical naturalism and its intrusion on metaphysical issues and had made provisional cases against it.

The overarching similarity between Sidgwick and Lotze which we can derive from these assessments is their mediatory role in philosophy during a period of tumultuous transition in the sphere of knowledge. Can we determine how Sidgwick viewed Lotze's ideas? As there is scant references to Lotze in Sidgwick's writings and absence of reference to any associated influence of Lotze upon Sidgwick by biographers, the answer must be, no. We can only speculate on this from the surrounding context of influences extant in his time and place. Sidgwick's lack of referencing

Lotze's works may, in part, be attributed to Lotze's incomplete statement of an ethical system. Sidgwick briefly refers to Lotze's contemplation of Helmholtz's Metageometry in an article in *Mind* appearing in 1900, the year in which Sidgwick died. Though we might speculate on Sidgwick's familiarity with Lotze's work, via his instrumentality in having Lotze's *Microcosm* published in English and his works recommended as required reading for moral sciences studies at Cambridge, we know with certainty that Sidgwick had developed his own metaphysical position on ethics by a balanced contemplation of competing schools of thought, and that his conclusions had led him to a dualist position which he continued to contemplate during his life.²⁰

It is against this broader contextual background that important critiques of the pervading intellectual status quo at Cambridge emerged from the moral sciences milieu at Cambridge during the closing decades of the 19th century and early 20th century. The general form of Ward's and Sorley's idealism has already been considered briefly above. Arising from his philosophical stance, Ward (1886) had mounted an influential critique of associationist psychology via his entry on psychology appearing in the *Encyclopaedia Britannica* which brought the associationist psychology of Mill and Bain into disrepute. Ward effectively shifted the focus of psychology studies at Cambridge, to not only include physicalist explanations, but also methods via which the nature and role of subjective consciousness was taken account. Following Sidgwick and Lotze, Ward (1899) also critiqued the advance of naturalism into philosophical domains on the grounds that mechanism only presented a partial view of reality. Ward addressed limits of naturalism more rigorously in his later philosophical works *The Realm of Ends, or Pluralism and Theism* published in 1911 and *Essays in Philosophy* published in 1927. Sorley (1885) critiqued Herbert Spencer's inspired idea of evolutionary theories of ethics particularly, describing them as "unable either to set up a comprehensive ideal for life, or to yield any principle for distinguishing between good and evil in conduct" (p. 309). The next generation of Cambridge philosophers extended these critiques further.

Russell and G.E. Moore both rejected the neo-Hegelianism propounded by their teachers Ward and Sorley²¹ and developed philosophies along more radically realist lines. Russell outlined his atomistic stance in his *Principles of Mathematics* published in 1903 developing Logicism, defining mathematical entities like numbers, in pure logic, and deriving their fundamental properties.

²⁰ Sidgwick had been one of the founding members of the Society for Psychical Research in 1882, and his interests in investigating the possibilities of life after death can be directly related to his ethical studies in which he had recognised a requirement of "a future life" to reconcile his dual conclusion.

²¹ Dappiano (1997, p. 116) suggests that Russell's and Moore's attacks on Hegelianism were more properly directed at the monism and absolute idealism expounded by Bradley at Oxford. Although Kuntz (1971, p. 57) notes that both G.E. Moore and Russell had found Lotze's thinking "often very confused".

Milkov (2008) argues that Russell's ontological position largely developed from his readings of Lotze during 1897, finding avenue to base his Logicism on a pluralist and relational conception of space and time. Milkov argues that –

“Russell decided for the relational conception only after he attended lectures by McTaggart on Lotze [...] The lectures helped Russell to advance [...] to a new theory of judgment according to which judgments relate terms (individuals) which are distinct one from another.” (p. 186)

Russell later developed his principles more extensively with Alfred North Whitehead in *Principia Mathematica* which was published in three volumes between 1910 and 1913.

G.E. Moore (1903), addressing Sidgwick's final pessimistic and dualist ethical stance and drawing on Lotze's realism, famously critiqued utilitarian ethics on the basis of the naturalistic fallacy, developing of his own intuitionist system of ethics.²² Moore asserted that ethical theorists before him had made the mistake of determining the qualities that make things good inevitably provide a false analysis of the term “Good” and the properties of goodness (the “naturalistic fallacy”). Moore's argument formed a basis for the rejection of hedonism. “Good” to Moore was indefinable and unanalysable in terms of any other property. Whatever their particular readings of Lotze, both Russell and Moore are considered as contributing to the eventual weakening of the idealist movement in Great Britain and founders of analytic philosophy.²³

These three critiques at Cambridge represent significant intellectual shifts and effectively separate the times when Marshall's and Pigou's foundational intellectual development took place. Marshall's early philosophical interests, including his sojourns to Germany to study Kant and Hegel, his interests in psychology, in Babbage and Bain, his interests in the physicalist studies of the human mind by the likes of Helmholtz informed by the profound impacts of discoveries in human physiology, and in Darwin's and Spencer's theories of evolution, have been studied in some depth (Simon Cook, 2009; Groenewegen, 1995; Raffaelli, 1994; Raffaelli et al., 2006). This is not to say that the later developments outlined above did not impact Marshall's thinking. Indeed, the above context, examining differences in the *types* of idealism which had developed in Britain *heterogeneously over time*, could be of some value to interpretative perspectives of Marshall's

²² The influence of Lotze upon Russell and Moore's early thought and the birth of analytic philosophy has been traced by several scholars (Bell, 1999; Milkov, 2000, 2008; Passmore, 1966). Bell (1999) traces both as having been influenced by continental scholars of which Lotze was one. Milkov (2000, 2008) discusses Russell's intellectual debt to Lotze directly. Passmore (1966) refers to Moore's rejection of the Hegelian view and attributes this to his exposure to Lotze's philosophy.

²³ Additionally, it has been argued that demarcation disputes between idealists on the nature of absolute and personal idealism also contributed to the movement's internal collapse (see, Passmore, 1976).

philosophical development and provide for a broader understanding of the term “neo-Hegelian” (Simon Cook, 2012; Raffaelli, 2012). The point is that Pigou’s foundational thought was forged during a time when significant key intellectual influences noted to have shaped Marshall’s earlier foundational thought – physicalist approaches to psychology, naturalism and evolutionary theories of ethics, and metaphysical positions – were being severely critiqued.

4. The Indirect Influence of Lotze on Pigou via the Cambridge Philosophers

The broader context outlined above of the changes in the intellectual milieu at Cambridge during the late 19th Century is reflected in the requirements outlined for the Moral Sciences Tripos during 1899, the year in which Pigou commenced his study. Completing Part II of the Moral Sciences Tripos in 1900 after completing the undivided History Tripos, Pigou achieved a first with special distinction for his studies in Ethics, Political Philosophy and Advanced Political Economy (The University of Cambridge, 1900, p. 374). The moral sciences syllabus (The University of Cambridge, 1899, pp. xxxix-xli) during the year Pigou conducted his studies required students to complete an essay paper containing questions on *all* subjects covered in the moral sciences. So though Pigou specialised in Ethics, Politics and Advanced Political Economy, the broader requirements of the Tripos meant that he was required to study certain aspects falling under Metaphysics, the History of Philosophy, Advanced Psychology and Psychophysics and Advanced Logic and Methodology.²⁴

The required reading as outlined in the Student Guide for the Tripos edited by Ward (1893) in its amended form in 1899²⁵ indicate three significant differences in the intellectual influences between Marshall’s foundational studies and Pigou’s. First, the presence of Herman Lotze and Neo-Kantians is evident in the prescribed reading across the Tripos in metaphysics, logic and psychology, including Lotze’s *Metaphysik*, *Medicinische Psychologie*, his works on Logic, and *Microcosmus*, and the prescribed reading of the works of Alois Riehl, Friedrich Paulsen and Johann Herbart. Second, Ward notes broad changes in psychology which had “made considerable advances in recent times”, generally reflecting the change in focus in psychology as outlined above. The recommended readings not only included the physicalist works of Sully and Bain, and the works of Ward, but also of Herbart, Lotze, Fechner, Drobisch, Wundt, Morell and William James. Third, there is a clear emphasis upon the student’s *critical* evaluation of types of ethical theory, between intuitionist, utilitarian, evolutionist and idealistic schools, students being advised to study the major critiques of each approach. It is also significant that in the year of Pigou’s study for the Tripos the special subject in the History of Philosophy centred on Leibnitz’s philosophy, together

²⁴ Requirements for the new regulations for the Moral Sciences Tripos came into effect for examinations held in 1901 (The University of Cambridge, 1900).

²⁵ It was in its 5th amended edition by 1899.

with a study of Lotze’s *Metaphysik* and *Microcosmus*; Liebnitz and Lotze both being scholars whose metaphysics centred on the conception of individuals/entities as separate centres of consciousness and their interaction/relations with each other. Pigou kept a personal copy of *Microcosmus* (as well as a range of philosophical works) in his personal library (Kings College Archives, KCAC-6-1-11-36). In view of this, and the syllabus of the Moral Sciences Tripos, it is highly likely that he read the work of Lotze and the Neo-Kantians. And it is certain that he had developed a well-considered metaphysical vision and ethical stance, as evident in his philosophical essays published collectively 1908 as *The Trouble with Theism and Other Essays*.²⁶ It is within these essays that the influences described above become evident in the philosophical stance Pigou advances.

The impact of Sidgwick upon Pigou’s philosophical thought is well known. That influence is clearly articulated by Pigou in the Preface to *The Trouble with Theism and Other Essays* where he states that “[f]or the general philosophical standpoint that I have adopted I am chiefly indebted to the writings of the late Professor Sidgwick” (1908, p. viii). Pigou, however, also acknowledges Bertrand Russell for reading through and offering valuable criticisms for the whole manuscript. A.H. Moberly²⁷, John Maynard Keynes, and the Rev. John R.P. Sclater²⁸ also provided “useful suggestions upon special points”. Pigou also makes the point that these essays were not the result of his main work, by then firmly established in economics, but as a “bye-occupation”. However, the essays contained in this book may be viewed as a statement of Pigou’s philosophical position on key aspects which related to his economic thought: the nature of reality of which economic phenomenon is but part; and ethics, which is informed by economic study.

The book is structure in a particular way and addresses, in a series of essays, first, ontological matters, and, second, ethics and addresses key controversies surrounding the study of ethics which Sidgwick (1886) identified in his *Outlines of the History of Ethics*. This structure of the book is illustrated below.

Chapter Title	Broad Topic Summary	
1. The General Nature of Reality	- pluralism v. monism	} <i>Ontological Stance</i>
2. The Problem of Theism	- spiritism v. materialism	

²⁶ Although published in 1908, several of Pigou’s essays had appeared earlier in the International Journal of Ethics and one in the Independent Review.

²⁷ Arthur Hamilton Moberly was a friend of Pigou’s from King’s. He was 10 years his junior and is listed as graduating with a B.A. from Cambridge in 1906. Born into a prominent ecclesiastical family, Moberly’s grandfather was George Moberly, Bishop of Salisbury; his father, Robert Campbell Moberly, Regius Professor of Pastoral Theology at the University of Oxford and a Canon of Christ Church Cathedral; and his brothers were, Sir Walter Hamilton Moberly, a notable intellect in philosophy and political science, and Robert Hamilton Moberly, later the Dean of Salisbury. Moberly later pursued a career in architecture and is probably the young friend who is referred to as having designed Pigou’s house at Buttermere.

²⁸ Sclater had attended Emmanuel College and, like Pigou, was a past president of the Students’ Union. He had graduated from Moral Sciences Tripos in 1898.

- | | | |
|--|--|-------------------------|
| 3. Free Will | - determinism v. non-determinism | } <i>Ethical Stance</i> |
| 4. The Problem of Good | - axiology | |
| 5. The Ethics of the Gospels | - Love and character in Jesus's ethics | |
| 6. The Ethics of Nietzsche | - ethical ideals - pessimism | |
| 7. The Optimism of Browning and Meredith | - ethical ideals - optimism | |

Pigou commences his first essay “The General Nature of Reality” citing Lotze from *Microcosm* to examine the assertion “that an independent reality exists”, and the question – “In what does that reality consist?” Pigou (1908, p. 17) critically evaluates various forms of monism (physicalist materialism, emergentist materialism, absolute idealism, and neo-Kantian idealism) which he rejects and asserts a pluralist stance similar to Lotze, accepting Lotze’s assertion that there is an independent reality. In this first essay Pigou is not reduced to complete scepticism about what an independent reality may consist of. He states an agnostic view in considering the possible relation between percipients and the independent reality coming to the conclusion that “ordinary experience indicates that part of the independent reality consists of the spirits of living men and perhaps of animals”. Drawing on Russell (1903), Pigou dismisses forms of idealism²⁹ and materialism and employs critical realism³⁰ to conclude that the independent reality is constituted in part by entities “consisting respectively of infinite collections of points and instants”.³¹ Taken together, Pigou asserts a form of psychophysical dualism as had Lotze, though for methodological purposes.³² Pigou’s continuing interest in the nature of how these two spheres interacted is evident in his long membership with the Psychical Research Society and his contributions to the *Society of Psychical Research Proceedings* which indicate his interests in scientifically studying such phenomenon which could shed light on these matters (Pigou 1909, 1911; Balfour 1911).

Pigou’s second essay deals with the existence of God and is couched in terms of the enduring debate of creationism (spiritism) versus evolution (materialism). It is in this essay that we can clearly observe the influence of not only Sidgwick, but Lotze, Ward, Sorley and Stout concerning the limits of naturalism. Pigou (1908, p. 27) finds on two grounds that the argument

²⁹ In effect, by following Russell, Pigou rejects the antinomies of Kant.

³⁰ Pigou here distinguishes between "Kantian view" (we can't perceive things as they are in themselves), "naïve realism" (the world is what we see) and "critical realism" which he differentiates from naïve realism by drawing on Kulpe (philosopher), Whetham (Physical sciences) and Stout (psychologist). Pigou concludes that the world of appearance is not identical with the independent reality; therefore, he says "critical realism is master of the field" (1908 p. 15). Tony Lawson (2003) has in more recent times brought critical realism to the fore in economics in his work *Reorienting Economics*.

³¹ Russell (1921, p. 11) would later abandon this position and adopt a position of neutral monism – “[...] for which the reasons will appear in subsequent lectures – is that James is right in rejecting consciousness as an entity, and that the American realists are partly right, though not wholly, in considering that both mind and matter are composed of a neutral-stuff which, in isolation is neither mental nor material”.

³² Lotze too, adopted psychophysical dualism, but for methodological purposes, his fully matured position being describes as “spiritism”.

for Design, however false it may be, cannot be disproved by science: first, by drawing upon Hugo De Vries's (1904) observation that "Natural selection may explain the survival of the fittest, but it cannot explain the arrival of the fittest"; and second, that in acceding that Science may one day be able to explain "laws of mutation", the argument remains that such laws remain only a *description of a process* and not an *explanation* of it. Pigou provides an example from economic method to underline what he means – "I do not explain the industrial life of a people when I state its *process* in terms of the differential calculus" (1908, p. 26, my italics). Pigou concludes, however, that the evidence that Nature works to plan is lacking, and that Mill's (1874) design argument in his *Essays on Religion* cannot be sustained, nor can the finality of nature or design be sustained by appealing to probability. Pigou then considers emergent systems where broad underlying order appears from "complex conflicting forces" such as in the economic world where the multiple activities of business and industry lead to regularities which appear to be an "act of a single hand". These tendencies, Pigou thinks, might point to finality in nature, yet need not be attributable to Christian Theism. Christian Theism remains, for Pigou, "unproven and barely probable". Yet he considers that the many and varied accounts of religious experience over the course of human history is suggestive of "a reality more deep than the cool transparencies of thought" and explores various avenues for understanding this phenomenon scientifically. Pigou concludes in concert with Sidgwick that "[h]umanity will not and cannot acquiesce in a godless world" (Sidgwick from *Tennyson, a Memoir*, i. p, 302 cited by Pigou 1908, p. 63). It must be recalled, however, that Pigou (1907, p. 369) was prepared to consider eugenics as a means of social improvement, though underlining that such considerations needed to be considered as "data and not precepts", and comment indicative of Pigou's dual perspective.

Pigou sets out his position on the problem of "free will" in his third essay; a problem intimately connected with the question of moral responsibility and hinging on the nature of determinism. Pigou points out that many philosophers consider that moral duty requires determinism, as individuals can only be responsible for actions if they follow causally from their character. Pigou, however, intuitively considered himself "a centre of conflicting desires, with any one of which [he was] free within limits to identify [him] self in will". The nature of volition is, therefore, important in the formation of Pigou's stance. Pigou (1908, p. 79, especially fn.1) supposes that Mill failed to distinguish properly between desires and volition and rejects both Mill's and McTaggart's psychological analysis for determinism. Pigou supposes, as Sidgwick, that free-will may be illusionary, but on the basis of weak evidence for determinism rejects this and makes "the workaday conclusion of uninstructed common sense" that the will is endowed with limited freedom. Pigou's awareness of the fine nuances in the analysis of individuals' choices as it

affects desires and satisfactions and the analytical difficulties this presents to economic welfare analysis is later outlined in *The Economics of Welfare* (1920, p. 23).

Pigou's fourth essay, "The Problem of Good" which had been published previously in the *International Journal of Ethics* as "Some points of Ethical Controversy" has been considered by both Backhouse (2006) and Satoshi Yamazaki (2008) as a point of reference concerning the form of Pigou's utilitarianism. Backhouse traces the underlying influence of Sidgwick upon Marshall, Pigou and Keynes and contends that the latter two Cambridge economists' understanding of Sidgwick was "mediated in economics by Marshall and in moral philosophy by Moore" (2006 p. 35). Although Backhouse points to the exception that Pigou took with regard to Moore's critique of Sidgwick. Yamazaki extensively draws upon Pigou's essay in his reconstruction of Pigou's ethics and its relation his welfare analysis, particularly to Yamazaki's later distinction between what he nominates as Pigou's "need satisfaction principle" as contrasted to his "desire satisfaction principle". Yamazaki correctly differentiates Pigou's utilitarian stance from the Hedonistic utilitarianism of Bentham, Mill and Sidgwick, and contends that Pigou is best viewed as an "ideal utilitarian" along the lines of Rashdall and Moore; that is, normative ethics might be informed by the consideration of acts (a form of ethical consequentialism, rather than ethical deontology) as they do, or do not, tend to promote the greatest quantity of good.³³ Yamazaki's reconstruction, however, pivots on a direct comparison of Pigou's ethical stance to that developed by G.E. Moore in *Principia Ethica*. The wider context of changes impacting ethical studies during the late 19th Century, and the consideration of Pigou's essays as *collectively* representing Pigou's philosophical stance provide a complementary perspective here.

Pigou confines himself in this essay to the consideration of metaphysical good (metaphysical ethics), rather than normative ethics and considers in turn: methods of ethics; the nature of goodness; and goodness in relation to others. Pigou rejects outright T.H. Green's method to determine *a priori* what things must be good and again cites Lotze – "What is good and evil remains just as incapable of being reached by mere thought as what is blue or sweet" (1908, p.82 citing Lotze, *Microcosmos*, English translation, vol. ii. P. 357) – before then referring to the example of the perception of things which are "yellow and others red" which Yamazaki draws upon to link Pigou to Moore (as this is the example which Moore had given in *Principia Ethica*). However, it is significant that Pigou first draws the reader to the original source, Lotze. Pigou then rejects Moore's doctrine of organic goods, and defers to a contention reminiscent of Sidgwick (1900) that it is only states of conscious life — within the region of experience — that

³³ A. Skelton (2011) provides a comparison of Rashdall's and Moore's ideal utilitarianism which he argues employed different gamut of arguments.

humans have knowledge. Pigou then develops a pluralistic conception of good, as had both Moore and Rashdall, although the broader influence of Lotze's pluralism and axiology lie behind this as discussed above. Pigou (1908, p.87-88) conceives the goodness of any conscious state a function of several variables (pleasant feelings, enthusiasm in pursuit of ideals, love). He then considers the relation of goodness as between individuals. This is an important consideration for it points towards the normative ethics which his economic analysis informed. He considers both Green's and Bradley's idealistic positions as indefensible as the real world was "not a community of angels", and good is more likely to be competitive. He then moves to consider Sidgwick's dualistic contradiction between duty (maximising the pleasurable consciousness of all human beings) and interest (maximising the pleasurable consciousness of one self); when one comes into conflict with the other, rational intuition cannot resolve the matter. Sidgwick only sees the possibility of a future life a solution to this problem. Pigou takes issue with Moore's interpretation of the point of Sidgwick's contradiction and concurs with Russell's identification of logical flaws in Moore's ethical stance. To understand Pigou's final position, Russell's (1904) critique of Moore's ethical system therefore needs to be understood.

Russell (2014, CPBR vol.4, p. 567, letter to Moore) had considered Moore's views on Practical Ethics "unduly Conservative and anti-reforming" and found several logical inconsistencies in his system.³⁴ What Pigou points to in "The Problem of Good" is Russell's concern that Moore had confused the relation between "good" and "ought", and this relates to the form of Moore's consequentialism. Russell considers the example of a mother who raises a child who subsequently wrecks great evil upon the world. In such a case, for Russell, the woman could not be blamed for bringing up the child rather than permitting the child to be killed at birth, so the act of bringing up the child, although the right thing for the mother to do at the time, does not bring about the best actual consequence for society. In effect the outcomes of actions are uncertain. Russell, although acknowledging rules become necessary as heuristic devices in human society, suggested a modification to Moore's contradictory thesis from the form, "we ought to perform those acts *that will* in fact produce the best consequences" to "we ought to perform those acts *which it is reasonable to believe* will produce the best consequences". Russell's normative ethics, by employing of an *expected* utility criterion, has been described as act-consequentialism and differentiated from Moore's rule-consequentialism (Pigden 2014, pp. 26-33). This is reflected in Russell's comments on normative ethics:

³⁴ Pigden (2014) provides a concise summary of the three major critiques Russell directed at Moore's logic.

“I should say, therefore, with the utilitarians, that the right act, in any given circumstances, is that which, on the data, will *probably* produce the greatest balance of good over evil of all the acts that are possible; but that the performance of such acts may be promoted by the existence of a moral code” (Russell, 1999 p. 216: italics mine).³⁵

Pigou moves in his essay from a consideration of metaphysical ethics without outlining a clear position of his normative ethics, apart from his concurrence with Russell. It can be discerned, however, in his economic thought and Russell’s act-consequentialism seems to be the approach which Pigou rests at. For example, in his later reflections on welfare Pigou states -

“[W]hen we have ascertained that the effect of one cause is more favourable than that of another cause to economic welfare, we may, on the same terms, conclude that the effect of this cause on total welfare is *probably* more favourable.” (Pigou 1952a, 20: italics mine).

Pigou (1912, p. 11) relies on Edgeworth’s “unverifiable probability” in *Wealth and Welfare* to determine Russell’s “data”.³⁶ The wider ramifications of the form of Pigou’s ideal utilitarianism was a broader requirement of aggregative economic analysis which Pigou centred on the national income (or dividend) as a measure of general economic prosperity which Pigou supposed moved in the same general directions as total welfare. Aslanbeigui’s and Oakes’s (2012) consideration of Pigou’s tendency to approach economic policy analysis on a case by case basis might be drawn back to his ethical stance which required a measured consideration of the balance of impacts which economic effects might impart.

Pigou’s final essays deal with views on ethics from the Gospels, from Nietzsche and the poets, Browning and Meredith. They all broadly point to the nature of ideals. In contemplating the gospels, Pigou notes that Jesus traces conduct to character, “to him goodness was to be and not to do something” and on this point it centred on love as both a good itself and a means to good. However, Pigou concludes that the gospels do not provide a complete ethical doctrine as there is no guidance as to how love is best distributed. Pigou’s sympathetic review of Nietzsche’s ethical system sheds some light on Pigou’s interest in future generations as highlighted by Collard (1996). Pigou (1908, p. 123) finds in Nietzsche’s future man an ideal of the “full and harmonious

³⁵ Rashdall’s ideal utilitarianism echoes Russell’s comment. For Rashdall “the right action is always that which so far as the agent has the means of knowing) will produce the greatest amount of good upon the whole” (Skelton 2011, citing Rashdall from *The Theory of Good and Evil*, p.184).

³⁶ Backhouse (2006 p.38) notes that Pigou, unlike Sidgwick and Marshall, had improved statistical data to work with concerning income distribution via the work of Arthur Bowley and Vilfredo Pareto.

development of all our capacities”, not only a guide for today but also of tomorrow. Pigou concludes that:

“[he suspects] that in most moods Nietzsche would have conceded, that the nature and qualities of Beyond-man have not been determined. He is still the ghost that marches before us, more beautiful than we are, but only dimly seen [...] still for Zarathustra, the man of practice, he suffices; for he points him the way to his work.”
(1908, p. 126)

Pigou’s final essay considers the optimism found in the Browning’s and Meredith’s works and Pigou concludes that poet’s powers of intuition are higher “than the thinker in his study lacks”, concluding that their work should not only be appreciated for its beauty but for the knowledge and insight which it also bestows on ethical thought.

5. Conclusion

Pigou’s philosophical vision was well-developed by the time he had succeeded Marshall as Professor of Political Economy at Cambridge. However, the broader context of the milieu which had shaped his foundational studies in history and the moral sciences was quite different to that compared to Marshall’s a generation earlier. The underlying influence of Hermann Lotze, modulating the type of idealism in Britain towards the end of the 19th and early 20th century, which is often overlooked, coincided with Sidgwick’s efforts of maintaining the utilitarian tradition at Cambridge. Together these two influences led to forms of personal idealism to develop at Cambridge. Three important philosophical critiques at Cambridge emerged in this environment: James Ward’s critique of associationist psychology, and the broader implications of determining the limits of naturalism; Bertrand Russell’s rejection of idealism and his development of Logicism; and G.E. Moore’s critique of utilitarianism on the basis of the naturalistic fallacy and the development of his intuitive system of ethics. All three critiques influenced and shaped Pigou’s philosophical position and the form of his ideal utilitarianism.

The difference between Pigou’s philosophical foundations compared to that of Marshall’s point to underlying reasons why Pigou’s aspects of economic analysis took a different shape than Marshall’s. First, Pigou tended to place relatively greater emphasis on the states of consciousness and relatively less emphasis on evolution in the face of significant concerns regarding the limits of naturalism and the development of phenomenological forms of psychology. Second, general changes in attitude towards method in the face of broader changes in forms of logic and in the broader notions arising from Lotze’s conceptions of teleo-mechanism are evident in Pigou’s thought.

In recent years, a number of Marshall Scholars have highlighted Pigou's apparent failure to appreciate the significance of the biological analogy in Marshall's treatment of evolution. But it appears to me the line taken by Pigou has less to do with a failure to understand the significance of Marshall's biological analogy than the influence of Lotze and subsequent Cambridge philosophy, which attempted to limit significance of naturalism and evolution and placed greater emphasis on the importance of the subjective nature of consciousness. The significance of the later influence in Pigou's thinking is underlined by his interest in, and active contribution to, the activities of the Psychological Research Society. Assessments of Pigou's contributions have often occurred, as Collard (1981) puts it, in the shadow of Marshall and the pyrotechnics of Keynes. A broader perspective of Pigou's intellectual background, however, perhaps provides a basis to form alternative perspectives from which to develop better interpretation and understanding of the development of his economic thought post Marshall.

References

Archival references:

Books from the Library of the Late Professor A.C. Pigou. (undated) King's College, Cambridge Archive Centre KCAC-6-1-11-36

Published references:

- Albertazzi, L. (2006). *Immanent Realism, An Introduction to Brentano*. Dordrecht: Springer.
- Aslanbeigui, N., & Oakes, G. (2012). On Pigou's Theory of Economic Policy Analysis. *OEconomia*, 2(2), 123-150.
- Backhouse, R. E. (2006). Sidgwick, Marshall, and the Cambridge School of Economics. *History of Political Economy*, 38(1), 15-44. doi: 10.1215/00182702-38-1-15
- Backhouse, R. E., & Nishizawa, T. (Eds.). (2010). *No Wealth But Life: Welfare Economics and the Welfare State in Britain, 1880-1945*. Cambridge: Cambridge University Press.
- Balfour, G. W. (1911). Professor Pigou on Cross-Correspondence. Society of Psychological Research Proceedings 25: Part 62.
- Bartlett, F. C. (1925). James Ward 1843-1925. *American Journal of Psychology*, 36, 449-453.
- Beiser, F. C. (2013). *Late German Idealism: Trendelenburg and Lotze*. Oxford: Oxford University Press.
- Beiser, F. C. (2014). *The Genesis of Neo-Kantianism, 1796-1880*. Oxford, United Kingdom: Oxford University Press.
- Bell, D. (1999). The Revolution of Moore and Russell: A Very British Coup? *Royal Institute of Philosophy Supplement*, 44, 193-209.
- Bentham, J. (1789). *An Introduction to the Principles of Morals and Legislation*.
- Black, R. C. (1990). Jevons, Marshall and the Utilitarian Tradition. *Scottish Journal of Political Economy*, 37(1), 5-17.
- Bosanquet, B. (1912). *The Principle of Individuality and Value*. London, Macmillan.
- Boucher, D., & Vincent, A. (2012). *British Idealism*. London: Continuum International Publishing Group.
- Cahill, K. M. (2011). *The Fate of Wonder: Wittgenstein's Critique of Metaphysics and Modernity*. New York: Columbia University Press.

- Coats, A. W. (1992). *On the History of Economic Thought : British and American Economic Essays*. [electronic resource] (Vol. 1). London: Routledge.
- Coats, B. W., & Raffaelli, T. (2006). Economics and Ethics. In T. Raffaelli, G. Becattini & M. Dardi (Eds.), *The Elgar Companion to Alfred Marshall*. Cheltenham: Edward Elgar Publishing Limited.
- Collard, D. (1996). Pigou and Future Generations: A Cambridge Tradition. *Cambridge Journal of Economics*, 20(5), 585-597.
- Cook, S. (2006). Economics and Psychology. In T. Raffaelli, G. Becattini & M. Dardi (Eds.), *The Elgar Companion to Alfred Marshall* (pp. 190-202). Cheltenham: Edward Elgar Publishing Limited.
- Cook, S. (2009). *The Intellectual Foundations of Alfred Marshall's Economic Science: A Rounded Globe of Knowledge*
- Cook, S. (2012). On Marshall's idealism. *The European Journal of the History of Economic Thought*, 19(1), 109-114. doi: 10.1080/09672567.2011.592850
- Cunningham, G. (1933). *The Idealistic Argument in Recent British and American Philosophy*. New York: Books for Libraries Press.
- Dappiano, L. (1997). Cambridge and the Austrian Connection. In R. Poli (Ed.), *In Itinere: European Cities and the Birth of Modern Scientific Philosophy* (pp. 99-124). Amsterdam: Rodopi B.V. Editions.
- DeVries, H. (1904). *Species and Varieties: Their Origin by Mutation*. Chicago, Open Court
- Dunham, J., Grant, I. H., & Watson, S. (2011). *Idealism: The History of a Philosophy*. Abingdon, Oxon: First published by Acumen, Published 2014 Routledge.
- Grattan-Guinness. (2010). How Influential was Mechanics in the Development of Neoclassical Economics? A Small Example of a Large Question. *Journal of the History of Economic Thought*, 32(4), 531-581.
- Green, T. H. (1883). *Prolegomena to Ethics*. Oxford, Clarendon.
- Groenewegen, P. (1995). *A soaring eagle : Alfred Marshall 1842-1924 / Peter Groenewegen*. Aldershot ; Brookfield, VT: E. Elgar.
- Hauser, K. (2003). Lotze and Husserl. *Archive fur Geschichte der Philosophie*, 85, 152-178.
- Hobbes, T. (1651). *Leviathan, or the Matter, Forme, and Power of a Commonwealth, Ecclesiasticall and Civil*.
- Hookway, C. (2009). Lotze and the Classical Pragmatists. *European Journal of Pragmatism and American Philosophy*, 1(1), 1-9.
- Kant, I. (1785). *Groundwork of the Metaphysic of Morals*.
- Kraushaar, O. (1938). What James' Philosophical Orientation owed to Lotze. *The Philosophical Review*, 47(5), 517-526.
- Kuntz, P. G. (1971). Rudolf Hermann Lotze, philosopher and critic. In P. G. Kuntz (Ed.), *G. Santayana, Lotze System of Philosophy*. Bloomington: Indiana University Press.
- Ladd, G. T. (1886). *Outlines of Psychology: Dictated Portions of the Lectures of Hermann Lotze*. Boston, U.S.A., Ginn and Company.
- Ladd, G. T. (1886). *Outlines of Aesthetics: Dictated Portions of the Lectures of Hermann Lotze*. Boston, U.S.A., Ginn and Company.
- Ladd, G. T. (1887). *Outlines of Logic and the Encyclopaedia of Philosophy: Dictated Portions of the Lectures of Herman Lotze*. Boston, U.S.A., Ginn and company.
- Lawson, T. (2003). *Reorienting Economics*. London, Routledge.
- Lindsay, T. M. (1876). Hermann Lotze. *Mind*, 1(3), 363-382.
- Long, E. T. (1995). The Gifford Lectures and the Scottish Personal Idealists. *The Review of Metaphysics*, 49(2), 365-395.
- Lotze, H. (1841). *Metaphysik*.
- Lotze, H. (1843) *Logik*
- Lotze, H. *Mikrokosmos: Ideen zur Naturgeschichte und Geschichte der Menschheit* (1856–64). 2nd ed., 1868-72. 4th ed., 1884-88
- Lotze, H. (1874) *System der Philosophie. Part 1. Logik: Drei Bücher*
- Lotze, H. (1874). *Logic, in three books: of Thought, of Investigation, and of Knowledge*. ed. and trans. B. Bosanquet, Oxford, Clarendon Press.
- Lotze, H. (1879) *System der Philosophie. Part 1. Metaphysik: Drei Bücher*
- Lotze, H. (1884). *Metaphysics, In Three Books: Ontology, Cosmology, and Psychology*. ed. and trans. B. Bosanquet Oxford, Clarendon Press.
- Lotze, H. (1885). *Microcosmus*. Translated from the German by Elizabeth Hamilton and E.E. Constance Jones. Edinburgh, T. & T. Clark.
- Mander, W. J. (2011). *British Idealism, A History*. New York: Oxford University Press Inc.

- Marion, M. (2009). Theory of Knowledge in Britain From 1860 to 1950, a Non-revolutionary Account. *The Baltic International Yearbook of Cognition, Logic and Communication*, 4(200 Years of Analytical Philosophy), 1-34.
- Mathieu, M. (2010). John Cook Wilson In E. N. Zalta (Ed.), *Stanford Encyclopedia of Philosophy*. <<http://plato.stanford.edu/archives/spr2010/entries/wilson/>>.
- McLure, M. (2013). *Assessments of A.C. Pigou's Fellowship Theses*. *History of Political Economy*, 45(2), pp. 255-286
- Medema, S. G. (2009). *The Hesitant Hand:Taming Self-Interest in the History of Economic Ideas*. Princeton, New Jersey: Princeton University Press.
- Merz, J. T. (2000 [1903]). *History of European Thought in the Nineteenth Century*. London, Continuum International Publishing Group Ltd/Books.
- Milkov, N. (2000). Lotze and the early Cambridge analytic philosophy. *Prima Philosophia*, 13, 133-153.
- Milkov, N. (2008). Russell's Debt to Lotze. *Studies in History and Philosophy of Science*, 39, 186-193.
- Milkov, N. (2013). Rudolf Hermann Lotze (1817-1881). In J. Fieser & B. Dowden (Eds.), *Internet Encyclopedia of Philosophy*. <http://www.iep.utm.edu/lotze/>.
- Mill, J. S. (1863). *Utilitarianism*.
- Mill, J. S. (1865). *An Examination of Sir William Hamilton's Philosophy*.
- Mill, J. S. 1874. *Three Essays on Religion*. London: Longmans, Green, Reader, and Dyer.
- Mirowski, P. (1989). *More Heat than Light*. Cambridge: Cambridge University Press.
- Moore, G. E. (1903). *Principia Ethica*. Cambridge: Cambridge University Press.
- J. S. Nicholson, "The Vagaries of Recent Political Economy", *Quarterly Review*, 219 (July-October 1913), p. 420; cited in Bart Schultz, Henry Sidgwick: Eye of the Universe. An Intellectual Biography, Cambridge University Press, Cambridge 2004 p. 540
- O'Donnell, M. G. (1979). Pigou: an extension of Sidgwickian thought. *History of Political Economy*, 11(4), 588-605. doi: 10.1215/00182702-11-4-588
- Orth, E. W. (1984). Dilthey und Lotze: Zur Wandlung des Philosophiebegriffs in 19 Jahrhundert. *Dilthey-Jahrbuch*, 2, 140-158.
- Passmore, J. (1966). *A Hundred Years of Philosophy* Harmondsworth: Penguin.
- Pigou, A. C. (1901). *Robert Browning as a Religious Teacher, Being the Burney Essay for 1900*. London, C. J. Clay and Sons.
- Pigou, A. C. (1907a). Some Points of Ethical Controversy. *International Journal of Ethics* 18(1): 99-107.
- Pigou, A. C. (1907b). "Social Improvement in the Light of Modern Biology." *Economic Journal*: 358-369.
- Pigou, A. C. (1908). *The Problem of Theism and Other Essays*, MacMillan and Co. Limited.
- Pigou, A. C. (1909). Psychical Research and Survival after Bodily Death. *Proceedings of the Society of Psychical Research* 23: 286-303.
- Pigou, A. C. (1910). Producers' and Consumers' Surplus. *The Economic Journal* 20(79): 358-370.
- Pigou, A. C. (1911). Cross-Correspondences: A Reply to Mr Gerald Balfour. *Journal of Society for Psychical Research* 66(May): 66-70.
- Pigou, A. C. (1912). *Wealth and Welfare* London. Macmillan and Co.
- Pigou, A. C. (1920). *The Economics of Welfare*. London, Macmillan and Co.
- Pigou, A. C. (1952). *Essays in economics*. London, Macmillan and Co.
- Pringle-Pattinson, A. S. (1908). Henry Sidgwick. A Memoir by A. Sidgwick and E. M. Sidgwick. *Mind*, 17(65), 88-97.
- Raffaelli, T. (1994). Marshall's early philosophical writings. *Research in the History of Economic Thought and Methodology, Archival Supplement*(4), 51-158.
- Raffaelli, T. (2002). *Marshall's Evolutionary Economics*. [electronic resource]. London :: Routledge.
- Raffaelli, T. (2012). "On Marshall's Presumed Idealism: A Not on The Intellectual Foundations of Alfred Marshall's Economic Science. A Rounded Globe of Knowledge." *European Journal of Economic History* 19(1): 99-108.
- Raffaelli, T., Becattini, G., & Dardi, M. (Eds.). (2006). *The Elgar Companion to Alfred Marshall*. Cheltenham, UK Northampton, MA, USA: Edward Elgar.
- Rashdall, H. (1907). *The Theory of Good and Evil* (Vol. 1 & 2). Oxford: Oxford University Press.
- Reck, E. H. (2002). *From Frege to Wittgenstein: Perspectives on Early Analytic Philosophy*. Oxford: Oxford University Press.
- Reck, E. H. (2013). Frege, Dedekind, and the Origins of Logicism. *History and Philosophy of Logic*, 34(3), 242-265.

- Robinson, A. (1968). Arthur Cecil Pigou. In D. L. Sills (Ed.), *International Encyclopedia of the Social Sciences* (Vol. 12). New York: Macmillan and Free Press.
- Russell, B. (1903). *Principles of Mathematics*. New York: W.W. Norton Company Inc.
- Russell, B. (1904). Review of Mr G.E. Moore's *Principia Ethica*. *Independent Review*, 7(March), 328-333.
- Russell, B. (1921). *The Analysis of Mind*. London; New York: G. Allen and Unwin; Macmillan.
- Russell, B. 2014. *The Collected Papers of Bertrand Russell*, Vol. 4, Foundations of Logic, 1903-05 (The McMaster University Edition ed.): Routledge.
- Schneewind, J. B. (1977). *Sidgwick's Ethics and Victorian Moral Philosophy*. Oxford: Oxford University Press.
- Schultz, B. (2004). Henry Sidgwick: Eye of the Universe, An Intellectual Biography.
- Seth Pringle-Pattison, A. (1890). *Scottish Philosophy: A Comparison of the Scottish and German Answers to Hume*. Edinburgh, W. Blackwood.
- Shionoya, Y. (1991). "Sidgwick, Moore and Keynes: a Philosophical Analysis of Keynes's 'My Early Beliefs'". *Keynes and Philosophy - Essays on the Origin of Keynes's Thought*. B. W. Bateman and J. B. Davis. Aldershot, Edward Elgar Publishing Company: 6-29.
- Sidgwick, H. (1874). *The Method of Ethics*. London, Macmillan.
- Sidgwick, H. (1876). The Theory of Evolution in its Application to Practice. *Mind*, 1(1), 52-67.
- Sidgwick, H. (1886). *Outlines of the History of Ethics*. London: MacMillan and Co.
- Sidgwick, H. (1900). Criteria of Truth and Error. *Mind*, 9(33), 8-25.
- Skelton, A. 2011. Ideal Utilitarianism: Rashdall and Moore. In T. Hurka (Ed.), *Underivative Duty: British Moral Philosophers from Sidgwick to Ewing*: 45-65. Oxford: Oxford University Press.
- Skowronski, K. P. (2010). "Review of Josiah Royce in Focus Jacquelyn Ann K. Kegley." *European Journal of Pragmatism and American Philosophy* 11(1): 1-7.
- Sorley, W. R. (1885). *On the Ethics of Naturalism*. Edinburgh: W. Blackwood and Sons.
- Spencer, H. (1855). *Principles of Psychology*.
- Sullivan, D. (2010). Hermann Lotze. *Stanford Encyclopedia of Philosophy*. E. N. Zalta. Stanford, CA, Center for the Study of Language and Information, Standford University,; <http://plato.stanford.edu/entries/hermann-lotze/>
- Takami, N. (2011). *The Sanguine Science : Historical Contexts of Pigou's Welfare Economics*. Discussion Papers from Graduate School of Economics. Kobe.
- The University of Cambridge. (1900). *The Cambridge University Calendar for the Year 1900-1901*. Cambridge: Deighton Bell and Co.
- van der Schaar, M. (2013). *G.F. Stout and the Psychological Origins of Analytic Philosophy*. Houndmills, Basingstoke: Palgrave Macmillan.
- Ward, J. (1886). Psychology *Encyclopaedia Britannica* (9th ed., Vol. 20, pp. 37-85). Edingurgh: Black.
- Ward, J. (1893). The Moral Sciences Tripos, Student's Guide Part IX. In The University of Cambridge (Ed.), (Revised and reprinted from the 5th Edition ed.). Cambridge: Deighton, Bell and Co.
- Ward, J. (1899). *Naturalism and Agnosticism. The Gifford Lectures Delivered Before the University of Aberdeen in the Years 1896-1898*. London: Adam and Charles Black.
- Ward, J. (1911). *The Realm of Ends or Pluralism and Theism. The Gifford Lectures Delivered in the University of St. Andrews in the Years 1907-10*, Cambridge: Cambridge University Press.
- Ward, J. (1927). *Essays in Philosophy: with a Memoir by Olwen Ward Campbell, W. R. Sorley and G. F. Stout* (eds.), Cambridge: Cambridge University Press.
- Whitaker, J. K. (1977). Some Neglected Aspects of Alfred Marshall's Economic and Social Thought. *History of Political Economy*, 9(2), 161-197. doi: 10.1215/00182702-9-2-161
- Whitaker, J. K. (Ed.). (1996). *The Correspondence of Alfred Marshall Economist*. Cambridge: Cambridge University Press.
- Whitehead, A. N., & Russell, B. (1910-1913). *Principia Mathematica Vols I-III*. Cambridge: Cambridge University Press.
- Wilson, F. (2014). John Stuart Mill. In E. N. Zalta (Ed.), *The Stanford Encyclopedia of Philosophy* (Spring, 2014 ed.). <http://plato.stanford.edu/archives/spr2014/entries/mill/>.
- Yamazaki, S. (2008, 2008). *Pigou's Ethics and Welfare*, Hitotsubashi University, Japan.