1. Introduction: wealth and wellbeing

Wealth exists only for the benefit of mankind. It cannot be measured adequately in yards or in tone, nor even as equivalent to so many ounces of gold; its true measure lies only in the contribution it makes to human well-being (quoted in Pigou 1925, 366).

What demands ‘the spirit of the age’ was to make on the academic economist, Marshall contended in the introductory chapter of the Principles Book III “On wants and their satisfaction”, was to induce a closer attention to ‘the question whether our increasing wealth may not be made to go further than it does in promoting the general wellbeing’. This compels to examine ‘how far the exchange value of any element of wealth’, ‘represents accurately the addition it makes to happiness and wellbeing’. He also mentioned there to the ‘mathematical habits of thought’, and possibilities to arrange statistics of consumption (around the concept of ‘consumer’s surplus’) so as to ‘throw light on difficult questions of great importance to public wellbeing’ (Marshall 1961a, 84-5). It was the task of economists of the new generation, compared with the old, to examine how to use the increasing wealth to promote the general wellbeing and how far it would make to the addition to human happiness and wellbeing.

Referring to ‘the ideals and the ultimate aims of all our economic work’, Marshall also asked to consider before the Royal Economic Society of 1907 ‘what it is that economic study can do towards helping the world to turn its growing resources to the best account for social wellbeing’ (1907, 324). In this year of 1907 Marshall revised the Principles and added the new and final chapter, “Progress in relation to standards of life”, writing there: ‘evils may be lessened by a wider understanding of the social possibilities of economic chivalry. A devotion to public wellbeing on the part of the rich may do much,
as enlightenment spreads, to help the tax-gatherer in turning the resources of the rich to high account in the service of the poor, and may remove the worst evils of poverty from the land’ (1961a, 719). Furthermore Marshall maintained in *Industry and Trade* most of the western countries ‘can now afford to make increased sacrifices of material wealth for the purpose of raising the quality of life throughout their whole population’ (1919, 5).

Marshall considered in diverse ways (or as ‘endowed with a double nature’ of a scientist and a moralizer) to ‘turn its growing resources to the best account for social wellbeing’ both in economics and ethical way or ethology (both in theory using mathematical methods and in broader social science or sociology). And as Keynes characterized, ‘Marshall was too anxious to do good. He had an inclination to undervalue those intellectual parts of the subject which were not directly connected with human wellbeing or the condition of the working classes or the like,... and to feel that when he was pursuing them he was not occupying himself with the Highest’ (Keynes 1924, 200).¹

Marshall conceived that ‘the progress of man’s nature’ (character) was ‘the centre of the ultimate aim of economic studies’ (1961b, 75). And he wrote:

Partly through the suggestions of biological study, the influence of circumstances in fashioning character is generally recognized as the dominant fact in social science. Economists have now learnt to take a larger and more hopeful view of the possibilities of human progress. The human will, guided by careful thought, can so modify circumstances as largely to modify character; and thus to bring about new conditions of life still more favourable to character; and therefore to the economic, as well as moral, wellbeing of the masses of the people (1961a, 48).

As we have tried to show (Caldari and Nishizawa 2014), Marshall’s economics and economic thought of welfare and wellbeing cannot be reduced to the

¹ ‘The complicated analyses which economists endeavor to carry through are not mere gymnastic. They are instruments for the bettering of human life’ (Pigou 1920). Economics was ‘a handmaid to ethics, not an end in itself, but a means to a further end: an instrument, by the perfecting of which it might be possible to better the conditions of human life. Things, organization, technique were incidents: what mattered was the quality of man’ (Pigou 1925, 82).
welfare economic analysis (such as consumer’s surplus) and the welfare arguments on taxes (and bounties) developed largely in the Principles of Economics. Marshall’s welfare theory constitutes ‘only one chapter, and not even a very important one’ in his evolutionary economics, as Marco Dardi indicated (2010, 409). It is similar to Marshall’s words that the statical theory of equilibrium is ‘only an introduction’ to ‘a more philosophic treatment of society as an organism’, or ‘barely even an introduction to the study of the progress and development’ of industries of increasing return (1961a, 461). This paper will try to show a broad perspective of a more comprehensive reasoning of welfare and wellbeing, the raising of quality of life, the bettering of human life, and how ‘the economic, as well as moral, wellbeing of the masses of the people’ could be brought about in Marshall’s ideas on ‘Progress’ and the ‘organic life-growth’ (1961b, 63).

2. ‘Progress in relation to standards of life’

It is a crucial core or basis of the economics system Marshall tried to establish, of which the studies to enquire into “Progress” in economic, social, human [in mind and society], would eliminate human poverty and provide material means of equal opportunity for more people to make possible to develop their faculties and activities so as to have their refined and noble life (to raise their quality of life). [He repeated his message for ‘the distant goal where the opportunities of a noble life may be accessible to all’ in the concluding part of “The old generation of economists and the new” and in the final part of Industry and Trade, “Possibilities of the future”, and else.] This emphasis on progress and ideal for bettering human life (human wellbeing) stayed almost always in his thoughts and plans for study..

2-1 Aims of social endeavor: progress and poverty elimination and ‘sum total happiness’

Elected as Professor of Political Economy in the University of Cambridge in December 1884, Marshall was asked to address to the Industrial Remuneration Conference towards the end of January 1885. He concluded his speech as follows, referring ‘the first aim of every social endeavour’:
However great may be our distrust of forcible socialism, we are rapidly getting to feel that no one can lay his head on his pillow at peace with himself, who is not giving of his time and his substance to diminish the number of the outcasts of society, and to increase the number of those who can earn a reasonable income and have the opportunity of living, if they will it, a noble life (1885a, 66).

This long message (paragraph) is repeated in the same words, used for the last concluding paragraph of his final book, *Money, Credit and Commerce*, ‘the third of a group’ of his series (i.e., first, *Principles*, second, *Industry and Trade*). It means that his basic ideas for the aims of social endeavor have stayed throughout his life. In the last Book IV of MCC, Marshall mentioned ‘the causes which govern the richness of the reward of the work:--those causes are the deepest concern to the student of the conditions of social well-being; and they are designed to have a prominent place in the final volume of the present series’ (1923, 234). Its Preface says, ‘although old age presses on me, I am not without hopes that some of the notions, which I have formed as to the possibilities of social advance, may yet to be published’ (1923, v-vi). → Passage to Marshall’s final book on “Progress”

**Steady progress of the working classes and average income: prospective**

The hope that poverty may gradually be extinguished, derives much support from ‘the steady progress of the working classes’ during the 19th century. Wages have risen and education been improved and more general. A great part of the artisans have ceased to belong to the ‘lower classes’. This progress has given practical interest to the question ‘whether it is really impossible that all should start in the world with a fair chance of leading a cultured life, free from the pains of poverty’ (1961a, 3-4); and this question was being pressed to the front by the growing earnest of the age, which was called ‘the spirit of the age’ by Edgeworth in his review of the *Principles* (1890, 12).

Marshall expressed his opinions on progress of man’s economic environment in Book VI chapter xii “General influences of economic progress”: Progress was fast improving the condition of the great body of the working classes. Statistics and records all indicate that middle class incomes are increasing faster than those of the rich: the earnings of artisans are
increasing faster than those of the professional classes, and the wages of healthy and vigorous unskilled labourers are increasing faster even than those of average artisan (1961a, 687). From the time of Political arithmetic in the 17th century onwards it was found ‘a constant and nearly steady increase’ in the amount of accumulated wealth per head of the population (680).

Inequalities of wealth were often exaggerated: the distribution of the national dividend was not nearly as bad as commonly supposed. The fortunes of the masses of people, though they would be improved by the removable of all inequalities, would not be raised to the level assigned in socialistic anticipation of a Golden Age (713). In fact, very many prosperous artisans’ families enjoyed large income (for leading artisans about 200 pounds a year) than they would, if the total of 2,000, 000,000 pounds, at which UK national income estimated, were divided equally among its population of some 49,000,000 (it meant about 40 pounds per head) – that is to say, they would lose by an equal distribution (1961a, 713: 1907, 328-9). It didn’t imply acquiescence in the present inequalities of wealth, which were serious flaw in economic organization. While it was impossible to raise all earnings beyond the level of well-to-do artisan families, it was certainly desirable that those who were below that level should be raised, even at the expense of lowering in some degree those who were above it (1961a, 713-4).

Exceptional case of the Residuum

However, prompt action was needed in regard to the large ‘Residuum’, physically, mentally, or morally incapable of doing a good day’s work with a good day’s wage. The system of economic freedom is the best from both a moral and material view point for those in good health of mind and body. But the Residuum cannot turn it to good account: and if they are allowed to bring up children in their own pattern, then ‘Anglo-Saxon freedom must work badly through them on the coming generation’ (1961a, 714).

The most urgent among the first steps towards causing the Residuum to cease from the land, was, Marshall insisted on regular school attendance in decent clothing, and with bodies clean and fairly well fed. In case of failure ‘the parents should be warned and advised: as a last resource the homes might be closed or regulated with some limitation of the freedom of the parents’. The expense would be great: but there was ‘no other so urgent need for bold expenditure. It would remove the great canker that infers the whole
‘Sum total happiness’, equity of opportunity by education

After this evil of Residuum, Marshall argued for minimum wages, saying if it could be made effective, its benefits would be so great. Then discussing unskilled labour, he argued: machinery and mechanical progress, through the growth of national dividend, brought wages of unskilled labour risen faster than those of any other, faster even than those of skilled labour (1961a, 716). The poorer classes had derived a greater real benefit from economic progress on its mechanical and other sides.

In this context Marshall argues: the happiness of life, so far as it depends on material conditions, may be said to begin when the income is sufficient to yield the barest necessaries of life: and that after that, an increase by a given percentage of the income will increase that happiness by about the same amount. This hypothesis [Bernoulli’s suggestion in Book III, ch.vi, 135] leads to the conclusion that an increase by (say) a quarter of the wages of the poorer class of bona fide workers adds more to ‘the sum total happiness’ than an increase by a quarter of incomes of an equal number of any other class. It arrests positive suffering, and active causes of degradation, and it opens the way to hope. It is ‘the duty of society to endeavor to carry yet further an increase of wellbeing which is to be obtained at so low a cost’ (717).

Striving for mechanical progress in full swing would diminish the supply of unskilled work in order that the average income may rise faster, so the share of

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2 Marshall also wrote to Wescott (24 Jan. 1900 Whitaker II, 263), well summarizing the sources of industrial weakness. ‘There is only one effective remedy. It is to remove the sources of industrial weakness: to improve the education of home life, and the opportunities for fresh air joyous play of the young; to keep them longer at school; and to look after them, when their parents are making default.’ Then ‘the Residuum should be attacked in its strongholds. We ought to expend more money, and with it more force, moral and physical, in cutting off the supply of the people unable to do good work, and therefore unable to earn good wages.’

3 Marshall aimed at increasing the ‘sum total happiness’ (*Lectures on Progress and Poverty*, 1883: ‘If this class is too poorly paid, the redistribution increases the sum total of human happiness without violence’ (192.)); he held that the ‘hurt’ caused by raising 1000 pounds by levies of 20 pounds from each of fifty incomes of 200 pounds is ‘unquestionably greater’ than that caused by taking it from a single income of 10,000 (National Taxation after the War, 1917). See “The Equitable Distribution of Taxation” (1917) in Pigou 1925, 348. (Edgeworth in Pigou 1925, 71).
unskilled labourer may. So as to fit more of the children of unskilled for higher work, ‘Education must be more thorough’. 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. To this end public money must flow freely. And it must flow freely to provide fresh air and space for wholesome play for the children in all working class quarters. Thus ‘the State seems to be required to contribute generously and even lavishly to that side of the wellbeing of the poorer working class which they cannot easily provide for themselves’ (717-8).

2-2 ‘Man is the centre’, phycology to economics, ‘true happiness’

Marshall had been particular about man’s character, human nature (its possibilities), full life and work, faculty (activities) and progress; in short, progress of man’s nature. ‘Social science is seeking her unity in the forces of human character’, [as physical science is seeking her unity in the force that govern molecular movement (1897, 299-300).] He addressed in his early Lectures to Women (1873): man is ‘the finest instrument of production in the world’, ‘the most important productive machine’; therefore, ‘promote education at the expense of capital. Educate first; attend to its effects on capital afterwards’. ‘We must regard a man as intelligent capital’ and ‘mental and moral capital’ (Rafaelli et al. 1995, 98, 117-9).

Poverty causes degradation: ‘the destruction of the poor is their poverty’: this is the claim and purpose of Marshall as economist (1961a, 3). In the world’s history, he remarked, there has been ‘one waste product, so much more important than all others,’ that is called ‘THE WASTE PRODUCT’. It was the higher abilities of many of the working classes: ‘the latent, the undeveloped, the choked-up and wasted faculties for higher work, that for lack of opportunity have come to nothing’ (“Co-operation”, Pigou 1925, 229). Marshall stressed in Principles: ‘education a national investment’ (1961a, 216).

The economy affects human life and its influence on character improves the people’s qualities and elicits ‘latent faculties’ (makes efficient). In Principles, studying the agents of production, Marshall says: ‘If the character and powers of nature and of man be given, the growth of wealth and knowledge and organization follow from them.’ From every point of view
‘man is the centre’ of the problem of production, consumption. ‘The growth of mankind in numbers, in health and strength, in knowledge, ability, and in richness of character is the end of all our studies’ (1961a, 139). As mentioned above, ‘the progress of man’s nature’ was ‘the centre of the ultimate aim of economic studies’.

Marshall’s passage to economics from phycology (ethics, philosophy) is well-known: In a letter to James Ward (23 Sept. 1900), explaining how he left his home of mental science for economics, he wrote: ‘the increasing urgency of economic studies as a means toward human wellbeing grew upon me’. About 1871-2, he had to decide whether to give his life to psychology or economics. Then ‘economics grew and grew in practical urgency, not so much in relation to the growth of wealth as to the quality of life’; and he settled down to it (Whitaker II, 285).

Work, life, and ‘true happiness’

The new vocation as reluctant economist answered Marshall’s pressing need to know ‘how far …the conditions of life of the British (and other) working classes generally suffice for fullness of life’, for the realization of ‘the possibilities of the higher and more rapid development of human faculties’ disclosed by the ‘fascinating inquires’ by psychology. Near the end of his life, he once said: ‘If I had to live my life over again I should have devoted it to psychology. Economics has too little to do with ideals’ (Keynes 1924, 200).

In his youthful enthusiasm for moral progress, Marshall believed that the progress of man and society would eventually obliterate the distinction between the working man and the gentleman. The decisive factor was the influence of occupation on character: since ‘work, in its best sense, the healthy energetic exercise of faculties, is the aim of life, is life itself’, ideally no man ‘should have any occupation which tends to make him anything else than gentleman’ (1873, 114-5). ‘Man’s character formed by his daily work’: work gave ‘back bone’ to the character of man. Marshall underlined ‘the effect that his work produces on him rather than of the effect that he

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4 Marshall's earlier career was outlined by Whitaker: Plunging into philosophy, Marshall came to ethics, psychology and – rather reluctantly – political economy; that is to the study on a secular basis of the possibilities for man's mental and material development. Psychology holds out good promise of 'constructive and progressive studies of human nature and its possibilities.' He became a College lecturer of moral sciences; then he taught economics because Pearson did not wish it. 'I am a philosopher straying in a foreign land: I will go home soon' (Whitaker 1975, I, 5-7).
Concerning wellbeing measured by ‘the flow of incoming wealth’ (1961a, 134), Marshall mentioned ‘true happiness’, in contrast with ‘sum total happiness’. The ‘fullness of life’ lies in the ‘development and activity of as many and high faculties as possible.’ For ordinary people, ‘a moderate income earned by moderate and fairly steady work offers the best opportunity for the growth of those habits of body, mind, and spirit in which alone there is true happiness’ (136). There was a room for question, Marshall wrote to Edgeworth: ‘whether the Utilitarians are right in assuming that the end of action is the sum of the happiness of individuals rather than the vigorous life of the whole’ (28 March 1880: Whitaker I, 125); Marshall thought the central notion of happiness as ‘a process rather than a statical condition’ (Whitaker I, 124). ‘Social good lies mainly in that healthful exercise and development of faculties which yields happiness without pall, because it sustains self-respect and sustained by hope’ (1897, 310).

2-3 ‘Progress in relation to standards of life’

“Progress” is in the core of Marshall’s economics and economic thought; and as the keynote it emphasizes the notion that economic problems are not mechanical, but concerned with ‘organic life-growth’ (1961b, 63). While Principles (Volume I) remains as ‘a general introduction to the study of economic science’, similar to Roscher’s Foundations (Grundlagen) (1961a, xii), the last concluding chapter of the last Book on distribution was “General influences of economic progress (on value)” from the first edition and further added in the 5th edition “Progress in relation to standards of life”. These gave the Principles historical and ethical coloration (economic ethology, economic sociology), increasing the characteristics of organic growth, ‘organic life and growth’. In his later life the tendencies to pursuing the true human wellbeing

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5 ‘It would grow in wealth – material and mental. Vigorous mental faculties imply continual activity. Work, in its best sense, the healthy energetic exercise of faculties, is the aim of life, is life itself: and in this sense everyone would be a worker more completely than now. …The active vigour of the people would continually increase; and in each successive generation it would be more completely true that every man was by occupation a gentleman’ (1873, 114-5).
were getting stronger, and ‘the semi mathematical side of pure economics’ ‘the bare bone of economic theory’ were getting lesser. He was ‘reluctant to publish the isolated apparatus of economics, divorced from its appropriate applications’ (Keynes 1924, 196–7, 200; cf. Groenewegen 2005, 30).

‘Standards of life’ vs ‘standards of comfort’ This chapter on “Progress in relation to standards of life” was on the line of thought on “Wants in relation to activities” in Book III. Marshall wrote of the ‘connection between changes in the manner of living and the rate of earnings’ as a question of ‘special urgency’. ‘Standards of life’, distinct from ‘standards of comfort’, is taken to mean the standard of activities adjusted to wants. Thus ‘a rise in the standard of life implies an increase of intelligence and energy and self-respect; leading to more care and judgement 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’. [physical and moral progress both in activities and consumption (using wealth)] ‘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’ (1961a, 689).6

Marshall had stated in the revision of the second edition. ‘A general increase in the efficiency of all workers would increase the National Dividend, and raise earnings nearly in proportion’. He indicated that the cost of production of labour cannot be determined as definitely as can that of a commodity; for the ‘conventional necessaries’ of labour, as well as all superfluous comforts and luxuries are not a fixed sum, but depend on the efficiency of labour. [He also contended the keynote of the Book VI that ‘free human beings are not brought up to their work on the same principles as a machine, or horse, or a slave’ (1961b, 73: 1961a, 504).] The right means to raise wages is to raise, not merely the Standard of Comfort or of wants, but the Standard of Life which includes activities as well as wants (1961b, 40). He

6 [Standard of living, increase of intelligence and energy; strength, physically and morally, health and strength of the people; efficiency, productivity, national income, wages; wellbeing (inclusive) ↔ efficiency ↔ standard of life ↔ national dividend ↔ wages]
distinguished ‘conventional necessaries, i.e. the Standard of Comfort’ from ‘the influence of modes and amounts of consumption over efficiency, and the Standard of Life’ (1961b, 73).

‘Standard of life’ was the keynote of progress or organic life-growth. This chapter (and the previous chapter xii on Progress) has very rich contents and some close relations with some parts of the final book on “Progress”: in some part he discusses on the complexity of wages, efficiency and wellbeing. [Book I ch.iii “Wages, efficiency and wellbeing”: 1. Wages and efficiency (Relation between wages and efficiency of labour), 2. Efficiency and wellbeing (2.1 Wellbeing: its nature and its conditions. Health, strength, and vigour → sources of activities. 2.2 Correlation between efficiency and wellbeing.)]

Efficiency and wellbeing Marshall thought it impossible to have full correlation between personal efficiency of worker and its remuneration (the effectiveness of his work in adding to the money value of the product)7. ‘For some attempt at quantitative exactness can be made in regard to the money value of the effects of his work; while none is possible in regard to the group of qualities which constitute his personal efficiency.’

The personal efficiency of a worker is a group of qualities inherent in himself. It is likely to have been largely influenced by his surroundings; and when brought to bear in action its potency is dominated by his surroundings; but it is at any one time his own, whatever be his surroundings. The elements of which it may be made up are very numerous; and their relative importance varies with the occupation and other circumstances of the individual.8

The social value of a man’s efficiency is almost as incapable of measurement as is the aggregate of qualities of which it is composed. It

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7 In the recent discussions as to the efficiency of labour: some worked to attain quantitative exactness, which increased the confusion, when remarks relating to efficiency as a group of personal attributes of the worker are brought into connection with others which relate to the effectiveness of his work in adding to the money value of a material product. (folder 6.21.1)

8 Among the elements that shape individual efficiency we find: “the qualities of physical and constitutional strength, the mental qualities of manual dexterity and skill; and beyond these they include patience, resolution, energy and self-mastery; knowledge and intelligence and artistic instincts; versatility and adaptability; initiative, inventiveness, sense of proportion, and the power of rising to emergency; honesty, solidarity of character; order, unselfishness and affection in family life; patriotism; ethical, social, and aesthetic idealism.” (folder 6.21.1)
may be estimate very differently according as the higher importance is attached to the abundance of the material comforts at the command of the people, or to the development of their characters and their intellectual and artistic attainments; but every estimate of this group goes on the assumption that the benefit conferred by his efficiency is to be reckoned according to its essence. (folder 6.21.1)

Labour efficiency is fundamental for productivity which, in turns, determines the industrial weight of a nation. This is very well-known since Adam Smith but, here, Marshall adds something different: productivity and industrial production depends on something that includes elements that usually are very little considered in connection with the economic dimension: character, unselfishness, and so forth. The wealth of a nation is not made up only of material things with a certain money value but also of elements that, irrespective of being hardly measured quantitatively, have a very important economic weight. (Kaldari and Nishizawa, forthcoming).

3. ‘The term “economic progress” is narrow’

‘Material wellbeing’ (material wealth) and ‘Physical mental and moral wellbeing’ (human, personal wealth)

In a very first part of Marshall’s final book on “Progress” which we (Katia and myself) are now reconstructing (Book I General tendencies of economic progress; ch.i Nature and conditions of economic progress; 1 The nature of economic progress), discussing ‘the nature of economic progress’, Marshall contended that ‘The term ‘economic progress’ is narrow’. According to him, ‘Progress’, the core and aim of his economic studies, ‘has many sides’. It ‘includes developments of mental and moral faculties, even when their exercise yields no material gain’. ‘The term ‘economic progress’ is narrow’. It is sometimes ‘taken to imply merely an increase in man’s command over the material requisites of physical mental and moral wellbeing; no special reference being made to the extent to which this command is turned to account in developing the higher life of mankind’.

Then ‘great advance in material wellbeing is attainable only by those
nations, whose industries are progressive, and whose men are strong in character and in action.' And the ‘true human progress’ is ‘an advance in capacity for feeling and for thought, yet it cannot be sustained without vigorous enterprise and energy’ (folder 5.3.1). [Marshall differentiates material wellbeing and human wellbeing; and he thought that economic progress—man’s command over the material requisites (material wellbeing)—but no special reference to this command meant for developing the higher life of mankind. Further the true human progress is an advance in capacity for feeling and for thought.] Marshall started the chapter ‘The growth of population’ (Principles, IV, iv): ‘The production of wealth is but a means to the sustenance of man; to the satisfaction of his wants; and to the development of his activities, physical, mental, and moral’; then studied the growth of population in numbers, in strength, in knowledge, and in character (1961a, 173).

As we showed in “Marshall’s ‘Welfare’ and ‘welfare economics’: a reappraisal based on his unpublished manuscripts on progress” (Kaldari & Nishizawa 2014), ‘Progress’ is a very complex idea. The material side is only a means; albeit, ‘a certain minimum of means is necessary for material wellbeing’ (⇔ standard of comfort). But wellbeing is a far more inclusive concept. True wellbeing or welfare requires, besides material wealth, a number of elements that are of fundamental importance for human nature and its progress: Quality of life, making it full and strength (⇔ efficiency, standard of life), is one, but a good quality of life can be achieved only by means of a good level of education, the true and most important engine of progress and welfare. Through education people can improve their condition both in the workplace and in society. Through education people can improve in character and evaluate aspects of life that are not strictly “material”. And through education a nation can upgrade in the competitive international arena. Education therefore is a fundamental aspect of true welfare, its premise. But various other elements are also essential: a good quality of life requires a good place to live in (clean and spacious houses, green open spaces, good quality of air and so forth); a good place to work in and good labour conditions; good social relations; open opportunities for personal advancement. All these components cannot be synthetized in the concepts of surpluses, nor of national dividend which, at most, can only be just approximations (Caldari and Nishizawa 2014, 56-7).
Appendices: Conditions and sources of progress

In “Progress” (III, ii), working on “Economic ideals”, he wrote: ‘The ideal is not comfort but life, vigour. The comfort of the masses is to be thought for: they ought not to [be] robbed of their sugar, or their tobacco. But it is their life, the physical mental & moral vigour for which we ought to care.’ (folder 5.9) [comfort ⇔ standard of comfort: vigour ⇔ standard of life]  In III, i, Marshall wrote of “Life, Work and Art”; writing a crucial phrase, ‘Our true aim is the elevation of human life, the making it full & strong (Life all round, individual and social, moral and religious, physical and intellectual, emotional and artistic).’ (folder 5.9)

“The Health and Strength of the Population” (Chapter v in Book IV, Principles) is very crucial and fundamental source for progress. ‘Health and strength, physical, mental and moral’ is ‘the basis of industrial efficiency, on which the production of material wealth depends’; while conversely the importance of material wealth lies in the fact that, when wisely used, it increases the health and strength, physical, mental and moral of the human race, (1961a, 193) [Health and strength (work and full life, happiness, wellbeing) → efficiency → productivity → material wealth and material wellbeing → health and strength]

Although the power of sustaining muscular exertion seems to rest on constitutional strength, yet even it depends on force of will, and strength of character. This strength of the man, this resolution, energy and self-masterly, or in short this ‘vigour’ is the source of all progress. (194)

In a letter to Helen Bosanquet (28 September 1902), saying thanks for her Strength of the People: I have always held that poverty & pain, disease & death are evils of much less importance than they appear, except in so far as they lead to weakness of life & character; & that true philanthropy aims at increasing strength more than at diminishing poverty (Whitaker II, 399). 9

9 Also Marshall’s letter to the Times, referring to ‘a Social Welfare Budget’, ‘The most important capital of a nation is that which is invested in the physical, mental, and moral nurture of its people. That is being recklessly wasted by the exclusion of, say,
Marshall also stressed: the efficiency of man’s labour depends on his moral character, saying that ‘the character of a nation depends chiefly on that of the mothers of the nation’. It is in childhood, and at home, that the workman must learn to be truthful and trusty, cleanly and careful, energetic and thorough, to reverence others and to respect himself (1879, 11-12). The most valuable of all capital is that invested in human beings; and of that capital the most precious part is the result of the care and influence of the mother (1961a, 564).10

4. ‘Wants’ and ‘activities’ in ‘organic growth’

‘High theme of economic progress’, Organic growth In the concluding paragraph of Book V ch.12 “Equilibrium of Normal Demand and Supply, continued, with reference to the law of increasing return”, Marshall wrote:

We are here verging on the high theme of economic progress; and here therefore it is especially needful to remember that economic problems are imperfectly presented when they are treated as problems of statical equilibrium, and not of organic growth. For though the statical treatment alone can give us definiteness and precision of thought, and is therefore a necessary introduction to a more philosophic treatment of society as an organism; it is yet only an introduction.
The Statical theory of equilibrium is only an introduction to economic studies; and it is barely even an introduction to the study of the progress

10 ‘Man is the perfection of nature, but woman is one step further still. ... If the mothers of a nation are ignoble that nation must fall; if they are noble it must rise. If the men and women of England set themselves with holy purpose to make next generation stronger in body and mind and spirit than this is, ..., the pauper will disappear’ (1883, 194).
and development of industries which show a tendency to increasing return. (1961a, 461)

Book V and Book VI ‘The word ‘theory’ applies in the title of Book V alone’, Marshall wrote. The theoretical backbone of the causes which govern value is put together in Book V. It deals with abstractions, not of constructions. Its aim was not so much the acquisition of knowledge, as of power; power to order and arrange knowledge. As shown in Guillebaud’s careful studies on various editions of the *Principles*, and Marshall’s view of “Distribution and Exchange” (1898), revising up the editions of the *Principles*, the relation of Books V and VI was getting more clearly ‘Value and Distribution’. Book V is preliminary; it dose not lead direct to useful conclusions (1961b, 72-3).

Marshall explained the structure of the *Principles*, the relation of the Books after III; focusing on ‘subservient’ V and ‘more concrete’ and practical VI, after a good deal of general reasoning of demand (III) and supply (IV). Book V’s ‘generality mark it off from the more concrete problems of distribution and exchange’; it is put together in Book V on ‘The General Theory of Demand and Supply’ which prepares the way for ‘Distribution and Exchange, or Value’ (1961a, 83). In book V the theory of oscillations about a point of equilibrium is prominent, but not in Book VI. In Book VI there is very little to do with oscillations of a mechanical sort about a centre of equilibrium (like Book V); discuss more and more from a biological point of view, especially in the final chapter on the “Influence of progress on value”.

Socio-economic progress and human development (progress of man’s nature) is crucial and fundamental core of Marshall’s economic studies: economic affairs are observed in his broad view of progress and organic life-growth, progress in mind and society. [It reminds of Vico’s phrase ‘an evolutionary science of mind and society’; Mind and society are two aspects of the same evolutionary process (quoted in Schumpeter 1954, 137).] ‘Full justice cannot be rendered to it by going straight to the core of the analytic apparatus the *Principles* presents. For behind, beyond, and all around that

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11 Marshall arrived very early at the point of view that ‘the bare bones of economic theory are not worth much in themselves and do not carry one far in the direction of useful, practical conclusions.’ While attributing high and transcendent universality to the central scheme of economic reasoning, he did not assign any universality to economic dogmas. It is ‘not a body of concrete truth, but an engine for the discovery of concrete truth’ (Keynes 1924, 196).
kernel there is an economic sociology of nineteenth century English capitalism which rests on historical bases of impressive extent and solidity’ (Schumpeter 1951, 94).

Science of activities in the Book on consumption (demand): Plutology, not catallactics

For Marshall ‘the Mecca of the economics lies in economic biology’ and his approach is biological and organic, not mechanical. The main concern of economics is with human beings who are impelled….to change and progress. Fragmentary statical hypotheses are used as temporary auxiliaries to dynamical -- or rather biological – conceptions: but the central idea of economics, even when its Foundations alone are under discussion, must be that of living force and movement’ (1961a, xv). Biology has given new hopes, and economists have learnt more hopeful view of the possibilities human progress. In the beginning of the chapter on “Industrial Organization”: Economists have owed much to the many analogies which have been discovered between social and especially industrial organization and the physical organization of the higher animals; ‘a fundamental unity of action between the laws of nature in the physical and in the moral world’ (1961a, 241).

The first quotation in the very beginning of this paper is from the Principles Book III ‘On wants and their satisfaction’ [Demand or (and) consumption]. In its Introductory chapter Marshall attested this quotation on wealth and wellbeing as the third point for the causes which recently brought into prominence the study of consumption and demand. The first cause was the growing belief of laying disproportionate stress on the side of

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12 ‘The development of organism, whether social or physical, involves an increasing subdivision of functions between its separate parts..., and a more intimate connection between them. Each parts gets ...to depend for its wellbeing, more and more on other parts, so that any disorder in any part of a highly-developed organism will affect other parts also’ (1961a, 241). In Economics of Industry, I, vii. “Organization of Industry”: A body is said to be highly organized when each part has its own work to perform, when by performing this work it contributes to the wellbeing of the whole, so that any stopping of this work injures the whole; while, on the other hand, each part depends for its own wellbeing on the efficient working of the other parts (1879, 45-46).
cost of production, such as seen in Jevons’ criticism of Ricardo-Mill school. The second cause was the application by some economists of mathematical language and mathematical habits of thought. Marshall wrote of consumers’ demand the new possibilities to arrange statistics of consumption ‘to throw light on difficult questions of great importance to public wellbeing’. Then Marshall wrote as the third cause, the spirit of the age induces a closer attention to ‘the question whether our increasing wealth may not be made to go further than it does in promoting the general wellbeing’ (1961a, 84·5).

Just after this, he wrote, we will begin this Book with a short study of the variety of human wants, considered in their relation to human efforts and activities. [That is, chapter ii “Wants in relation to activities”: this chapter was added in the second edition, as reaction against the recent cause of the importance of wants and consumption to be over-estimated relatively to that of activities (1961b, 40).] ‘For the progressive nature of man is one whole. It is only temporarily and provisionally that we can with profit isolate for study the economic side of his life; and we ought to be careful to take together in one view the whole of that side.’ There was a special need to insist on this, because the reaction against the comparative neglect of the study of wants by Ricardo and his followers showed signs of being carried to the opposite extreme. Then he concluded this Introductory chapter: It is important to assert ‘the great truth’, viz. ‘while wants are the rulers of life among the lower animals, it is to changes in the forms of efforts and activities that we must turn when in search for the keynote of the history of mankind’ (ibid. 85).

Consumer’s surplus and its limitations Donald Winch wrote in Wealth and Life; according to Marshall, the recent revival of interest in consumers’ demand could be attributed to ‘mathematical habits of thought’ and the new possibilities for making use of statistical evidence on consumption ‘to throw light on difficult questions of great importance to public wellbeing’. Marshall revealed in Book III about ‘Gradations of consumers’ demand (total utility, marginal utility, demand price); ‘the elasticity of wants (demand)’: then in chapter vi “Value and utility’, Marshall discussed on ‘consumers’ surplus’: and this was a concept that would enable the academic economist to estimate the size of gap between wellbeing and wealth produced by a wide range of policy choices. In the utility theory, if consumers’ surplus could be made clear, it would show something about total utility as opposed to the marginal
utility measured by demand price. In judging any particular situation we would be able to gauge how much more wellbeing than wealth was available, and whether wellbeing could be increased by policies such as tax or bounty that shifted the demand and supply schedules in a direction that increased the amount of surplus available (Winch 2009, 272).

Marshall mentioned the ‘high practical interest of consumer’s surplus’: if the money measures of the happiness caused by two events are equal, there is not any very great difference between the amounts of the happiness in the two cases. It is on account of this fact that ‘the exact measurement of the consumers’ surplus in a market has already much theoretical interest, and may become of high practical interest’. However he noted here: ‘the task of adding together the total utilities of all commodities, so as to obtain the aggregate of the total utility of all wealth, is beyond the range of any but the most elaborate mathematical formulae.’ An attempt to treat it convinced Marshall that ‘even if the task be theoretically feasible, the result would be encumbered by so many hypotheses as to be practically useless’ (1961a, 131). And Marshall remarked the limitation of doctrine of consumer’s surplus: Our list of demand prices is highly conjectural except in the neighbourhood of the customary price; and the best estimates we can form of the whole amount of the utility of anything are liable to large error (ibid. 133).

Guillebaud recalled Marshall’s obiter dicta: a major disappointment in his life was the recognition, which gradually forced itself on him, that his concept of consumer’s surplus was devoid of important practical application, because it was not capable of being quantified in a meaningful way. At the outset he had high hopes that it could have practical applications, and for many years he had wrestled with it, but had finally reached the conclusion that ‘it was a theoretical and not a practical tool in the economist’s workbox’ (Guillebaud 1971, 96).

Although devoting Book III to ‘Wants and their satisfaction’, discussing in its second chapter on ‘Wants in relation to activities’, Marshall diminished the centrality of the subject on consumption and demand by stressing ‘human efforts and activities’. What on earth, chapter ii is ‘Wants in relation

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13 The chief applications of the doctrine of consumers’ surplus are concerned with such changes as would accompany changes in the commodity prices in the neighbourhood of the customary price: i.e., they require to use only that information with which we are fairly well supplied. These specially apply to necessaries. [standard of comfort] (1961a, 133).
to activities’, wrote Donald Winch. The new marginal theory provided a way of showing that the earnings of any agent of production depended on the value of the products made by their participation. But once more it was on the supply side of the market for factors that Marshall was keen to place his emphasis (Winch 273). It was plutology rather than catallactics.  

[Consumer’s surplus in organic growth] On consumer’s surplus, Marshall argued that it is part of the benefit a man derives: it may be called the benefit which he derives from his opportunities, or from his environment; or, from his conjuncture. ‘Our aim’ is ‘to apply the notion of consumer’s surplus as an aid in estimating roughly some of the benefits which a person derives from his environment or his conjuncture’. Marshall referred ‘Konjunktur’ by Wagner, viz. the sum total of the technical, economic, social and legal conditions, which determine the exchange value of goods (1961a, 124-5). Marshall’s originality of welfare analysis, Nakano argued, was to clarify the way how the social conjuncture brought to increase the utility by using the practical measure of consumer’s surplus. Using the concept of consumer’s surplus he showed how the conjuncture (i.e. the sum total of the technical, economic, social and legal conditions) brought to raising up the utility. He applied the utility concept not to the vision of static catallactics but to the vision of organism and organic growth (Nakano 1991, 75).

According to Marshall, the theory of wants can claim no supremacy over the theory of efforts. It is not true that ‘the Theory of Consumption is the scientific basis of economics’. For much that is of chief interest in the science

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Marshall’s concern with growth and progress is hardly typical of his contemporary neo-classicals. He would have rejected, as misleadingly over-simplified, exclusive concentration on the economic effects of policies and the economic causes of welfare, in isolation from non-economic causes and effects (Hutchison 1964, 142). Marshall separated the new generation of economists from their predecessors, but in making it so much a part of the agenda and method of economics, he also separated himself from those contemporaries, chiefly Jevons, Sidgwick, and Edgeworth, who preserved a closer relationship between economics and Utilitarianism (Collini 1983, 318).
of wants, is borrowed from the science of efforts and activities. These two supplement one another; either is incomplete without the other. But if either, more than the other, may claim to be the interpreter of the history of man, whether on the economic side or any other, it is the science of activities and not that of wants: McCulloch indicated their true relations when, discussing ‘the progressive nature of man,’ said: ‘The gratification of a want or a desire is merely a step to some new pursuit. In every stage of his progress he is destined to contrive and invent, to engage in new undertakings; and when these are accomplished to enter with fresh energy upon others’ (1961a, 90).\footnote{In the note Marshall praised W.E. Hearn’s Plutology or Theory of the Efforts to satisfy Human Wants. 93.}

For ‘Rehabilitation of Ricardo’, Marshall had ‘an excursus of eight pages’ on “Ricardo’s theory of cost of production in relation to value” at the end of Book V (up to 4\textsuperscript{th} edition of the Principles) (Ashley 1891, 476). After the fifth edition, the last paragraph of Book V, is on Ricardo’s theory of value, saying that Ricardo’s theory of cost of production in relation to value occupies so important a place in the history of economics that any misunderstanding as to its real character must necessarily be very mischievous; …holding that the foundations of the theory as they were left by Ricardo remain intact; ….\footnote{‘Social science or reasoned history of man,...is working its way towards a fundamental unity; just as is being done by physical science, or....by the reasoned history of natural phenomena. Physical science is seeking her hidden unity in the force that govern molecular movement: social science is seeking her unity in the forces of} (1961a, 503)

Winch summed up the arguments: The adjustment of wants to activities and the creation of new wants as a result of new activities was the foundation on which Marshall wished to build his own scientific edifice rather than on any theory of consumption alone. Character formation lay at the centre of Marshall’s contribution to a subject. Marshall was altogether more ambitious in the inclusiveness of his conception of what he called the ‘economic organon’: his preference was to be regarded as someone who had redrawn the boundaries of economics sufficiently generously to make these larger ‘organic’ (‘biological’ as opposed to ‘mechanical’) themes part of the most advanced of the social sciences (Winch 273).\footnote{‘Social science or reasoned history of man,...is working its way towards a fundamental unity; just as is being done by physical science, or....by the reasoned history of natural phenomena. Physical science is seeking her hidden unity in the force that govern molecular movement: social science is seeking her unity in the forces of}
Furthermore, Marco Dardi indicated in “Marshall on welfare, or, the ‘Utilitarian’ meets the ‘Evolver’”; Marshall was aware of the very rough character of a social welfare index based on consumer surplus, and realized that its shortcomings rendered the scope of welfare policies rather narrow. He was also aware that all utilitarian social indexes had the defect of being unresponsive to the potential evolutionary impact of changes in the quality and distribution of welfare (Dardi 2010, 409). Marshall’s welfare economics had little to do beyond waiting for evolution to do its job (406). In short, his welfare theory and analysis was ‘only one chapter’ of his evolutionary economics of his organic life-growth; Marshall’s conviction was progress and evolution rather than welfare policies. Welfare policies should refrain from making a substantial impact on the present on the present social conditions until natural development of industrial and social structure has brought about a major change also in mental habits and moral attitudes. By that time, however, welfare policies might have become superfluous since society would be able to regulate its own welfare spontaneously (409).

5. ‘Chivalry in using wealth’: Moral standard and social wellbeing

In Book III’s final chapter vi “Value and utility”, discussing consumer’s surplus and demand price, and after remarking the limitations of the doctrine of consumer’s surplus, Marshall argues some broader aspects of the utility of wealth.

Speaking of the dependence of wellbeing on material wealth, Marshall referred to the flow or stream of wellbeing as measured by the flow or stream of incoming wealth and the consequent power of using and consuming it (1961a, 134); and discussed the power of using wealth in some details in relation to moral progress (or the improvement of standard of life including the way of expenditure), not only here but also more in the chapters “Progress in relation to standard of life” and “Social possibilities of economic chivalry”. Criticizing the misuse and unwholesome desire of display of

human character. To that all history tends; from that proceeds all prediction, all guidance for the future’ (1897, 299-300).
wealth, his arguments on this line leads to raising moral sentiments, and ‘chivalry in using wealth’, which seems to have something common with the ‘virtuous utilization of resources’ (based on virtue ethics not on utility), which Shionoya argued on Ruskin, Roger Fly and Keynes. Marshall stressed ‘the power of rightly using such income and opportunities’ was ‘wealth of the highest order’ (720). [standard of life ⇔ power, capability of expenditure, consumption].

Use of wealth and income and wellbeing

Discussing use of wealth and the worthy use leading to higher activities, he concludes the chapter on “Value and utility” that the discussion of the influence on general wellbeing of people’s spending his income is one of the more important of those ‘applications of economic science to the art of living’ (1961a, 137).

When the necessaries of life are provided, everyone should seek to increase the beauty of things rather than their number. As improvement in the artistic character of furniture and clothing trains the higher faculties of those who make them. [standard of comfort vs standard of life → higher activities] The world would go much better if everyone would buy fewer, and take trouble in selecting for real beauty; preferring to buy a few things made well by highly paid labour rather than many made badly by low paid labour (137). → Cf. “Progress” Book III, ch.5, 5. Life, Work and Art

There is misuse of wealth in all ranks of society. While every increase in the wealth of the working classes adds to the ‘fullness and nobility of human life’ because it is used in the satisfaction of real wants, there are unwholesome desire for wealth as means of display. Marshall insisted that ‘it would be a gain if the moral sentiment of the community could induce people to avoid all sorts of display of individual wealth’. So long as wealth is used to provide ‘the necessaries of life and culture’, and ‘an abundance of the higher forms of enjoyment for collective use’ (public buildings, public parks, public collections of the fine arts, etc.), so long ‘the pursuit of wealth is a noble aim’; and ‘the pleasures which it brings are likely to increase with the growth of higher activities’ (136-7). [Use of wealth for higher activities]

It was easier to work well than to use wealth well, and much easier than to use leisure well. In the final part of “Progress in relation to standard of life” as well as in “Social possibilities of economic chivalry”, Marshall stressed the
importance of using the wealth, saying that ‘the power of rightly using such income and opportunities...is in itself wealth of the highest order’; but the economist was brought up against this fact.

The inequalities of wealth and the very low earnings of the poorer classes, have been discussed referring to their effects in dwarfing activities as well as in curtailing the satisfaction of wants. But here, the economist is brought up against the fact that the power of rightly using such income and opportunities, as a family has, is in itself wealth of the highest order, and of a kind that is rare in all classes. (1961a, 720)\(^\text{17}\)

Marshall went on to say of raising the standard of life, the moral standard and wellbeing. He even argued: though a shortcoming of the working hours would lessen the national dividend and lower wages: yet it would be well that most people should work rather less; provided that the consequent loss of material income could be met by the abandonment of the least worthy methods of consumption; and they could learn to spend leisure well.[worthy methods of consumption rather than increase of wealth and national income; power of rightly using income, capability and ethics of consumption]

Value of leisure and rest Leisure is used less and less for mere stagnation; there is a growing desire for athletic games and travelling which develop activities. Marshall noted: those drinks which stimulate the mental activities are largely displacing those which merely gratify the senses. The consumption of tea is increasing very fast, while that of alcohol is stationary (1961a. 89). But unfortunately human nature improves slowly, and in nothing more slowly than in the hard task of learning to use leisure well. In every rank of society, those who have known how to work well, have been far more numerous than those who have known how to use leisure well. But it is only through freedom to use leisure, that people can learn use leisure well: and no class of manual workers, who devoid of leisure, can have much self-respect and become full citizen [gentleman]. Sometime free from the fatigue of work that tires without educating, is a necessary condition of a high standard of life (720). [natura non facit saltum]

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\(^{17}\) ‘Perhaps 100,000,000 pounds annually are spent by the working classes, and 400,000,000 pounds by the rest of the population, in ways that do little or nothing towards making life nobler or truly happier’ (720).
As indicated in the beginning of this paper, Marshall sometimes refers to ‘social ideals and the ultimate aims of economic effort’ (1907, 324): He was keen about the flow of wellbeing as measured by the power of using wealth. Even the working classes expend vast sums that add little to their happiness and higher wellbeing. There remains a vast expenditure which does not confer solid benefits on the spenders beyond the honour, position and influence. There was a general agreement among economists, that if society could award this honour, etc. by methods less wasteful; and if it could maintain all the stimulus which the free enterprise of the strongest business men derives from present conditions, then resources set free would open out to the mass of the people ‘new possibilities of a higher life, and of a larger and more varied intellectual and artistic activities’ (325).

Our age is not quite as wasteful as sometimes represented. Much more than a half of the total income of the nation is devoted to uses which make for happiness and the elevation of life, as efficiently as is possible with our limited understanding of the arts of life. Even so, there is a large margin for improvement; surely, then, ‘it is worth while to make a great effort to enlist wealth in the service of the true glory of the world’ (330).

Marshall contends that ‘chivalry in work would run into chivalry in using wealth’, then argued for ‘social possibilities of economic chivalry’.

Economic chivalry on the part of individual would stimulate and stimulated by a similar chivalry on the part of the community as a whole. The two together might soon provide the one or two hundred million a year that appear to be available, without great pressure on the well-to-do, towards bringing the chief benefits which can be derived from our new command over nature within the reach of all.

Equipped with such funds, the State could so care for the amenities of life outside of the house that fresh air and variety of colour and of scene might await the citizen and his children very soon after they start on a holiday walk. Everyone in health and strength can order his house well; the State alone can bring the beauties of nature and art within the reach of the ordinary citizen (1907, 344).18

18 Chivalrous rich man could aid municipalities in such expensive schemes as that of Miss Octavia Hill for gradually opening out several broad bands of verdure at different
6. Some Concluding Remarks

The paper tried to show Marshall's views on welfare and wellbeing in a broader perspective (than welfare theory), how ‘the economic, as well as moral, wellbeing of the masses of the people’ could be brought about in Marshall's ideas on ‘Progress’ and ‘the organic life-growth’. Progress and organic life-growth is more basic and important than welfare policy; or the latter is a means to promote the former; or the latter is only a few chapters of his organic life-growth. Marshall indicated that the term ‘economic progress’ is narrow; it is ‘taken to imply merely an increase in man's command over the material requisites of physical mental and moral wellbeing’. Material wealth is ‘but a means to the sustenance of man’ and ‘to the development of his activities, physical, mental, and moral’, which is a further end.

Economist’s task was to examine how to use the increasing wealth to promote the general wellbeing, human happiness and wellbeing. The social aims were to attain a goal of ‘the opportunities of a noble life may be accessible to all’. In the context of progress and poverty elimination, Marshall referred to ‘the sum total happiness’, the steady progress of the working classes and average national income. He also remarked the ‘true happiness’ in life and work, or healthy exercise and development of faculties and activities; this ‘true happiness’ is more the basis of his economic ideas started from psychology.

‘Man is the centre’, wealth will follow; the progress of man's nature (or character) was the centre of ‘the ultimate aim of economic studies’. The character formation lay at the centre of Marshall’s contribution to the subject. ‘If the character and powers of nature and of man be given, the growth of wealth and knowledge and organization follow from them as effect from cause’ (1961a, 139).19

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19 [Health and strength (work and full life, happiness, wellbeing) → activities,
The keynote word, ‘standards of life’ (distinct from ‘standards of comfort’), meant efficiency in production, as well as the power of rightly using wealth; progress of human faculties, capabilities both in production and consumption; in other words, economic chivalry in work and using wealth. Marshall indicated ‘the power of rightly using such income and opportunities’ was ‘wealth of the highest order’, which is something common with ‘virtuous utilization of resources’. For Marshall it was also important for social wellbeing; worthy methods of consumption rather than increase of wealth and national income; power of rightly using income, capability and ethics of consumption.

References


efficiency → productivity → material wealth and material wellbeing → heath and strength] [wellbeing (inclusive) ⇔ efficiency ⇔ standard of life ⇔ national dividend ⇔ wages]


Ten Great Economists from Marx to Keynes, New York: Oxford University Press.


