

Roger E. Backhouse and Tamotsu Nishizawa (eds) *No Wealth but Life: Welfare Economics and the Welfare State in Britain, 1880-1945*, Cambridge: Cambridge University Press, pp. xi, 244.

The Victorian Age ends with a religious and moral crisis and with political and economic changes that weaken both the theoretical conceptions and the reality of the social order. The enlargement of the electoral basis, within a context of working class poverty, unemployment and expansion of socialist and revolutionary ideas, leads both liberals and conservatives to fear about political stability (Stedman Jones 1971, p. 1). Academics and politicians reformists look for an improvement of “the quality of individual and social life” (Soffer 1978, p. 4). The key of their re-conceptions of the social order is welfare. Thereby, during the first half of the XXth century, a “systematic reflection on the implications of economic activity for human welfare” (p. 225) is developed in England. Cambridge and Oxford welfare economics work out tools of analysis and principles for policies valuation. In the political field, a first wave of reforms of limited coverage (1906-1914) marks an inflexion in the *laisser-faire* ideology and a redefining of the relations between the individual and the State. At the end of the Second World War, a second wave of universal social security reforms (1944-1948) based on the Beveridge Report, definitely moves away the grounds of social order from morality and individual responsibility to set them up in the very economic sphere. The welfare state is created and offers the social conditions of citizenship and individual liberty.

No Wealth but Life surveys the intellectual, political, social and institutional context of the emergence in England of both welfare economics and the welfare state. Its purpose is to investigate the interactions between the political foreground and the theoretical background. The book has two dimensions. On the one hand, it is an interpretative and analytical investigation on economic thought. On the other hand, it is a historical work that highlights the spreading of ideas in the political and in the academic fields. In order to carry through this project, the book deconstructs the generally accepted welfare economics history. It reveals the process of canonization of some authors instead of others and the process of the selective sorting out of ideas. Though the book focuses on the so called first or old British welfare

economics, by way of contrast it sheds some light on the second or new welfare economics¹. Moreover, from a contemporary point of view in a context of economic crisis, it offers an insightfully return on a period that recalls the political finality of economic discourse.

No Wealth but Life is the outcome of a series of international workshops on welfare economics and the welfare state, organized in 2005 and 2006 at Hitotsubashi University (Tokyo). The book gathers nine authors, mainly economists but also historians - for “the subject needs to be considered as part of a broader tradition of social thought that transcends present-day disciplinary boundaries” (p. 20). The book is composed of three sections, each one divided in three chapters, and completed by the enlightening introduction and post-face of the editors, R. E. Backhouse and T. Nishizawa.

The first section is dedicated to the pivotal Cambridge welfare economics. It mainly deals with the thoughts of H. Sidgwick, A. Marshall and A. C. Pigou. Anyway, despite the fact that the contributions relate to such major economists, they succeed to reappraise their thoughts by broadening the context of analysis (the overview on taxation, by M. Daunton, chapter 4) or renewing the documentary sources of the analysis. Calling upon Marshall’s seldom quoted manuscripts on social progress, P. Groenewegen (chapter 2) brings face to face Marshall’s theoretical and practical views on welfare and puts the later into perspective with some social reforms of the late 1940’s. Incidentally, he points out the ambivalence of Marshall’s conceptions of the connection between individual initiative and individual responsibility on the one hand, and state initiative and collective responsibility on the other hand, depending on whether Marshall’s writings are public or private, academic or not. In a quite similar spirit, S. Medema (chapter 3) considers the question of the economic role of government in Pigou’s thought. He confronts Pigou’s well known theoretical *Economics of Welfare* with his lesser-known collection of practical essays, *Economics in Practice*. He demonstrates that the later is “almost the antithesis” of the former (p. 58). This conclusion sheds a new light on Pigou’s thought. While from a theoretical point of view, Pigou systematized market failures and the consecutive desirability of state intervention, from a practical point of view he was more cautious. Considering that both laissez-faire and state action depended on man-made

¹ From a historical point of view, the breaking point is related to L. Robbins’s critics on the value judgments implied in some economic reasoning. It is commonly agreed that old welfare economics imply interpersonal comparisons of utility, happiness or welfare while new welfare economics do not. But according to J. de V. Graaf (1967, p. 168) this view “is somewhat overdrawn. It is all really just a matter of how completely or incompletely the W [social welfare function] is defined”.

institutions, Pigou thought that the alternative was not so definite. The opportunity of state action had to be evaluated in each case according to its probability of success. It had to take into account the quality of decision-making bodies and acting bodies, their competence and probity. Hence, according to Pigou, governmental intervention was in practice much more conditional than in theory.

The second section studies Oxford welfare economics, considered not as a parallel to Cambridge economics but as “a significant alternative, or group of alternatives” (p. 17). More than the previous section, it restores the thoughts of some academics who have contributed to the theoretical foundations or justifications of the social transformations of their time, but who have been neglected in the history of welfare economics. Y. Shionoya (chapter 5) argues that Cambridge welfare economics “remained largely extraneous [to] practical thinking about social policy” (p. 92) and that, even in the sole academic arena, perhaps because of the dominant figure of A. Marshall, its influence is sometimes overestimated. Focusing on Oxford, Shionoya examines the philosophical influence of T. H. Green. He asserts, not on the basis of historical fact but on the basis of an intellectual reconstruction, that Green’s Idealism offers a philosophical foundation to the welfare state. Green, with J. Ruskin and A. Toynbee, also contributed to a favorable intellectual climate for social reform. J. A. Hobson was one of those Oxford products. R. Backhouse (chapter 6) very interestingly brings back the thought of this economist who by the end became more famous among American institutionalists than among British welfare economists. Following Ruskin’s critic of political economy – but opposed to Ruskin’s individualistic and conservative conclusions - Hobson intended to develop “a ‘humanistic’ interpretation” of economic processes (quoted by Backhouse, p. 115). Perhaps because he was less centered than Marshall or Pigou, for example, on academic stakes and questions of scientificity, Hobson refused to separate positive and normative questions. As P. Clarke (1978, p. 133) puts it, “Hobson’s basic position was that economics needed to be transformed into a science of human welfare by introducing ethical considerations”. Thus, unlike his Cambridge fellow, he had no qualms about investigating political solutions and get involved in political reform. According to Backhouse, it is not clear whether he directly influenced policy and welfare reforms. Anyway, he undoubtedly spread his ideas in radical circles (the Liberal Party before 1914 and the Labour Party after 1918) that will carry out some political reforms and ultimately give birth to the welfare state. Chapter 7,

written by T. Nishizawa, is dedicated to the Japanese economist T. Fukuda. Nishizawa outlines Fukuda's thought in a genetic perspective and highlights the international spread of welfare economics conceptions. At first sight, it may appear out of step, owing to the purpose of the book. However it tackles some clues suggested in *No Wealth but Life*. The artificial partitioning of the book succeeds in stressing the divisions between Cambridge and Oxford. However, at the same time, each chapter reappraises questions of genealogies, influences or interpretations of some thoughts with nuances and subtleties so that, as a somewhat paradoxical result, the links between Cambridge and Oxford) may appear deeper than at first sight. On this point it is interesting to note with Nishizawa that Fukuda's thought was influenced both by Hobson and Marshall. What is at stake is the role played by shared ideas in their respective analytical systems: pivotal for the one, marginal for the other.

The third section considers the transformation of welfare conceptions into the policy arena. During the interwar, welfare questions evolved. While questions were at first centered on the balance between individual liberty and state intervention, they progressively focused on unemployment. This third part of *No Wealth but Life* is mainly dedicated to Beveridge and Keynes. On the grounds of manuscripts and correspondence, C. Marcuzzo (chapter 9) studies the personal relationships and theoretical links between Beveridge and Keynes. The Beveridge report and the General Theory do not share a same political and theoretical base. In a historical perspective A. Komine (Chapter 10) surveys Beveridge trilogy: *The Beveridge Report* (1942), *Full Employment in a Free Society* (1944) and *Voluntary Action* (1948). Both Komine and Marcuzzo reveal Beveridge's late conversion to Keynesianism, in 1944. Beveridge, like the Fabians, first grounded his views on neoclassical economics. Marcuzzo highlights the role played by the institutional context, in those crossed influences. She points out how much Beveridge had difficulties to understand, from a purely intellectual point of view, Keynes' conceptions. *No Wealth but Life* also takes under consideration political activists and publicists, like B. Webb, S. Webb, and other purveyors of ideas, "society's informal public 'educators' ", like novelist H. G. Wells (Toye, p. 184). R. Toye (chapter 8) studies the political influence of the social critic embodied in Wells' novels. According to him, "Wells undoubtedly had a significant impact on key New Liberal Reformers" (p. 162), like D. Lloyd George, W. Churchill, J. A. Hobson, G. Wallas, C. Masterman or L. C. Money.

The intellectual and analytical history of British welfare economics that takes shape in this collective work may of course be qualified and questioned, but this is peculiar to any intellectually stimulating book. In this perspective, for example, three issues of the book may constitute interesting potentials for researches. The first is the very notion of welfare which is seldom discussed. It may be fruitful to look deeper into its different conceptions according to the authors studied. The second are the principles of justice that ground the views of the authors studied in *No wealth but Life*. Clarifying and studying them systematically would be helpful. On this point, utilitarianism appears to be a crucial reference – whether it is supported or rejected – and one may regret that utilitarianism is sometimes devoid of its ethical ground and used simply to mean aggregation and value judgments. The third are the links between Green’s thought and Marshall’s, not in terms of influence but in terms of proximity of ideas. Investigating them would perhaps bring to light the Oxford-Cambridge divide differently, or at least the complexity of Marshall’s thought.

If the editors of *No Wealth but Life* acknowledge that “much is left out” (p. 20), one may add that much is reappraised and enlightened so that the book paves the way to interesting researches. This is all the best scholars can ask for.

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