Essays in the Development, Methodology and Policy
Prescriptions of Neoclassical Distribution Theory

by

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2006

A thesis submitted in fulfilment of the requirements for the degree of

Doctor of Philosophy

Murdoch University
To Jane, Huw and Ella
I declare that this thesis is my own account of my research. No part of this thesis has been submitted for a degree at any other University.

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Paul Robert Flatau
Abstract

This thesis consists of revised versions of five published papers on the development of neoclassical distribution theory, in the English-speaking world together with an introduction and conclusion, which draw together the themes of the papers. The thesis covers the origins of neo-classical distribution theory in the English-speaking world in the work of Jevons and Marshall, through to the second generation of Wicksteed, Clark and Pigou, and finally on to the 1930s and the new perspectives of Hicks and Robinson.

Drawing on archival sources and primary and secondary texts, these essays review the major statements on distribution theory made by key figures in the Jevonian and Marshallian marginalist traditions. The essays shed new light on the origins of neoclassical distribution theory and provide insights into the methodology of nascent neoclassical distribution theory. A drive towards a universal, all-embracing marginal productivity theory of the distribution of income characterises the work of Clark and Wicksteed, but not so Marshall. A formalist mode of analysis, which was to become the hallmark of neoclassical economics in the second half of the twentieth century, is also evident in key works of the period. However, the role of empirical evidence in theory generation and appraisal remains an undeveloped component of late nineteenth and early twentieth century neoclassical theory—Marshall again provides an exception to the general rule.

There is a common adherence, among the key figures examined, to the joint proposition that competitive market wage outcomes are ‘fair’, but that low
incomes (fair or not) are unjust when they fail to meet minimum needs standards. State remedial action (tax and expenditure policies) is required to remove such injustices. Robinson’s theory of exploitation provided an important extension to the neoclassical normative framework. She highlighted the extent to which labour may be exploited due to imperfections in both product and labour markets.
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Acknowledgement

I would like to thank my supervisors, Ray Petridis and Herb Thompson, for their supportive guidance of this project over a number of years and Robert Leeson who supervised the thesis in its final stages. I am particularly grateful to the three examiners of the thesis for their very helpful reports. I would also like to thank participants at History of Economic Thought Society of Australia conferences, where previous versions of the papers were presented. John King as editor, and anonymous referees of the History of Economics Review provided invaluable comments on papers submitted to the History of Economics Review for publication.

I am grateful to the archivists at the Special Collections section of Library Services at University College London, the Manuscripts and Archives Section of the New York Public Library and the London School of Economics Archives for providing access to the papers of Wicksteed, Henry George and Pearson. I would also like to thank Alex Saunders and Rowland Thomas of the Marshall Library, Faculty of Economics and Politics for providing access to the Marshall Archive and responding to the many queries I had concerning Marshall’s papers. Material from the Marshall Archive is quoted by kind permission of the Faculty of Economics and Politics, University of Cambridge.

I am grateful to the archivists at The Archive Centre, Kings College, The Wren Library, Trinity College, and The Faculty of Economics and Politics, University of Cambridge for access to the papers of Joan Robinson, Richard Kahn, Nicholas Kaldor, Maurice Dobb, Piero Sraffa, Dennis Robertson, and
Austin Robinson. Rosalind Moad (at Kings) and Alex Saunders (at the Marshall Library) provided both invaluable comments on the Pigou-Robinson exploitation theory paper and advice on source material.

For permission to quote from the unpublished writings of Joan Robinson, A.C. Pigou, Nicholas Kaldor, Richard Kahn, Roy Harrod, and John Hicks, I am grateful to the following sources: (1) King’s College, Cambridge for permission to quote from the unpublished writings of Joan Robinson copyright The Provost and Scholars of King’s College Cambridge 2001 held in the King’s College Library, Cambridge and the Marshall Library, The Faculty of Economics and Politics, University of Cambridge; (2) The Marshall Library, The Faculty of Economics and Politics, University of Cambridge, for permission to quote from a letter from Joan Robinson to Austin Robinson of 11 October 1932 held in the Austin Robinson collection at The Marshall Library; (3) Elizabeth Fairbairn of John Johnson Limited (managers of the estate of A.C. Pigou) for permission to quote from the unpublished letters of A.C. Pigou held in The Archive Centre, Kings College; (4) Tony Thirlwall (Nicholas Kaldor’s literary executor) for permission to use material from the Kaldor papers held at The Archive Centre, Kings College; (5) David Papineau (administrator of Richard Kahn’s estate) for permission to quote from the unpublished writings of Richard Kahn; (6) Dominik Harrod for permission to quote from the unpublished writings of Roy Harrod; and (7) Anthony Courakis (John Hicks’s literary executor) and the John Hicks Foundation for permission to quote from the unpublished writings of John Hicks.
Finally, I would like to thank my family Jane, Huw and Ella for all their love and support over the project’s duration and beyond.