

## **[Book Review]**

### **Ian Kumekawa, *The First Serious Optimist: A. C. Pigou and the Birth of Welfare Economics***

Princeton: Princeton University Press, 2017, x + 332 pp.

About 100 years have passed since A. C. Pigou's *Wealth and Welfare* (1912) and *The Economics of Welfare* (1920) were published. Studies on Pigou's economics tended to be relatively delayed compared to studies on Marshall and Keynes. However, in recent years, Japan has been addressing this delay. This tide is not only occurring in Japan. The author, who was a Ph. D. candidate in history at Harvard University, where he worked on the history of economic thinking, is one of the researchers re-evaluating Pigou's contemporary economics.

The purpose of this book is to present Pigou in a wider context that includes politics, history, and personal relationships. The remarkable aspect of this book is that Pigou's character, seldom revealed by analysis in major books and articles, are described through letters, photographs, and literatures that were not well known before. In addition, the brief explanation of Pigou's books and articles, as well as the committees and controversies he engaged in, will promote a richer understanding of his economics.

A brief commentary follows a descriptive outline of this book.

Chapter 1 discusses the birth of Pigou and his student days at Cambridge University. Chapter 2 deals with the period up to 1908, when Pigou became a professor at

Cambridge University. Moreover, some of his ethics are considered here. Chapter 3 analyses Pigou's economics and ethics from the perspective of 'optimism' and the 'Government House Utilitarianism.' The latter gives this book originality not found in previous research. The important point in Chapter 4 is that Pigou's doubt and disillusionment against the government's administrative authority were brought about through participation in some committees. As a result, Pigou gradually kept his distance from politics, focusing on the objectivity of economics. Chapter 5 examines Pigou's 'retreat to the ivory tower' in the 1920s by depicting the process of abstraction of his economics. The author implies that Pigou's economic study was directed towards his peers rather than the public.

Chapter 6 mainly focuses on the 1930s and discusses Pigou's academic and professional defeat based on the objectivity of economics, and the view that this defeat caused changes in the readership of his book. The object of research in Chapter 7 is the period from World War II to 1950s. Here, the author argues that the post-war Labor Government provoked Pigou's active interest in politics and that he changed his views on the common people, who choose governments through elections. The author thus points out the period dur-

ing which a new relationship between politics and Pigou, and between the common people and Pigou, began.

Chapter 8 addresses Pigou's later years. The author argues that Pigou returned to public life by trying to combine his economics with ethics and politics. Those years were the age of egalitarians. The epilogue briefly mentions Pigou's comeback to spotlight in the modern era.

This book investigates Pigou's political position and thoughts behind his welfare economics etc., rather than his economic theory. Based on the above considerations, the author discovers the following. First, Pigou's political position features late nineteenth century reformist liberalism and a great interest in the Labour Party in the mid-twentieth century. Second, while Pigou's welfare economics does not respect the poor, it helps them. It was coupled with 'Government House Utilitarianism' which instructs the poor with cultivated judgment and scientific detachment. Third, Pigou's contemptuous attitude towards the poor and the public gradually diminished. And in later years, he became an egalitarian and even took off Government House. Fourth, considering the scale of 'optimism,' Pigou was optimistic before World War I, became pessimistic in the interwar period, and returned to optimism again after World War II.

However, since this book is an ambitious work on Pigou's lifetime and economics within a limited number of pages, it has information that requires

more detailed explanation. For example, the author's arguments seem to be organized by further using research on 'optimism' and 'Government House Utilitarianism.' Thereby, original ideas in the book are clearly introduced.

Furthermore, for a reviewer interested in Pigou's foreign trade theory, the author's consideration is appealing, particularly of the tariff reform controversy, based on the relationship between economists and politics, and the objectivity of economics. In addition, the interpretation of Pigou's tariff argument at the Committee of Economists held in 1930 is valuable. According to the author, Pigou finally signed the Keynes' proposals for tariff and bounty as part of a unified front against government officials. However, why Pigou moved from his general political moderation and actively discussed free trade in his school days needs further clarification. And, though Pigou hesitated to make concrete policy recommendations in *A Study in Public Finance*, why he treated tariff as an exception also needs further clarification. Nonetheless, the author seems to reaffirm the importance of research on Pigou's foreign trade theory.

Overall, the author has made a substantial contribution to the progress in research on Pigou's economics. Thus, this book is a must for researchers interested in the Cambridge school of economics.

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