

The Relationship Between Economic Development and Socio-Cultural Values: According to Alfred Marshall*

Alfred Marshall'da Ekonomik Gelişme: Sosyo-Kültürel Değerler İlişkisi

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Received: November 20, 2021

Accepted: January 24, 2022

Published: January 30, 2022

Abstract: Alfred Marshall was an English economist who lived between 1842–1924. He is known in the literature as the founder of Neo-Classical Economic Thought and the Cambridge School. His book, Principles of Economics, is one of the few books written in economics. Marshall, like most economists, deals not only with economics itself but also examines the socio-psychological and socio-cultural conditions that affect economic development. According to him, economic development is a matter of time and context, and also a phenomenon heavily affected by various factors such as climatic conditions, tradition, social structure, family and religion. Given positive impacts of moral factors, Marshall argues that faithful, free, hopeful, patient, willful, compassionate, and helpful community is essential for achieving a proper economic development. As a result, unlike most of today's economists, Marshall does not see economic development only as a numerical increase in national income.

Keywords: Marshall, Economic Development, Social Development, Morality, Religion

Öz: Alfred Marshall, 1842-1924 yılları arasında yaşamış bir İngiliz iktisatçısıdır. Literatürde Neo-Klasik İktisadi Düşünce'nin ve Cambridge Okulu'nun kurucusu olarak anılır. İktisadın İlkeleri adlı kitabı iktisat alanında yazılmış sayılı kitaplardan biridir. Marshall çoğu iktisatçı gibi sadece pür iktisat konularıyla ilgilenmez; aynı zamanda iktisadi gelişmeyi etkileyen sosyo-psikolojik ve sosyo-kültürel durumları da inceler. Ekonomik gelişmeyi eski çağ ve uygarlıklardan başlayarak ele alır. İktisadi gelişmede iklim şartları, gelenek, toplumsal yapı, aile, din, ahlak gibi maddi ve manevi faktörler ve kurumları analizine dahil eder. Marshall, aile, gelenek, dini kurumlar, sivil toplum gibi sosyal kurumların önemine vurgu yanında ekonomik gelişme için bireylerin inançlı, özgür, umut dolu, sabırlı, iradeli, şefkatli ve yardımsever olmasının önemini altını çizer. Sonuç olarak Marshall, çoğu günümüz iktisatçılarından farklı olarak, ekonomik gelişmeyi sadece milli gelirin rakamsal arttırılması olarak görmez; bunun

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* This study was presented as a paper at the International Siirt Conference on Scientific Research organized by Siirt University between 5-7 November 2021.

yanında toplumsal duyarlılığın, aile değerlerinin, ahlakî ve dinî duyguların geliştirilmesi ve iyileştirilmesinin gerekli olduğunu da hatırlatır.

Anahtar kelimeler: Marshall, Ekonomik Gelişme, Sosyal Gelişme, Ahlak, Din

Introduction

Alfred Marshall was an English economist who lived between 1842–1924. He is known in the literature as the founder of Neo–Classical Economic Thought and the Cambridge School. His book, *Principles of Economics*, is one of the eminent books written in economics. This paper mainly builds on this seminal book.

Marshall, like most economists, deals not only with economics itself but also examines the socio–psychological and socio–cultural conditions that affect economic development. According to him, economic development is a matter of time and context, and also a phenomenon heavily affected by various factors such as climatic conditions, tradition, social structure, family and religion.

This study aims at discussing the relationship between economic development and socio–cultural structure in Marshallian thought within the framework of the lifeworld concept, capital, and political relations in Habermasian theory. To Habermas, the lifeworld concept refers to the socio–cultural structure, including tradition, family, cultural, religious/moral values, and civil society (Habermas, 1987; Schutz, Luckman, 1974). According to him, the lifeworld works well to the extent that it is not colonized by capital or bureaucratic structures. The indicator of well–functioning concept is raising generations that have strong belonging, a high sense of responsibility and solidarity, and that are able to communicate with others and coordinate action together. This the result of healthy family environments. On the contrary, colonizing and manipulating the lifeworld by capital or bureaucracy leads to inability to communicate, alienation and reification, anomie, unstable belonging, selfishness, greed, and political despotism (Habermas, 1987, p.140; Duran, 2017, p.129).

Review

The remainder of this paper provides a review on the relationship between economic development and socio–cultural structure such as religion, family, and lower classes, in Marshall's thought.

1. Economic Development and Religion

The famous German thinker Max Weber sees Protestant ethics as the locomotive of the capitalism. In particular, Protestant asceticism requires hard work, rational decision making, thrift, individuality, and earning a lot not to satisfy selfish feelings but to win God's grace (Weber, 2005, p. 53f). Did Marshall, as a Protestant, has a parallel view with those of Weber?

It should be emphasized that Marshall addresses the relationship between religion and economy from two perspectives: while attributing a positive role to religion in general, he also indicates that some religious figures in history hindered economic development. However, he argues that religion is a decisive force, even the greatest force, both in the happiness of the individual and in the shaping strong personality as well as in the restructuring of the economy and even history. To him, religious institutions are a resource from which even the most helpless poor can find happiness. He writes about it as follows: "It is true that in religion, in the family affections and in friendship, even the poor may find scope for many of those faculties which are the source of the highest happiness." (Marshall, 2013, p.1).

Likewise, he emphasizes that religion and the economy are the most compelling transformative. He says that economic research is not only studies on how to increase wealth, but also research on human being: "(Economic study) Thus it is on the one side a study of wealth; and on the other, and more important side, a part of the study of man. For man's character has been moulded by his every-day work, and the material resources which he thereby procures, more than by any other influence unless it be that of his religious ideals; and the two great forming agencies of the world's history have been the religious and the economic." (Marshall, 2013, p.1).

1.1. Religion and Freedom

Marshall puts great emphasis on inner freedom when investigating the conditions for employees to work with high motivation. The loss of freedom suppressed by human crude animal feelings is much more important for motivation to work than the loss of freedom suppressed by external pressures. One of the conditions that will ensure this inner freedom is one's religious ideals. Through inner freedom, one gets rid of 'commodity fetishism' in the marxist sense. "Freedom so far has been regarded as freedom from external bonds. But that higher freedom, which comes of self-mastery, is an even more important condition for the highest work. The elevation of the ideals of life on which this depends, is due on the one side to political and economic causes, and

on the other to personal and religious influences; among which the influence of the mother in early childhood is supreme.” (Marshall, 2013, p.165).

1.2. Religious Text and the Law of Diminishing Return

Marshall argues that some of the stories told in religious scriptures are sources of some essential economic laws. For example, according to him, the famous economist David Ricardo produced the law of diminishing return in the land from the story of Prophet Abraham and Prophet Lot, which is told in the creation part of the Torah. In the related story, while the tribes of the two prophets, who settled in the Sharia plain of Palestine, were grazing their animals together, the fertility of the land decreased, and there was a disagreement between the parties of the two prophets, and even their shepherds had a fight. Realizing that they could not live together, the prophets eventually left. He indicates that: “This tendency to a diminishing return was the cause of Abraham's parting from Lot, and of most of the migrations of which history tells. And wherever the right to cultivate land is much in request, we may be sure that the tendency to a diminishing return is a full operation.” (Marshall, 2013, p.126; Torah, Genesis xiii. 6.).

Marshall accepts that besides the motivating effect of religious thought on economic development, some religious figures may also have a negative effect on the development. He gives the example of St. Chrysostom's (d. 407) hostile approach to unaltered commodity trading:

“...Though St. Chrysostom said that " he who procures an article to make profit by disposing of it entire and unaltered, is ejected from the temple of God"...The authority of Church and State and the prejudices of the people combined to put difficulties in the way of those who bought up large quantities of goods in order to sell them retail at a profit.” (Marshall, 2013, p.612).

1.3. Reformation and Industry

Marshall, like his contemporary Max Weber, agrees that English society accepted and internalized the principles of Calvinist reformation, and through this, they accelerated the development of British industry. He says “...the natural gravity and intrepidity of the stern races that had settled on the shores of England inclined them to embrace the doctrines of the reformation, and these reacted on their habits of life and gave a tone to their industry.” (Marshall, 2013, p.615).

According to Marshall, one of the reasons for the development of British industry was the development and institutionalization of religious individuality as he argues that “the

Reformation doctrine abolished all intermediaries between man and his creator, transforming individuals into self-standing personalities. This process led religious intellectuals and the uncultured masses to discover higher spiritual freedom and pleasures.” (Marshall, 2013, p.615).

Protestant individuals considered all their neighbors and friends, including their customers, as unreliable but God. They were prone to live alone and die alone. Being alone with the creator was the most important founding factor of individuality. Now, one had no one to rely on except God. He quotes a famous protestant thinker: “The Reformation” was the affirmation . . . of Individuality. . . . Individuality is not the sum of life, but it is an essential part of life in every region of our nature and our work, in our work for the part and for the whole. It is true, though it is not the whole truth, that we must live and die alone, alone with God.” (Marshall, 2013, p.615).

According to Max Weber excessive individualism and social isolation would have led to an 'un-brotherhood aristocracy' instead of religious fraternity (Habermas, 1984, s.229). Marshall was also partly aware of this. According to him, the pious Puritans exhibited aggressive and egoistic behavior towards the rulers who were liberal in culture and the masses. Puritans even opposed arts and physical activities, such as theater and sports, believing that these would waste people's precious time. He discusses that “but the notion was new to the world; it was bare and naked... the coarser natures became self-conscious and egotistic. Among the Puritans especially, the eagerness to give logical definiteness and precision to their religious creed was an absorbing passion, hostile to all lighter thoughts and lighter amusements...But they took little joy in society; they shunned public amusements, and preferred the quieter relaxations of home life; and, it must be confessed, some of them took an attitude hostile to art.” (Marshall, 2013, p.616). Despite all this, according to Marshall, the overall contribution of the reformation to economic development was very positive: “But from many points of view, and especially from that of the economist, England's experiences were the most instructive and the most thorough; and were typical of all the rest. England led the way in the modern evolution of industry and enterprise by free and self-determining energy and will.” (Marshall, 2013, p.615).

Although Marshall was aware of the thoughts of the famous German philosopher Karl Marx, it seems that he was unaware of the thoughts of his contemporary, Max Weber. There is no reference to Weber in his book, Principles of Economics. If Marshall had seen Weber's work, The Protestant Ethic and the Spirit of Capitalism, which began to appear in journals in 1904, he would probably have made invaluable comments. In this book,

Weber emphasized the negativities of capitalism and expressed them with concepts such as 'iron cage', 'neo-paganism', 'loss of meaning and freedom' (Weber, 2005, p.123; Habermas, 1987, p.244-245).

2. Family Structure and Economic Development

Marshall, like J. Rawls, points out that a strong family structure is essential in mitigating the process of abstracting of concrete labor in an environment dominated by the capitalist production process, in solidarity among family members, in the healthy communication of new generations with others, and in the formation of a strong sense of belonging and responsibility. Likewise, a well-organized family, especially a diligent mother, is an indispensable factor for family members' life quality that is related to sufficient nutrition, living in well-ventilated and cleaned houses, keeping the house warm in winter, among others. Furthermore, compassionate mothers that provide an appropriate environment and take care of their babies will reduce infant mortality and ensure that more economically and physically firm personnel is raised. (Marshall, 2013, p.20; Rawls, 1999, p. 406).

Marshall states that although a person sees the rest of the community as a competitor, he tends to show compassion to family members. He emphasizes that he allocates resources to children in advance for them to get a good education, and even tries to make money for their sustenance for the term after his death. Marshall writes about it: "As there may be a taint of selfishness in a man's desire to do what seems likely to benefit his fellow-workers, so there may be an element of personal pride in his desire that his family should prosper during his life and after it. But still the family affections generally are so pure a form of altruism that their action might have shown little semblance of regularity, had it not been for the uniformity in the family relations themselves. As it is, their action is fairly regular; and it has always been fully reckoned with by economists, especially in relation to the distribution of the family income between its various members, the expenses of preparing children for their future career, and the accumulation of wealth to be enjoyed after the death of him by whom it has been earned." (Marshall, 2013, p.20).

2.1. Worker Efficiency and Family

According to Marshall, the productivity of labor is associated with physical well-being and education level. For this reason, he recommends that wages should be determined high enough so that workers are able to easily meet their mandatory needs, particularly their adequate natural nutrition. He explains this as follows: "But it will serve to give

some definiteness to our ideas, if we consider here what are the necessities for the efficiency of an ordinary agricultural or of an unskilled town labourer and his family, in England, in this generation. They may be said to consist of a well-drained dwelling with several rooms, warm clothing, with some changes of underclothing, pure water, a plentiful supply of cereal food, with a moderate allowance of meat and milk, and a little tea, etc., some education and some recreation, and lastly, sufficient freedom for his wife from other work to enable her to perform properly her maternal and her household duties.” (Marshall, 2013, p.58).

According to Marshall, the task in this matter again rests with skillful mothers: “Climate has also a large share in determining the necessities of life; the first of which is food. Much depends on the proper preparation of food; and a skilled housewife with ten shillings a week to spend on food will often do more for the health and strength of her family than an unskilled one with twenty.” (Marshall, 2013, p.163).

Despite rising wages, increasing knowledge, and expanding healthcare, Marshall attributes the high infant mortality rate to the mothers that neglects their childcare by working in the market to contribute to the household budget: “The higher wages, the greater intelligence, and the better medical facilities of townspeople should cause infant mortality to be much lower among them than in the country. But it is generally higher, especially where there are many mothers who neglect their family duties in order to earn money wages.” (Marshall, 2013, p.165).

In this regard, Marshall recommends indexing the rate of increase in wages in each industry sector to the rate of productivity growth. If the productivity increase rate is higher than the wage increase rate, it means that the economically realistic wage level has not been reached yet: “With this understanding we may say that the income of any class in the ranks of industry is below its necessary level, when any increase in their income would in the course of time produce a more than proportionate increase in their efficiency. Consumption may be economized by a change of habits, but any stinting of necessities is wasteful.” (Marshall, 2013, p.58).

3. Extreme Poverty

Marshall seems to be aware that poverty destroys the morals, friendships, family order and religious belief of the members of society. He writes: “But the conditions which surround extreme poverty, especially in densely crowded places, tend to deaden the higher faculties. Those who have been called the Residuum of our large towns have little

opportunity for friendship; they know nothing of the decencies and the quiet, and very little even of the unity of family life; and religion often fails to reach them. No doubt their physical, mental, and moral ill-health is partly due to other causes than poverty: but this is the chief cause.” (Marshall, 2013, p.1–2).

He asks the question of whether poverty can be abolished in time, just as slavery, which was once seen as a natural thing by everyone, was abolished over time. He says: “Slavery was regarded by Aristotle as an ordinance of nature, and so probably was it by the slaves themselves in olden time. The dignity of man was proclaimed by the Christian religion. It has been asserted with increasing vehemence during the last hundred years: but, only through the spread of education during quite recent times, are we beginning to feel the full import of the phrase. Now at last we are setting ourselves seriously to inquire whether it is necessary that there should be any so-called " lower classes " at all: that is, whether there need be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life; while they themselves are prevented by their poverty and toil from having any share or part in that life.” (Marshall, 2013, p.1–2). Marshall said that answering the related question is not in the direct interest of economics, it is related to the moral and political abilities of the human generation; however, he emphasizes that there are issues that the economy will also deal with in this regard (Marshall, 2013, p.2). According to him, the state of extreme poverty will disappear depending on the increase in the standard of life. The standard of life is directly related to the quality and healthy nutrition of family members. According to him, the generations that eat healthy and balanced will be strong morally and physically, and this will increase the productivity of the employees. If the wage increase parallels to the increase in productivity, the standard of living will also improve: “The term the standard of life is here 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 judgment 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.” (Marshall, 2013, p.574).

Conclusion and Suggestion

As a result, Marshall sets up an association between economic and socio-cultural development. The center of socio-cultural development is related to the solidity of the family structure. Skillful mothers build a solid family structure. Talented mothers take care of children with their tender care and cause a decrease in child mortality. Likewise, they provide the best quality nutrition with the least expenditure. Young people who were well-

nourished became more moral, more religious, and more willful. On the other hand, mothers who work to earn money and neglect the care of their children do not contribute to the reduction of infant mortality or to raising cultured and well-nourished generations.

From the results we obtained from Marshall's analysis, we can list the following suggestions:

- 1) Sustainable economic growth is possible with healthy family structures. For this reason, societies should take care to determine policies that will not destroy the family structure while accelerating their economic development.
- 2) Family is an essential institution, especially for the socialization of new generations. The mother has a particular function in this field. The mother must have enough energy and time to educate the children. For this reason, a flexible working method should attain, taking into account the mother's family duties.
- 3) To attain mother enough energy and time, both in the house and the market, it is necessary to raise the living standard of the employees. For this reason, it is required to increase the wage levels of the employees in parallel with the increase in their productivity. In this way, mothers will not feel obligated to work, and they will devote most of their time to their children's education while doing the work that suits them.
- 4) To give equal importance to cultural development and economic development, it is necessary to reproduce the culture constantly. The continuous reproduction of culture is possible with the reconstruction of religious/philosophical thought and arts. Because religious belief produces value, philosophical thought produces meaning. At the same time, religious thought should control one's emotions, protecting himself from egoistic and hedonistic tendencies and commodity fetishism. Also equal importance should be given to religious and philosophy education as much as engineering and economics.

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