

The victorian world and the underworld of economics

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The Victorian World and Underworld of Economics Robert Heilbroner in this chapter "The Victorian World and the Underworld of Economics" argues that most of the early economic thinker's works went underworld of economics due to its irrelevance or lack of attention at the time. Some of the thinkers whose work was confined to the underworld include: Karl Marx, Malthus, Utopians and three out of five Victorian Age (reign of Queen Victoria, 1837-1901) economists (Francis Edgeworth, Frederic Bastiat, and Henry George). The other two include: John Hobson and Alfred Marshall (Heilbroner, 1999, p. 170-212). Marx predicted the immiseration of the working class and eventual collapse of capitalism but this did not happen. Instead, wages kept increasing during Victorian Age and the working hours shortened thus transforming proletariat into petty bourgeoisies (p. 170). Malthus went underworld due to arithmetical absurdity of his idea of 'general glut' while the utopians were deemed to be talking nonsense which was not "economics" (p. 177-178). Edgeworth (1845-1926) introduced the concept of quantities and applied mathematics to economics but his work was rejected as it ignored the human factor thus it went underworld. Bastiat on the other hand, added humor to economics and was a defender of free trade but still went underworld.

Henry George (1839-1897) was a very popular economist in England and the U. S especially due to his book Progress and Poverty (1879) which indicated that the true cause of poverty and industrial depression was land rent (Heilbroner, 1999, p. 187). He argued that rent brought about not only hardships for capitalists but also workingmen hence was an injustice. He believed rent was a social extortion that led to speculation in land values

hence economic depression or “paroxysms” (p. 187). The only solution to the problem of depression was a single massive tax on land equal to its rent. This would eliminate all other taxes hence raise wages and capital earnings. It would also “abolish poverty, lead to remunerative employment for all, purify government and afford free scope to human power” (p 187-188). He also advocated taking away land from owners even if it meant war as, “there was never a holier cause” (p. 189). Though his work was a worthy successor to Adam Smith’s *Wealth of Nations* it went into underworld of economics due to lack of logic; industrial depression cannot be blamed on land speculation as evidence shows severe depressions do occur in countries where land values are not inflated.

John Hobson was concerned with capitalism and imperialism which was rampant during Victorian Era in Great Britain, France, Germany, Russia and U. S the targets being Asia and Africa. Before 1870, the *laissez faire* doctrine of free trade dominated but changed to imperialism beginning 1870s. Unlike Edgeworth, Hobson emphasized on human factors. He believed economic depressions and unemployment were due to savings. Savings are used in foreign investments leading to imperialism and consequently competition and rivalry culminating into war (Heilbroner, 1999 p. 193-212). This idea was acceptable to communists as well as westerners hence did not go into underworld.

Alfred Marshall (1842-1924) was popular during Victorian Age especially due to his book *Principles of Economics* (1890) which dwelt much on equilibrium. He also introduced the concept of short-run and long-run changes in equilibrium. He also had great influence on John Maynard Keynes who is

renowned for his fiscal and monetary policies in the economy hence had a great influence in economic thought during the time and did not go to underworld of economics (Heilbroner, 1999, p. 210-212).

Reference

Heilbroner, Robert L (1999). *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers*. New York, NY: Simon & Schuster, Inc.