This chapter provides an overview of Arthur C. Pigou’s life and works, evaluating his general contribution to economics. Firstly, some aspects of Pigou’s biography are sketched in order to track his trajectory as an academic within the establishment of Cambridge University, and also to depict the main fields of scientific inquiry to which he dedicated his life. Secondly, it summarizes Pigou’s main ideas on welfare economics, industrial fluctuations, employment and applied economics. After that, in order to assess Pigou’s standing within the international community of economists, the paper retrieves the contemporary reviews of some of his most famous books such as Wealth and Welfare, The Theory of Unemployment and Lapses from Full Employment. Finally, the analytical disputes centred on Pigou’s theories about utility comparisons, and the determinants of employment are presented, along with a survey of the most recent appraisals of his work. In the end, a brief comment on Pigou’s intellectual career is offered.

1 Introduction

In 1937, the presidency of the Royal Economic Society was conferred on the Cambridge Professor Arthur Cecil Pigou, then aged 60, for a four-year mandate. The choice could hardly have been more appropriate. From its inception, the organization had attempted to bring together members not only with a scientific expertise but also with some practical background in economics, so it had laid down no rules for membership (Coats 1968a). The new president had indeed a prolific lifelong dedication to academic inquiries on the subject, but, as he insisted regularly, even his most theoretical studies were inspired by concrete problems. In one of his most renowned books, The Economics of Welfare, Pigou had
already established a distinction between two kinds of sciences, claiming
that however important the light, or truth, of pure abstract economic
reasoning, a far greater importance can be attributed to the fruit, or
welfare enhancement, resulting from the application of economic knowl-
edge to address real economic problems in the known society.

We shall endeavour to elucidate, not any generalized system of
possible worlds, but the actual world of men and women as they are
found in experience to be. (Pigou 1962, 7)¹

Pigou’s complete works comprise a dozen books and more than 100
articles, many of them strictly analytical indeed, but a considerable
number as well of an applied nature, dealing with themes such as poor
relief, unemployment, housing, inflation, tariffs, public finances, land
ownership etc. (Pigou 1965, 1935; Collard 2002; Knight and McLure
2013). He also achieved wide international recognition. From early on,
his books were reviewed in Britain, France, Germany, Italy, Spain and
the United States. In 1828, the American Academy of Arts and Sciences
elected him a Foreign Honorary Member. In 1955, Pigou received the
Antonio Feltrinelli Prize in Economics and Social Sciences from the
Italian Accademia Nazionale dei Lincei, accompanied by a money grant
of 5 million lire (Accademia 1955).

The basic purpose of this chapter is to provide a general overview of
Pigou, his scholarship and his reception in the scholarly world. To that
end, the chapter commences with a biographical note on Pigou. His overall
contribution to economics is then presented in three subsections, the first
one dealing with economic welfare; the second reflecting on industrial
fluctuations and employment; and the third considering the Keynesian
challenge to Pigou, as well as his applied economics. This is followed by
an assessment on Pigou’s standing within the academic community of
economists, covering both the contemporary receptions accorded to his
main works shortly after publication; and modern historically reflective
appraisals of Pigou’s legacy. The chapter concludes with a few comments
on the main phases in the development of Pigou’s career.

2 Biographical sketch

Pigou was born at Beachlands, Ryde, Isle of Wight, on 18 November
1877, son of the retired army officer Clarence George Scott Pigou and his
wife Nora Frances Sophie. He was schooled at Harrow (1891–1896), as
his father had been. By 1895 he was awarded the Clayton Scholarship for