

Need and Distribution in Pigou's Economic Thinking

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Let us begin by examining a passage by D. Collard (Collard 1981, 112. *italic mine*):

The intellectual basis for favouring more equality (*cet par*) was, of course, diminishing marginal utility. When it came to policy measures, however, Pigou's egalitarianism all but vanished. Following Marshall, he recognised that inequalities could be justified on grounds of differing *needs* as well as tastes: 'people bearing high responsibility and using their brains much, need, to keep them efficient, more house room, more quiet, more easily digested food, more change of scene, than unskilled workers' (Pigou 1953, 51).

The above passage overviews some noteworthy points on the studies of Pigou, although no further examination seems to be provided. According to Collard, Pigou practically considers a distribution principle other than the one based on economic welfare and the law of diminishing marginal utility (the second principle in his welfare economics). In other words, it is the distribution principle based on the so-called 'need satisfaction'. Since very few studies exist on this aspect of Pigou's theory, this paper will examine his idea of need satisfaction and show that Pigou has depended on another distribution principle based upon the need satisfaction principle, which is quite different from his well-known second principle. Although it may be certainly a problem how his idea of the need satisfaction is consistent with his theorized economics and moral philosophy, it is clearly a clue to understanding the multifariousness of Pigou's original economic thought.

Since it is generally considered that the system of his welfare economics is basically constructed on the criterion of economic welfare (satisfaction, a part of total welfare), it may be challenging to demonstrate that there is another principle of distribution in Pigou's economic thinking. Although his welfare economics, in the narrow sense, has been identified with *Economics of Welfare* (Pigou 1952), it is advisable for us to note his fragmented and untheorized ideas and elements, his notion of need satisfaction being one of them. In other words, it is an attempt to re-construct his entire design of welfare economics by a re-examination of materials that were not necessarily employed in the process of the theorization of his welfare economics.

Reference (only cited in this summary)

Collard, D. 1981. Pigou. In O'Brien, D.P. and John R. Presley, eds. *Pioneers of Modern Economics in Britain*. London: Macmillan.

Pigou, A.C. 1952. *Economics of Welfare*. 4th ed. London: Macmillan.

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