

Pigovian Welfare Economics

Arthur Cecil Pigou succeeded Prof. Marshall as the Professor of Economics at the University of Cambridge. After Marshall, he became the leading neo classical economist. He is the founder of “Welfare Economics” His leading ideas on welfare economics are found in his “Economics of Welfare” (1920). Prof. Pigou popularized the word welfare and gave a concrete meaning to it. Pigou regards economic welfare and national income as coordinate.

- (1) A definition of economic welfare
- (2) Spelling out the condition under which welfare is maximised and
- (3) Pronouncement of policy recommendations for increasing welfare.

Prof. Pigou gave a clear meaning to the concept of welfare. He defined individual welfare as the sum of satisfactions obtained from the use of

goods and services. Social welfare is the summation of all individual welfare in a society. Since general welfare is very wide and complicated, he limited his study to economic welfare. He defined economic welfare as that part of social welfare “that can be brought directly or indirectly into relation with the measuring rod of money.”