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Studien zur Entwicklung der ökonomischen Theorie IX

Von

**R. D. Collison Black, H. Grosseckttler,
H. Rieter und D. Schneider**

Herausgegeben von Harald Scherf



Duncker & Humblot · Berlin

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Vorwort

Vom 12.-14. 3. 1986 traf sich der Dogmenhistorische Ausschuß des Vereins für Socialpolitik in Stuttgart und diskutierte in den Räumen der Industrie- und Handelskammer Mittlerer Neckar Referate seiner Mitglieder. Besondere Freude bereitet die Mitwirkung von Prof. R.D.C. Black, Belfast, die zu der Hoffnung Anlaß gibt, zukünftig zu einer engeren Zusammenarbeit mit der History of Economic Thought Society zu gelangen.

Alle Teilnehmer der Stuttgarter Tagung werden sich nicht nur an die ausgezeichnete organisatorische Vorbereitung durch Prof. Winkel, sondern auch an seine Führung durch das Hohenheimer Schloß und an einen genußreichen Abend im Schloßkeller dankbar erinnern.

Harald Scherf

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W.S. Jevons and the development of marginal utility analysis in British economics

By *R.D. Collison Black*, Belfast

I.

Forty years or so ago most histories of Economic thought contained references to “a veritable revolution in the methods and conceptions” of economic theory occurring in the early eighteen-seventies (cf. Gide and Rist, 1909 (1948 ed.), p. 485) and, as Schumpeter said, “according to a familiar tradition from which it is convenient to start, this revolution centered in the rise of the marginal utility theory of value that is associated with the names of three leaders: Jevons, Menger and Walras.” (1954, p. 825).

As a corollary of this traditional view it followed that W.S. Jevons was seen as a major innovator in English economic thought — the first effective exponent of the marginal utility approach to the theory of value in a country whose political economists had for the preceding century not only exerted unparalleled influence on the development of the subject, but used it in favour of an objective, real cost treatment of value problems.

Does this traditional view now require revision in the light of more recent research and the re-assessment which some authors have consequently made of the progress of English economic thought in the period from about 1830 until 1871? That is the question with this paper is concerned.

In speaking here of ‘recent research’ I am not thinking of the pioneering work done by Seligman in rediscovering “Some Neglected British Economists” (Seligman, 1903), nor even of Marian Bowley’s *Nassau Senior and Classical Economics* (1937), for long itself a minor classic. As a result of that work it was well recognised, even before Schumpeter wrote his *History of Economic Analysis*, that the period between the publication of Ricardo’s and J.S. Mill’s *Principles of Political Economy* had also witnessed the publication of works by a number of British “dissenters” in which subjective theories of value had been developed with varying degrees of completeness. In some few of these works the principle of diminishing marginal utility had been employed either implicitly or explicitly.

All this has by now been so long and so well-known that it requires no further comment. I have in mind rather the considerable volume of writing which appeared around the time of the commemoration of the centenary of the “Marginal Revolution”, especially Professor Bowley’s revision of her earlier

views (Bowley 1972 and 1973); the development by Maurice Dobb and others of the view that there are in fact two traditions in value theory in this period — both stemming from Smith but one running from Ricardo to Marx, the other from Malthus through Senior and J. S. Mill to Marshall; and most recently Professor Hollander's contention that "Ricardianism and neo-classicism — while not sharing identical procedures and certainly not identical preoccupations — have in common a similar 'central core' amounting to allocation theory based upon the mechanisms of demand and supply" (1985, Vol. I, p. 245).

Now, none of these contributions really amounts to more than a reinterpretation of the basic view that English classical economics in the period before Jevons comprised two groups — the supporters and promoters of the Ricardo-Mill orthodoxy on the one hand and a varied group of more heterodox political economists on the other. But the reinterpretations themselves vary greatly in their assessments of the size and importance of the different groups and of the significance of the work of each group for the later development of economic ideas. However my concern here is not to discuss and criticise these interpretations as such, but merely to consider what revisions, if any, they may require us to make in the accepted view of the place of Jevons in the development of marginal utility analysis in Britain.

My treatment of this question falls into three sections. In the first I shall look at Jevons's own account of the theories of utility and of exchange, emphasising what I consider to be their characteristic features. In the second I consider the influence of his predecessors on Jevons, both as he saw it and as we may now see it, and in the third I deal with the relationship of Jevons to his successors in English economics.

II.

In the Preface to the second edition (1879) of his *Theory of Political Economy* (hereafter *T. P. E.*) Jevons asked his readers "to bear in mind that this book was never put forward as containing a systematic view of Economics. It treats only of the theory, and is but an elementary sketch of elementary principles" — which elsewhere in the same Preface he described as "the tracing out of the mechanics of self-interest and utility" (Jevons, 1879; 1970, pp. 67 and 50). Now this is explicit enough, but it is important to understand precisely what Jevons had in mind. This has seldom been better explained than in a little known comment by F. W. Taussig, Marshall's contemporary at Harvard, in which he described Jevons as "concerned chiefly with advocating a new method and a new point of view — the *method* of mathematics and the *point of view* of final utility" (1896, p. 305; emphasis in original).

It is certainly true that Jevons attached great importance to the view that Economics must employ mathematical methods. His studies in logic and the philosophy of science had led him to the conclusion that "there can be but two

classes of sciences — those which are *simple logical* and *those which, besides being logical, are also mathematical*. If there be any science which determines merely whether a thing be or be not — whether an event will happen, or will not happen — it must be a purely logical science; but if the thing may be greater or less, or the event may happen sooner or later, nearer or farther, then quantitative notions enter, and the science must be mathematical in nature, by whatever name we call it.” There was no doubt in his mind as to the class to which Economics belonged — “to me it seems that *our science must be mathematical, simply because it deals with quantities*. Wherever the things treated are capable of being *greater or less*, there the laws and relations must be mathematical in nature” (1879; 1970, pp. 80 and 78; emphasis in original).

I have elsewhere argued that “if Jevons was attempting to set out the core of economic behaviour (as a process of maximising utility) then it would seem that the mathematical logic of the process should have been more important to him than the psychological assumptions of hedonism and I think that Jevons’s own statements are consistent with this view” (Black, 1973, p. 107). Now if indeed Jevons was placing the primary and major stress on the mathematical formulation of economising behaviour it might seem that this would naturally lead him towards a supply and demand analysis of value problems — in effect to something akin to modern treatments of price determination; but such was not the case. To Jevons the essence of economising behaviour was the maximisation of the net sum of pleasures and pains; if the first essential was to explain it with the aid of mathematical techniques the second and no less essential part was to use those techniques in “tracing out the exact nature and conditions of utility” (1879; 1910, p. 106). Jevons himself argued that “the chief difference between the old and the new doctrines is, that the old ones involve a crude and partially false mathematical theory, and the new ones, as I venture to maintain, a true mathematical theory. This difference arises, as I believe, from overlooking the importance of a thorough analysis of the notion of utility” (1874; 1972-1981, Vol. III, p. 78).

We need not here enter into the now long familiar details of that thorough analysis, which hinged around the distinction between ‘total utility’ and ‘final degree of utility’, but for the purposes of this paper it may be helpful to draw attention to some features of it which tend nowadays to be overlooked or taken for granted.

First of all, utility is obviously capable of being greater or less and therefore, on Jevons’s criteria, amenable to mathematical treatment. This brings up the question of the measurement of quantities of utility and Jevons did not overlook or deny the difficulties which this must involve. He attempted to meet them, perhaps not successfully, by arguing that his treatment “seldom involves the comparison of quantities of feeling differing much in amount. The theory turns upon those critical points where pleasures are nearly, if not quite, equal” and that “it is from the *quantitative effects of the feelings that we must estimate their*