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WILLIAM STANLEY JEVONS

The Theory of Political Economy

By William Stanley Jevons

THE contents of the following pages can hardly meet with ready acceptance among those who regard the Science of Political Economy as having already acquired a nearly perfect form. I believe it is generally supposed that Adam Smith laid the foundations of this science; that Malthus, Anderson, and Senior added important doctrines; that Ricardo systematised the whole; and, finally, that Mr. J. S. Mill filled in the details and completely expounded this branch of knowledge. Mr. Mill appears to have had a similar notion; for he distinctly asserts that there was nothing; in the Laws of Value which remained for himself or any future writer to clear up. Doubtless it is difficult to help feeling that opinions adopted and confirmed by such eminent men have much weight of probability in their favour. Yet, in the other sciences this weight of authority has not been allowed to restrict the free examination of new opinions and theories; and it has often been ultimately proved that authority was on the wrong side. There are many portions of Economical doctrine which appear to me as scientific in form as they are consonant with facts. I would especially mention the Theories of Population and Rent, the latter a theory of a distinctly mathematical character, which seems to give a clue to the correct mode of treating the whole science. Had Mr. Mill contented himself with asserting the unquestionable truth of the Laws of Supply and Demand, I should have agreed with him. As founded upon facts, those laws cannot be shaken by any theory; but it does not therefore follow, that our conception of Value is perfect and final. Other generally accepted doctrines have always appeared to me purely delusive, especially the so-called Wage Fund Theory. This theory pretends to give a solution of the main problem of the science—to determine the wages of labour; yet, on close

examination, its conclusion is found to be a mere truism, namely, that the average rate of wages is found by dividing the whole amount appropriated to the payment of wages by the number of those between whom it is divided. Some other supposed conclusions of the science are of a less harmless character, as, for instance, those regarding the advantage of exchange (see the section on “The Gain by Exchange,” p. 141). [From the Preface to the First Edition]

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PREFACE TO THE FIRST EDITION

(1871)

THE contents of the following pages can hardly meet with ready acceptance among those who regard the Science of Political Economy as having already acquired a nearly perfect form. I believe it is generally supposed that Adam Smith laid the foundations of this science; that Malthus, Anderson, and Senior added important doctrines; that Ricardo systematised the whole; and, finally, that Mr. J. S. Mill filled in the details and completely expounded this branch of knowledge. Mr. Mill appears to have had a similar notion; for he distinctly asserts that there was nothing; in the Laws of Value which remained for himself or any future writer to clear up. Doubtless it is difficult to help feeling that opinions adopted and confirmed by such eminent men have much weight of probability in their favour. Yet, in the other sciences this weight of authority has not been allowed to restrict the free examination of new opinions and theories; and it has often been ultimately proved that authority was on the wrong side.

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In this work I have attempted to treat Economy as a Calculus of Pleasure and Pain, and have sketched out, almost irrespective of previous opinions, the form which the science, as it seems to me, must ultimately take. I have long thought that as it deals throughout with quantities, it must be a mathematical science in matter if not in language. I have endeavoured to arrive at accurate quantitative notions concerning Utility, Value, Labour, Capital, etc., and I have often been surprised to find how clearly some of the most difficult notions, especially that most puzzling of notions

Value, admit of mathematical analysis and expression. The Theory of Economy thus treated presents a close analogy to the science of Statical Mechanics, and the Laws of Exchange are found to resemble the Laws of Equilibrium of a lever as determined by the principle of virtual velocities. The nature of Wealth and Value is explained by the consideration of indefinitely small amounts of pleasure and pain, just as the Theory of Statics is made to rest upon the equality of indefinitely small amounts of energy. But I believe that dynamical branches of the Science of Economy may remain to be developed, on the consideration of which I have not at all entered.

Mathematical readers may perhaps think that I have explained some elementary notions, that of the Degree of Utility for instance, with unnecessary prolixity. But it is to the neglect of Economists to obtain clear and accurate notions of quantity and degree of utility that I venture to attribute the present difficulties and imperfections of the science;

and I have purposely dwelt upon the point at full length. Other readers will perhaps think that the occasional introduction of mathematical symbols obscures instead of illustrating the subject. But I must request all readers to remember that, as Mathematicians and Political Economists have hitherto been two nearly distinct classes of persons, there is no slight difficulty in preparing a mathematical work on Economy with which both classes of readers may not have some grounds of complaint.

It is very likely that I have fallen into errors of more or less importance, which I shall be glad to have pointed out; and I may say that the cardinal difficulty of the whole theory is alluded to in the section of Chapter IV. upon the "Ratio of Exchange," beginning at p. 84 (p. 90 of this edition). So able a mathematician as my friend Professor Barker, of Owens College, has had the kindness to examine some of the proof sheets carefully; but he is not, therefore, to be held responsible for the correctness of any part of the work.

My enumeration of the previous attempts to apply mathematical language to Political Economy does not pretend to completeness even as regards English writers; and I find that I forgot to mention a remarkable pamphlet "On Currency" published anonymously in 1840 (London, Charles Knight and Co.) in which a mathematical analysis of the operations of the Money Market is attempted. The method of treatment is not unlike that adopted by Dr. Whewell, to whose Memoirs a reference is made; but finite or occasionally infinitesimal differences are introduced. On the success of this anonymous theory I have not formed an opinion; but the subject is one which must some day be solved by mathematical analysis. Garnier, in his treatise on Political Economy, mentions several continental mathematicians who have written on the subject of Political Economy; but I have not been able to discover even the titles of their Memoirs.

Principles of Political Economy, book iii. chap. vi. sec. i. l. This definition occurs at the beginning of a carefully prepared summary of the principles of the theory of value.

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Essays in Political and Moral Philosophy, Dublin, 1879, pp. 216-242.

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Journal of the Statistical and Social Inquiry Society of Ireland, August 1878, vol. vii. Appendix. Also as a separate publication, Longmans, London, 1878.

4.

"The Future of Political Economy,"

Fortnightly Review, November 1876, vol. viii., N. S., pp. 617-631.

Translated in the

Journal des Economistes, March 1877, 3

^{me} Série, vol. xlv. p. 325.

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See p. ix of this edition.

6.

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Some Leading Principles of Political Economy Newly Expounded, pt. 1, chap. iii. p. 97.

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1720. Hutcheson.

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Elemens d'Ideologie, iv., et v

^e Parties.

Traité de la Volonté et de Ses Effets, Paris, 1815, 8vo, p. 499. Edition of

1826, p. 335. American Edition,
A treatise on Political Economy, translated from the unpublished French original. Georgetown, D.C. 1817, p. xiii.

12.

Observations on the Effects of the Corn Laws, and of a rise or fall in the price of Corn on the Agriculture and General Wealth of the Country. London, 1814, p. 30: 3d ed., 1815, p. 32.

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Traité d'Economie Politique, Cinquième Edition, p. 701.

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Theorie und Geschichte der National-Oekonomik, 1858, vol. i. p. 9.

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A copy of Gossen's book will be found in the Library of the British Museum (Press mark 8408, cc). It was not acquired by that institution until May 24, 1865, as shown by the date stamped upon the copy.

16.

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17.

"Land Systems and Industrial Economy of Ireland, England, and Continental Countries." London, 1870. Appendix, pp. 357-379.

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London, 1877, Trübner.

19.

Chap. v. vol. i. p. 304.

20.

Principles of Political Economy, book iii., chap. v., sec. 2, paragraph 3.

21.

Principles of Political Economy, book iii., chap. vi., sec. 1, article 9.

Chapter I

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