

Lecture 10: Marginalists – the English school

We now begin our treatment of *marginalism*, which will go over several lectures. As we have seen, there were many precursors, so that the year 1870 usually appearing as its initial year must be taken with a grain of salt. It is also somewhat artificial to speak of a first, second and third generation of marginalism, and I have organized the our discussion countrywise, so that we follow the development over several ‘generations’ but in the same country. This again is artificial, perhaps even more so, in particular we include John Bates Clark in the English tradition even though he was inspired largely by researchers on the continent, but it turned out to be convenient for our purpose.

Jevons is undoubtedly the most interesting of the English marginalists, apart from being the first one. He was a polymath, interested in many different sciences and competent in chemistry and logics, publishing an innovative textbook in logics. His scientific project in economics was to give it firm foundation in utility analysis, so that he appears as a consistent follower of Bentham.

Some of the minor problems considered by Jevons are worth mentioning, and they are to some extent still alive today. The so-called *Jevons paradox* is discussed today in the form of the *rebound effect* in connection with the green transition, and even the *sunspot hypothesis* keeps reappearing in the literature. See the Lecture Note 10 for some comments on this.

Edgeworth can be considered as the most immediate follower of Jevons, and many of his ideas reappeared in the 1970s in connection with the more refined treatments of general equilibria in competitive markets. His treatment of exchanges was surprisingly modern and was not appreciated before much later.

His analysis of *cyclical movements of prices* has been reconsidered in later years as *Edgeworth cycles*, see the Lecture Note.

Marshall has had a profound influence on the development of economic thought from the end of the 19th century to the middle of the 20th, and his approach to economic analysis is to some extent still the predominant one. If most of the ideas and notions in his textbook were not altogether new, it should be noticed that this holds also for earlier authors (in particular Adam Smith), and Marshall saw himself as carrying on the tradition in English political economy.

John Bates Clark represents the introduction of marginalism in American economic thought, and with him ‘marginalism’ turns into *neoclassical* economics. He is

particular known for connecting wages to marginal productivity.

Wicksteed is chronologically after Marshall but with regard to method and approach he is closer to Jevons and Edgeworth. He is usually considered as giving the most refined comprehensive treatment of economic theory according to the marginalists.

We read: V&G, chapters 19 and 23.