

Lecture 9: Precursors of marginalism

We finish out treatment of Marx – not much left over – and proceed to the marginalists, or rather to the many authors who laid the foundation for the new approach to economics which gained impetus from 1870 and onwards. Our book is rather brief on the precursors, even though most of them are mentioned, but we shall use somewhat more time and space on these early marginalists.

We have already mentioned **Canard** as a very early precursor of what later became the microeconomic theory of prices and markets, but at this point we should certainly mention **Cournot**, who laid the foundation of monopoly and duopoly pricing, to a degree that teaching today largely follows his approach from as early as 1838. On his way he also developed the demand curve (without which there could be no model of the profit maximizing monopolist) which had not been used before him. Cournot had a background as a mathematician trained in the French *École Normale* and subsequently teaching mathematics at French universities, and he has published several books on mathematical topics.

Another early French contributor to the marginal revolution is **Dupuit**, coming to economics from engineering, and his work on pricing of public facilities not only involved demand curves but also anticipated the cost-benefit reasoning which came more than 100 years later.

In Germany, the most important of the precursors was undoubtedly **Gossen** who was a pioneer in the development of utility analysis, formulating what was later termed Gossen's first and second law, and analysing commodity exchanges in a way which involved marginal utilities even without explicitly formulating it in this way. Even though Gossen remained unrecognized as an innovator and was never associated with the academic world, there were also university researchers in Germany who anticipated what was to become the marginalist approach to economics. A few comments on this can be found in Lecture Note 9.

We read: V&G, chapter 17.