

JEVONS ON THE RICARDIAN THEORY OF DISTRIBUTION. AN INTERPRETATION

by Rodolfo Signorino

1. Introduction

In a recent article Kurz and Salvadori (2002) argue that some earlier marginalist interpreters of classical economics, most notably Léon Walras, have levelled at the classical theory of value and distribution two different kinds of criticism. One criticism concerns the scope of its theoretical domain: the classical theory is considered as a special case of the new marginalist theory. The other criticism concerns its logical consistency: the classical theory is faulted for its attempt to determine two unknowns (the rate of profits and total output) from a single equation. The special-case criticism, the argument continues, is clearly at odds with the underdeterminacy criticism. This fact reveals that the marginalist interpreters of classical economics "had difficulties in coming to grips with the analytical structure of the classical theory of value and distribution" (Kurz and Salvadori, 2002, p. 370). The two authors conclude that the resulting interpretation of classical economics turns out to be logically vitiated.

In this paper I focus on William Stanley Jevons' interpretation of the Ricardian theory of distribution, which has many features in common with Walras' interpretation. To make just an example. As remarked by Kurz and Salvadori (2002, pp. 390 ff), the underdeterminacy criticism was forcefully raised not only by Walras in Lesson 40 of his *Elements of Pure Economics* (1954) but also by Jevons in Chapter VIII of his *The Theory of Political Economy* (1911). In what follows I try to elucidate the exegetical reasons which lead Jevons to accuse Ricardo (and the classical economists alike) to be bad mathematicians. In my view, Jevons falls short of a full understanding of the analytical structure of the classical theory (whence his underdeterminacy charge) because of his peculiar interpretation

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tive strategy. To support this claim I reconstruct and evaluate the logic of Jevons' interpretation and I identify his interpretative style by making use of two hermeneutic categories, "interpretation" and "application".

According to the hermeneutic approach to interpretation (see Gerrard, 1991), the process of reconstruction and evaluation of a text written by a past economist involves at least two moments that, though deeply interrelated, must be kept accurately distinct for the sake of conceptual clarity. The first moment is usually called "interpretation". The specific aim of interpretation is to clear up the "meaning" of the interpretable text. Interpretation involves "understanding", the reconstruction of the meaning of the text in its own terms, and "explanation", the presentation of the reconstructed meaning in terms palatable to a particular audience. The second moment is usually called "application". The specific aim of "application" is to determine and assess the "significance" of the interpretable text. Application includes "judgement", the construction of a relationship between the text and something external to it, and "criticism", the discussion and evaluation of the findings thus obtained.

In the light of the hermeneutic categories sketched above, it may be claimed that Jevons pursues an "application" and not an "interpretation" of Ricardo. Jevons holds that classical economists have elaborated some truly scientific doctrines; but, at the same time, they have committed great errors. In several occasions, both in the *Theory* and in his private correspondence, Jevons declares his belief that his new economic theory is the (only) true one and it can be used, *inter alia*, as the watershed between truth and error in the appraisal of past economics. Accordingly, for Jevons it is possible to reconstruct and evaluate classical economics by means of an objective standard of judgement². With this object in view, Jevons envisages a three step exegetical strategy: first he points out carefully the scientific standards all economic theories should conform to and elaborates his own economic theory in compliance with these standards; then he scrutinizes severely the corpus of received economic doctrines in the light of his own economic theory and, finally, he passes his sentence. Jevons' standards of judgement in the appraisal of past economics appear to be influenced by Jevons' view on the proper method of pure economics. Jevons assumes some (alleged) empirical regularities known by (casual) induction or introspection as starting assumptions and

¹ Aksoy (1991) makes extensive use of hermeneutic categories to appraise the phenomenon of multiple interpretations of Ricardo's economics. He reviews and analyses the main interpretations of Ricardo elaborated by such diverse authors as Malthus, Marx, Marshall, Schumpeter, Knight, Stigler, Mitchell, Sraffa and Hollander. Yet, he makes only passing references to Jevons.

² Jevons' interpretative style may be defined as judgemental-objectivistic. From this point of view, Jevons' exegesis of Ricardo is akin to those of other marginalist interpreters such as Schumpeter, Knight and Stigler: see Aksoy, 1991, p. 239.

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logically deduces a set of economic propositions from them. He holds that his new economic theory gets through both the test of the empirical status of the starting assumptions and that of the logical correctness of deductive inferences. On the contrary, for Jevons the Ricardian theory of distribution gets bad marks in both tests: it is based on assumptions which have empirically false implications and it is logically flawed in the precise mathematical sense of being one equation short. Jevons acknowledges that the Ricardian fundamental equation, "Produce = profit + wages", is able to display the Ricardian inverse relationship between "profit" and "wages" once "produce" is taken as given. He also acknowledges that Ricardo took the rate of wages as given in his theory of distribution. Yet, within the analytical framework of Jevons' marginalist theory, the Ricardian assumptions of a given produce and of a given rate of wages make no sense. That is the reason why Jevons, as interpreter of Ricardo, concludes that Ricardo's theory is underdeterminate.

The paper has four Sections. Section 2 provides an overview and appraisal of textual evidence and identifies Jevons' exegetical strategy. Section 3 explores Jevons' reconstruction and assessment of the Ricardian theory of distribution. Section 4 concludes.

2. Jevons on Ricardian Economics: An Overview and Appraisal of Textual Evidence

Unlike Marshall in the famous Appendix I of his *Principles of Economics* (1961), Jevons in the *Theory never claims that Ricardo's Principles of Political Economy and Taxation* (1951) is an unsystematic and hasty investigation of selected topics in economics, or that Ricardo's style is cumbersome and that Ricardo's doctrine has generally been misinterpreted. To put it shortly, Jevons, unlike Marshall, does not build his own view on Ricardo or the classical economists on an allegedly superior and challenging "understanding" of what these authors really meant. Jevons' goal in the *Theory* appears to be the isolation and assessment of the "significance" of Ricardian economics and not the clarification of its "meaning". Jevons, in fact, claims that received economic doctrines have many elements that are "as scientific in form as they are consonant with facts" (Jevons, 1911, p. vi). In particular, Jevons mentions the Malthusian theory of population and the theory of rent, the latter celebrated as "a theory of a distinctly mathematical character, which seems to give a clue to the correct mode of treating the whole science" (*ibidem*). Likewise, at the very beginning of Chapters VI ("Theory of Rent") and VII ("Theory of Capital"), Jevons writes, respectively, that "[t]he general correctness of the views put forth in preceding chapters derives great probability from their close resem-

blance to the Theory of Rent, as it has been accepted by English writers for nearly a century (p. 210) and that the 'views which [he] shall endeavour to establish on this subject [the nature and principles of Capital] are in fundamental agreement with those adopted by Ricardo'" (p. 222)³.

Jevons' statements in the *Theory* and in his private correspondence clearly imply that it is possible to separate scientific truth from error in past economics by means of an objective standard of judgement⁴. This point of view is made explicit in "The Progress of the Mathematical Theory of Political Economy", a paper read before the Manchester Statistical Society in 1874. Two passages are particularly revealing and worthy of a full quotation:

I maintain that it is only by going back and reconsidering the primary notions of the science that *we can arrive at a true theory of economy, and be enabled to distinguish between the true and the false in ancient theories* (Jevons, 1972-1981, vol. vii, p. 77, emphasis added).

It might seem that [my new mathematical theory] leads us to no new conclusions, because we found that the principal inferences from the theory were the laws of supply and demand, and the doctrine of the relation of value to cost of production already so well known in political economy. But though many parts of economical doctrine as now accepted will be confirmed by the theory, other parts will probably be shown to be groundless. The results of any such theory must be of a triple character, destructive, conservative, and constructive [...]. [...] *It will be a result of quite sufficient importance for the present if the new theory enables us to test the truth of prevailing doctrines concerning value, and to reject those which are false.* It is quite doubtful whether the new theory will always lead us to such precise and dogmatic conclusions as we find in some of the principal treatises on political economy; but it will be allowed that precise and dogmatic conclusions do more harm than good if they be false, and that there is nothing of more worth in scientific matters than the touchstone which can decide between truth and error (*idem*, pp. 84-85, emphasis added).

³ Mosselmans (1999, p. 35) argues that both the elements of continuity and discontinuity between Jevons and the Ricardian economists may be explained through the concept of "perception of a changed environment". According to Mosselmans, the classical environment induces a perspective focusing on reproduction and internal scarcity, that is, scarcity provoked by individual human actions. By contrast, Jevons elaborates his economics within an environment "in which the 'main pillars' of classicism have lost their place" and in which the relevant categories have become non-reproduction and external scarcity, that is, scarcity provoked by impersonal societal mechanisms. Thus "Jevons functions as a 'translator' of classical concepts into the new non-reproductive environment, and precisely this feature leads to his position as a transitional economist".

⁴ In a letter to H.S. Foxwell (November 16, 1875) Jevons writes: "I am beginning to think very strongly that the true line of economic science descends from Smith through Malthus to Senior while another branch through Ricardo to Mill has put as much error into the science as they have truth" (Jevons, 1972-1981, vol. iv, p. 146).

Thus Jevons' objective standard of judgement in the appraisal of past economics is nothing but Jevons' own economic theory. Such a choice of the standard logically derives from Jevons' belief that truth in economics is one. A few quotations must suffice. In the famous letter to his brother Herbert (June 1, 1860) Jevons declares:

During the last session I have worked a great deal at Pol. Economy; in the last few months I have fortunately struck out what I have no doubt is *the true theory of Economy* so thorough-going and consistent, that I cannot now read other books on the subject without indignation (Jevons, 1972-1981, vol. ii, p. 410, Jevons' emphasis).

Similarly, in a letter to Walras (May 30, 1874) he writes:

I cannot delay, expressing the pleasure with which I find that we have by independent path reached conclusions which are nearly if not quite the same. I flatter myself with the hope that the unity of our results arises from the best cause, namely that *we have both reached the truth, which must be one* (Jevons, 1972-1981, vol. iv, pp. 49-50, emphasis added).

In Chapter I of his *Theory* Jevons concedes that he may have committed some "oversights... in tracing out the details" of his theory; but this does not shake his conviction that "in its main features this theory must be the true one" (Jevons, 1911, p. 21). In order to separate truth from error within classical economics Jevons in the *Theory* appears to follow a three steps exegetical strategy which may be outlined as follows:

step one: in the opening pages of his book Jevons points out carefully the scientific standards all economic theories must conform to and elaborates his new economic theory in compliance with these standards; step two: he strictly examines the corpus of received economic doctrines in the light of his new economic theory; step three: he critically discusses the results of his inquiry and passes his sentence. As far as step one is concerned, Jevons' own description of the proper method of pure economics, or "Complete Method", is the following:

Possessing certain facts of observation, we frame an hypothesis as to the laws governing those facts; we reason from the hypothesis deductively to the results to be expected; and we then examine these results in connection with the facts in question; coincidence confirms the whole reasoning; conflict obliges us either to seek for the disturbing causes, or else to abandon our hypothesis (Jevons, 1911, pp. 17-18).

Hence, Jevons' way to achieve a true economic theory is to assume some empirical regularities known by induction or introspection as premises of the economic reasoning and to avoid mistakes in the process of deductive infer-

ence from those premises⁵. It goes without saying that Jevons holds his own theoretical framework to pass both the test of the empirical truth of the initial assumptions and that of the logical correctness of the deductive inferences. Jevons maintains that the fundamental premises of his theory are self-evident psychological laws or *lex naturae* whose empirical truth is beyond dispute:

That every person will choose the greater apparent good, that human wants are more or less quickly satiated, that prolonged labour becomes more and more painful, are a few of the simple inductions on which we can proceed to reason deductively with great confidence. From these axioms we can deduce the laws of supply and demand, the laws of that difficult conception, value, and all the intricate results of commerce so far as data are available (p. 18).

Later on, in Chapter VI, Jevons introduces the law of falling marginal productivity of a variable factor (labour) applied to a constant factor (land). This law is considered by Jevons an "undoubted principle" (p. 221), as much as the previous ones:

It is quite impossible that we could go on constantly increasing the yield of one farm without limit, otherwise we might feed the whole country upon a single farm (p. 212).

Moreover, Jevons takes care to stress that his own theories of exchange and production are logically consistent in the precise mathematical sense that they contain as many independent equations as unknowns (see pp. 100, 115, 118 and 185).

As far as step two is concerned, Jevons focuses his criticism of the Ricardian theory of distribution on the theory of wages: in his view, "to determine the wages of labour" is "the main problem of the science" (p. vi). The famous and oft-quoted passage on the "mazy and preposterous assumptions of the Ricardian school" and on the "able but wrong-headed man, David Ricardo, [who] shunted the car of economic science on to a wrong line" concerns specifically the Ricardian theory of wages. In the Preface to the first edition of the *Theory* Jevons singles out among the "generally accepted doctrines" which have always appeared to him "purely delusive" the "so-called Wage-Fund Theory" and defines it a "mere truism" (*ibidem*). In the Preface to the second edition, he claims that in order to elaborate a "true doctrine of wages" it is necessary to abandon the "Wage-Fund Theory, the Cost of Production doctrine of Value, the Natural

⁵ Some commentators have pointed out that it is necessary to distinguish between Jevons' prescriptions in the field of pure economics from those in the field of applied economics. As far as pure economic theory is concerned, "Jevons was at one with [John Stuart] Mill" (Peart, 1993, p. 437), as Jevons himself plainly acknowledges in Chapter 1, Section 6 ('Logical Method of Economics') of his *Theory*. Jevons parts company with Mill in the field of applied economics where he insists upon the use of approximation techniques. See also Peart (1995 and 1996).

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Rate of Wages" (pp. xlv-xlvi). Finally, in the second section ("Relation of Wages and Profits") of Chapter VIII ("Concluding Remarks") Jevons brands the attempt to determine the rate of wages by means of the wage-fund theory as "illusory" (p. 268) and the Ricardian notion of a natural rate of wages as devoid of empirical content. Hence, he outright declares that he is inclined "to reject altogether the current doctrines as to the rate of wages" (p. 269).

As far as step three is concerned, Jevons claims that classical economists have built their economic theory on premises which have empirically false implications and they have committed logical mistakes. In the Preface to the second edition of the *Theory* as well as in Chapter I ("Introduction"), Jevons claims that economics, both old and new, studies quantitative relationships and, accordingly, is based on quantitative reasonings. Hence, it is intrinsically a mathematical discipline irrespective of the awareness of this fact by its students. Unfortunately, the argument continues, classical economists did not translate into mathematical symbols and formulas their own theories. Thus they could not avail themselves of the aid represented by the strict logical discipline imposed by the use of mathematical language: "The unfortunate result is that they have generally been bad mathematicians, and their works must fall" (p. xxiii). Similarly, in "The Progress of the Mathematical Theory of Political Economy" Jevons writes:

Thus 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 (Jevons, 1972-1981, vol. vii, p. 78, emphasis added).

As clarified in the following section, Jevons' assessment of the Ricardian theory of distribution involves both logical and empirical elements and it is deeply influenced by his distinction between true and false mathematical theories.

3. Jevons on the Ricardian Theory of Distribution

Jevons' assessment of the Ricardian theory of distribution may be rationalized in the light of his own views on the proper method of pure economics and

⁶ As pointed out by Schabas, Jevons' appeal to the quantitative nature of economics is "perhaps the most simplistic of Jevons' arguments"; "since logic, by [Jevons' own] definition, could only analyze qualitative relationships, as soon as it was apparent that economics dealt with quantitative relations, mathematics must be adopted" (Schabas, 1990, p. 80). Jevons' point of view on economics as a science was shaped by his work as philosopher of science, a work which in 1874 culminated in the celebrated *The Principles of Science*. As noted by many commentators, Jevons firmly believes that Nature is uniform and law-governed, that the laws of Mind perfectly coincide with those of Nature and, consequently, that the natural and the social sciences share the same scientific method (see Schabas, 1990 and Peart, 1996).

of his belief that truth in economics is one. Jevons, in fact, charges the Ricardian theory of distribution of what he believes to be deadly sins for scientific theories: in his view the Ricardian theory is based on assumptions which have empirically false implications and it is logically flawed. Hence it does not pass the test Jevons himself has set up for a theory to be accepted in the realm of science. Jevons detects two crucial assumptions within the Ricardian theory of distribution:

1. the various factors of production are considered as separate sources of production and
2. the rate of wages is assumed as exogenously given at the subsistence level.

According to Jevons, the first assumption leads Ricardian economists to misrepresent the relationship between wages and rent and, consequently, between cost of production and value. Jevons' view on this aspect of the Ricardian theory may be reconstructed as follows. In Ricardian theory rent is determined at the margin of cultivation and therefore it "forms no part of the cost of production which determines the value of agricultural produce"; wages are determined either through the wage-fund theory or through the natural rate hypothesis. In any case, unlike rent, wages are a determinant of cost of production and thus of value:

Rent in fact is represented as the effect not the cause of high value; wages on the contrary are treated as the cause, not the effect (p. xlvi).

Jevons rejects these Ricardian conclusions not because they do not follow consistently from the Ricardian premises but because they derive from an assumption which (in his view) has an empirically false implication: the Ricardian doctrine assumes "labour, land, knowledge and capital" as "causes each of a certain portion of the produce" (p. xlvi). By contrast, for Jevons the various factors of production must be considered as "conjoint conditions of the whole produce" and "distribution" as "entirely subject to the principles of value and the laws of supply and demand" (*ibidem*)⁷. Thus Jevons appears to criticize this aspect of the Ricardian theory of distribution from an empirical and not from a logical point of view⁸.

Jevons' statements make sense once it is granted that Jevons undertakes a reconstruction and an evaluation of Ricardian economics in the light of his own economic theory which he considers as the true economic theory. Jevons, as interpreter of Ricardo, is aware that Ricardo has elaborated an *asymmetric* expla-

⁷ Jevons claims that each particular kind of factor is monopolistically owned by the various labourers, landlords and capitalists: each of them "must be regarded...as bringing into the common stock one part of the component elements, bargaining for the best share of the produce which the conditions of the market allow him to claim successfully" (Jevons, 1911, p. xlvi).

⁸ The distinction between logical (or internal) and empirical (or external) criticism has an epistemic foundation much more slippery than usually thought (see Salanti, 1989a and b). Yet, since the main purpose of this paper is not to dwell on the exact epistemological nature of Jevons' critique of Ricardo, that distinction may be retained at least as an useful simplification.

⁹ 'Jevons' theory of distribution, as is well-known, is far from being logically watertight: the interested reader may consult Steedman (1972) and Forges Davanzati (1995).

retical mistake to assume "produce" as given in the theory of distribution:⁹
 simple equation but on radically different assumptions. For Jevons, it is a theo-
 tence of an "ordinary rate of wages for common labour" (Jevons, 1911, p. 270).
 To the Ricardian theory Jevons opposes his own theory based on the same
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 Thus, according to Jevons' own reconstruction, the crucial point to investi-
 Ricardo assumes the rate of wages as given.

4. this proposition holds "if the produce be a fixed amount" and finally;
3. Ricardo's main proposition is that "if wages rise profits must fall, and vice versa";
2. Ricardo's main proposition is that "if wages rise profits must fall, and vice versa";
1. the relationship between profits and wages envisaged by Ricardo may be rationalized by means of a simple equation, "Produce = profit + wages"; since "rent... is reduced to zero in the case of the poorest land cultivated";

For Jevons, the second crucial assumption of the Ricardian theory of distribution is the assumption of a given rate of wages. Jevons (1911, p. 269) acknowledges that

nation of the relationship between wages and rent. But Jevons' main exegetical goal is not "interpretation" but "application" of Ricardian economics. Jevons, as economic theorist, proposes a *symmetric* explanation of the relationship between the two distributive variables. For Jevons, in fact, the "rates of wages are governed by the same formal laws as rents" (p. xvii). Hence, "so far as cost of production regulates the values of commodities, wages must enter into the calculation on exactly the same footing as rent" (pp. xlvii-xlviii) and "[t]hus wages are clearly the effect not the cause of the value of the produce. [...] Precisely the same view may be applied... to the rent yielded by fixed capital, and to the interest of free capital" (p. 1). The judgement delivered by the interpreter is clearly influenced by the results reached by the theorist.

I think that in the equation Produce = profit + wages the quantity of produce is essentially variable (p. 270).

Moreover, the assumption of a uniform rate of wages is, in his view, a "violent assumption" (p. 165), a "sweeping simplification" (pp. 269-270) which implies that "all higher rates are merely exceptional instances, to be explained away on other grounds" (p. 270)¹⁰. To put it briefly, it is an assumption devoid of any empirical content:

I altogether question the existence of any such rate (p. 269).

For Jevons, in fact, "a true theory of wages" should dispense with the assumption of an uniform rate of wages. In a letter to J.L. Shadwell, (December 5, 1872), Jevons writes:

In my *Theory* I have attempted to show that every one who works for pay will ultimately be paid according to what he contributes to the general industry. I think that it is the very essence of wages to vary with the skill and efficiency of the labourer (Jevons, 1972-1981, vol. iii, p. 255).

It may be granted that for Jevons classical economists assumed the rate of wages within the givens and the rate of profits within the unknowns in their theory of value and distribution. Hence, Jevons' charge of underdeterminacy holds if and only if it is admitted that 1) for Jevons classical economists did not assume "produce" as given and 2) classical economists did not actually assume "produce" as given. As far as point 1) is concerned, I shall recall the position of Kriesler (1984) and White (1991), according to whom Jevons recognizes that classical economists did assume "produce" as given. Hence Jevons' charge of underdeterminacy cannot be sustained (at least from a logical point of view). Moreover I shall discuss the arguments put forward by Mosselmans (2000) to support his claim that to ascertain Jevons' thought at this regard is a false problem. As far as point 2) is concerned, I am aware that a detailed examination of classical texts would fall beyond the scope of this paper. Thus I shall content myself by mentioning the views of an established school of interpretation according to which classical economists did take "produce" as given in their theory of value and distribution.

Kriesler claims that, taking Jevons' statements as a whole, "is abundantly clear" the fact that "Jevons recognised the importance for Ricardo of taking output as given" (Kriesler, 1984, p. 404 fn. 2). White's position is more articulated. According to White, the critique of the classical theory played a major role in

¹⁰ Jevons is here unfair (to say the least) towards the classical theory of wage differentials: see Kurz and Salvadori (1995, Chapter 11).

shaping Jevons' theory of value and distribution. White (1991) points out that the explanation of the demand for labour is not given in the field of production. The classical economists recognized the classical theory of value and distribution as given "produce" as given. "[Jevons] argued that the output of the industry" (White, 1991, p. 100). Mosselmans (2000) points out that the classical equation of wages does not determine the rate of wages. For Mosselmans, the classical equation of wages is not a true theory of wages. For Mosselmans, the classical equation of wages is not a true theory of wages. Mosselmans (2000) plainly states that the classical equation of wages is not a true theory of wages. Thus if the classical economists failed to determine the quantities from the ambiguity of the classical equation of wages, it fails to notify the rate of wages. Did Ricardo's theory of value and distribution answer to this question? Here it suffices to mention Sraffa (1960), Salvadori (1995), and Ricardo and his theory of value and distribution. The interpretation of the classical theory of value and distribution is logically consistent.

shaping Jevons' own theory of distribution as presented in the *Theory*. White points out that "Jevons showed that he understood how to formulate a Classical explanation of income distribution, which did not rely on the laws of supply and demand". White maintains that in early 1860 Jevons started his own enquiry on the field of value and distribution in a classical fashion. He closely scrutinized the classical theory and discovered that it was based on the assumption of a given "produce". That was for him an irresolvable defect of the classical theory: "[Jevons] argued that the [Classical] basic framework was unsatisfactory because the output level could not be taken as exogenous in a value and distribution theory" (White, 1991, p. 151). White concludes that Jevons' own research on value and distribution was completely re-oriented by such a discovery.

Mosselmanns argues that for Jevons the two unknown quantities in the classical equation are "wages" and "profit" and not "produce" and "profit". He concludes that "even with a given produce, the equation is indeterminate, because we cannot determine two unknown quantities (profits and wages) from this one equation" (Mosselmanns, 2000, p. 134, Mosselmanns' emphasis). Mosselmanns' argument may be reconstructed as follows: Jevons holds that the classical equation has been envisaged to determine the rate of profits. Hence in the classical equation the rate of profits surely is an unknown quantity. Jevons mentions the classical equation because he intends to criticize the Ricardian notion of a given rate of wages. For Jevons there is no such a thing as a uniform rate of wages. Hence for Jevons also the rate of wages should be considered as an unknown quantity. Mosselmanns' reading is not convincing: it proves too much. In fact, Jevons plainly states that in the theory of distribution "produce" must be considered variable. Thus if Mosselmanns is right, then Jevons should have criticized classical economists for their attempt to determine three and not simply two unknown quantities from one equation! Mosselmanns has probably been deceived by the ambiguity of Jevons' statements concerning Ricardo's doctrine: Jevons constantly shifts from an "interpretation" of Ricardo to an "application" of Ricardo; but he fails to notify his readers of such sudden changes of exegetical perspective.

Did Ricardo and the classical economists assume "produce" as given in their theory of value and distribution? Unfortunately, an uncontroversial answer to this crucial question cannot be given. Scholars have not yet reached a commonly agreed upon view on the classical theory of value and distribution. Here it suffices to recall that an established school of interpretation, started by Sraffa (1960) and recently championed by a number of scholars (see Kurz and Salvadori 1995 and 1998 and the literature here mentioned), has claimed that Ricardo and the classical economists actually took "produce" as given in their theory of value and distribution. As is well-known, according to this school of interpretation, the classical theory of value and distribution is embedded into a logically consistent model. The set of data or independent variables includes

the test of logical consistency (as many equations as unknowns) and that of the realism of the premises. By contrast, for Jevons the Ricardian theory of distribution gets bad marks in both tests: it is based on assumptions which have empirically false implications and it is logically flawed. Accordingly, Jevons carries on his exegesis of the Ricardian theory of distribution by systematically contrasting the Ricardian theory with his own theory instead of taking Ricardo to task on Ricardo's own field. Jevons' charge of underdeterminacy is illuminating at this regard. Jevons' failure to recognize that what he calls scientific errors may actually be theoretical differences reveals his difficulties in coming to grips with a theory, the Ricardian theory of distribution, embedded in an analytical framework different from his own. Jevons, in fact, acknowledges that the Ricardian fundamental equation, "Produce = profit + wages", is able to display the Ricardian inverse relationship between "profit" and "wages" once "produce" is taken as given. He also acknowledges that Ricardo took the rate of wages as given in his theory of distribution. Yet, he fails to scrutinize Ricardian texts in order to verify whether or not Ricardo takes produce as given in his theory of distribution. I have shown that this exegetical decision has been caused by the fact that for Jevons, as marginalist theorist, the Ricardian assumptions of a given produce (and of a given rate of wages) make no sense. Hence Jevons, as interpreter of Ricardo, has no other option than to declare Ricardo's theory underdeterminate.

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Abstract

Jevons on the Ricardian Theory of Distribution. An Interpretation

The paper reconstructs and evaluates Jevons' strategy of interpretation of Ricardian economics in the light of some hermeneutic categories. Jevons' basic goal appears to be a critical assessment of the net scientific content of classical economics. Jevons envisages a three step exegetical strategy: first he points out the scientific standards all economic theories should conform to and elaborates his new economic theory in compliance with these standards; then he scrutinizes the corpus of received economic doctrines in the light of his theory and, finally, he passes his sentence. Jevons' belief that truth in economics is one prevents him to recognize that what he calls scientific errors may actually be theoretical differences.

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