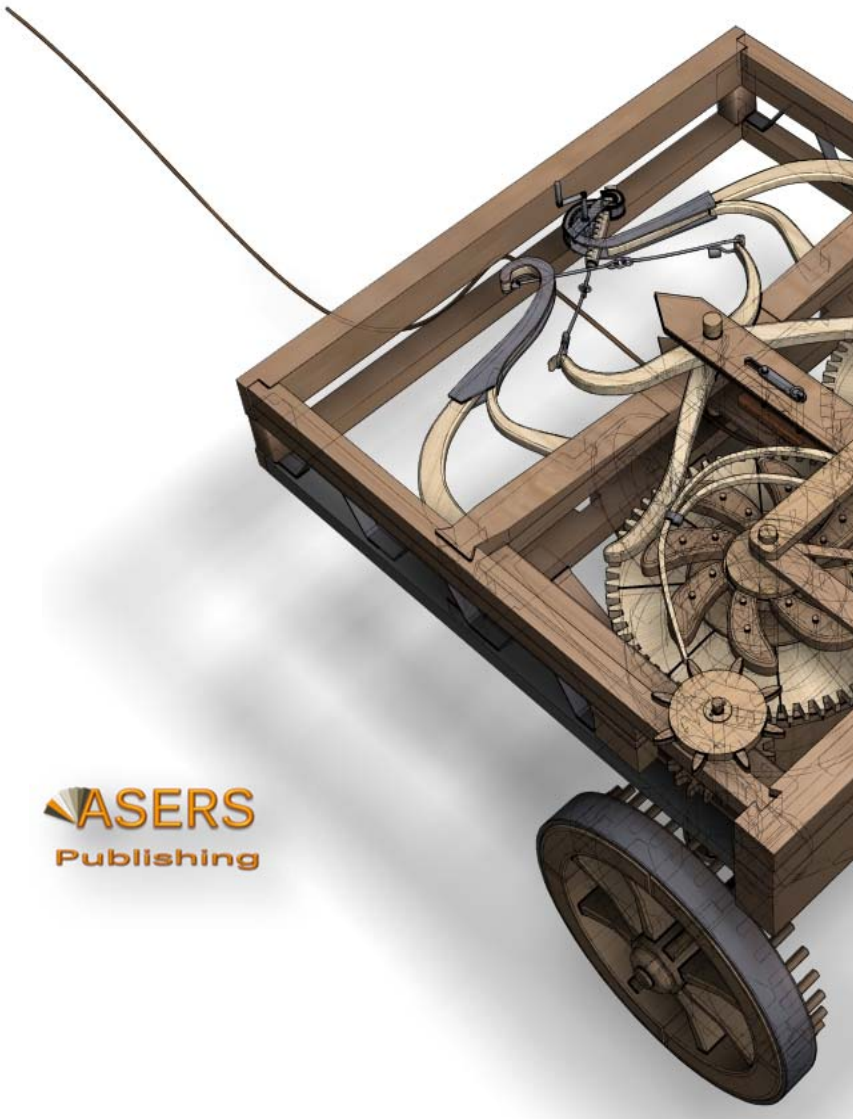
Theoretical and Practical Research in Economic Fields



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THE CLASSICAL POLITICAL ECONOMY: CRITICISM AND CONTROVERSY AROUND THE MID-NINETEENTH CENTURY

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Abstract:

The present work highlights the insufficiency of classical methodology to explain economic phenomena. The classical formulation left the notion of value unspecified, so there is room for the marginalist current, which abandons the classic value-work theory of the and replaces it with a theory of value based on marginal utility. The scenario changes and the attention is no longer paid to the classical social aggregates, but to individuals and economic subjects, passing from objectivity to the subjectivity of individual choices. From the marginalist principles, which still have an important influence today, the neoclassical school is constituted, which sets itself the objective of highlighting the advantages of economic liberalism, already highlighted by classical authors, but through different instruments compared to those used in the past. In this way we will have the opportunity to observe how the study of economics becomes more scientific, general and universal.

Keywords: positivism, classical school, marginalist school, neoclassical school, historical school, socialism.

JEL Classification: B12; B13; E14.

1. Political Economy and Positivism

Auguste Comte, founder of positivism, a doctrine which consists in the negation of philosophy, formulated the law of three stages, according to which the human spirit passes through the theological age, through the metaphysical age and finally through the positive one, in which it knows no other truth than those discovered and established by the sciences. On the basis of such a conception, the human spirit must limit itself to photographing reality and to detecting the regularity that it presents. There is no possibility for thought to reach the hidden essence of things (Gouhier 1933-1941, 244).

Comte goes on to say that philosophical discussions do not generate any progress, whereas sciences, based on observation, progress regularly, making discoveries. Therefore, only science reaches the truth and it deserves to be cultivated (Comte 1839, 270).

Positivism had a strong influence on the evolution of ideas both in France and in other European countries. In the 19th century, in France, the Republican party was largely inspired by Comte's ideas, but in the 20th century, Comte's main disciple was Charles Murras, *i.e.* the leader and theorist of the French nationalist movement between the two world wars. It may seem strange that positivism was, first of all, the doctrine preferred by the left-wing men, and then became that of the far-right representatives. But such a paradox can be explained. In the 19th century, Comte was venerated by the Republicans, because he was the apologist of science and the most

tenacious adversary of religion; in the 20th century, instead, he was used by the far-right wing, especially because of his social ideas (Denis 1973, 154).

Comte is a convinced opponent of the political economy, since he believes that it is very close to metaphysics. He also rejects the idea that political economy could be renewed through the use of mathematics. In fact Comte, professor of mathematics, hates mathematicians, who undoubtedly made life difficult for him:

"The dominion of the geometers over the speculative terrain is, of necessity, more or less oppressive, since it is naturally blind; and this precisely because of the complete independence of the work of these scholars [...], an independence which cannot but render them profoundly alien to the spirit and conditions of all the other positive sciences" (Comte 1942, 271).

It is not a matter of a discussion or a contrast on the nature of man. In fact, Comte declares that the laws of rational mechanics are the mechanical manifestation of a general law, equally applicable to all possible phenomena and in particular to political ones (Comte 1942, 378). Therefore, he is no less materialistic than the supporters of the mathematical method, but he thinks that the very complication of the object prevents us from proceeding in sociology as we do in physical science (Comte 1942, 399).

"Every idea of actual number and mathematical law, already being absolutely forbidden in biology [...], must be, a fortiori, radically excluded from the even more complex speculations of sociology. The only aberration of this kind, which could have deserved some serious discussion, would be the vain claim of a large number of geometers, who strive to make social studies positive on the basis of a chimerical subordination to the illusory mathematical theory of probability" (Comte 1839, 512)[1].

Having thus quickly liquidated the political economy, Comte can formulate the principles of the true science of society, that is, of sociology. Therefore, on the one hand, the true nature of human society must be established, noting the relationships between social events in the contemporary world: this is social statics. Then the laws of the evolution of humanity must be explained, that is to say, social dynamics must be defined. But these two parts of sociology must be elaborated and constructed using only three procedures: direct observation of facts; examination of pathological cases, which is equivalent to the typical experiment in physical sciences; historical comparison (Comte 1839, 158).

2. Auguste Comte's Social Doctrine

Comte notes that men are by no means equal, but that there are profound differences between them. Man is superior to woman, and she will always have a subordinate position in society. The white race is superior to the others: in fact, it alone is able to progress towards a positive society. Finally, even among individuals belonging to the same society, there are profound natural inequalities. In particular, only a small number of men, who form an elite, are able to access the life of culture[2].

Deeply convinced of his intellectual superiority, Auguste Comte, adhered to the teachings of reactionary philosophers of the Restoration era: De Bonald and De Maitre. As they did, in fact, he states that the great mistake of liberals is to start from the false principle of equality. Now, the economists that Comte knew were liberals (Smith, Ricardo, Say). Did they not want to show that individual interests can be mechanically reconciled by the simple action of the so-called economic laws? Comte points out that this is an absolutely impossible undertaking. The great idea of the founder of positivism is, instead, that the social order implies the existence of a temporal power and a spiritual power, which has the task of teaching the subordinates the acceptance of the social position they occupy, and the love for those who have to command (Denis 1973, 156-157).

Comte also believes that temporal power must belong to the industrial leaders and bankers who, on a practical level, have demonstrated their competence. Spiritual power, on the other hand, cannot fail to belong to the wise and especially to sociologists, since these, knowing the laws of the social world, are undoubtedly capable of arousing respect and love for order in all individuals, perhaps even arbitrating, if necessary, those conflicts of interest which can always arise in the context of human society (Denis 1973, 157). However, Comte differs from reactionary philosophers, defenders of the *ancien régime*, because he admits that the French Revolution was necessary to reach that positive age, which humanity had to reach after having passed the theological and

[1] See also the work of R. Mauduit, (1928, 92). This author believes that Comte was able to get to know Cournot's *Mathematical Principles of the Theory of Wealth* (1838), and that he hints precisely at this work when he speaks of 'heavy algebraic phraseology of subordinate imitators', or when he declares: 'Such an aberration simply constitutes, to my eyes, the involuntary testimony of a profound philosophical impotence' (*ibid*., 56-57).

[2] In most individuals, Comte explains, the affective faculties are much more important than the intellectual ones, because the front part of the brain, which is the seat of intelligence, is nothing more than a quarter or a sixth of the cerebral mass (Arbousse-Bastide 1957, 298).

metaphysical ages. The famous law of the three stages constitutes, therefore, his entire theory of progress, his social dynamics; and on closer inspection, it is a conception that substantially conforms to that of the philosophy of enlightenment, since it sees progress essentially as an evolution of consciences and not as an effective transformation of social structures.

In fact, Comte is convinced that it is now a matter of finding the natural order of society, and is a firm opponent of any revolutionary perspective. Ultimately, he develops propositions that are inspired by hatred of democracy and contempt for the great masses, which he considers incapable of rising to the level of a real intellectual life. All this leads Comte to deny that reason can represent the bond that unites men within social life. Certainly the wise have spiritual power, but they cannot in any way communicate it to the masses. The masses must simply admire the *élite* of intellectuals and obey the leaders of temporal power. Therefore, sociology will never lead to the formulation of propositions aimed at supporting and provoking a change in social institutions. Instead, it will proclaim that men are unequal among themselves and that each one must remain in his place; or rather, it will ensure that each one loves his own duty (Comte 1842, 533).

The founder of positivism also admits that the distinctions between social classes, as they are historically presented, are necessary. In fact, he writes:

"As far as the active or practical class is concerned, which necessarily includes the immense majority of men, the fact is that its own development, by now mature and almost complete, has already made its discriminating characteristics more and more marked and better detectable; in this way, the hierarchical theory must only rationalize those same distinctions which have been consecrated up to now by the spontaneity of customs". (Comte 1842, 585).

Undoubtedly, Comte admits that each individual has access to that social position which he is able to reach with his energies and his efforts. But in practice, he observes, the changes needed to reach a situation in which all individuals are able to express their own possibilities, will now, in the future, be very few, so that we are now close to the moment in which we can admit, in general, the inheritance of social functions:

"After the current confusion has been replaced, to a sufficient extent, by a first regular classification, such changes, even if they are always possible and if they continue to take place in practice, must nevertheless become essentially exceptional, since they will be strongly neutralised by the natural tendency of the professions to inheritance. In fact, in their majority, men do not have truly determined vocations and, at the same time, most social functions do not need them" (Comte 1842, 397).

Thus, a society can be established on this basis in which, among other things, the working-class question can finally be settled through resignation and love for leaders: exactly those feelings that spiritual power will be able to make triumph universally. Comte defines all this as a moral solution to the social problem.

"By making spiritual reorganization prevail and irreversibly dissipating the illusions relating to the unlimited effectiveness of the institutions in the strict sense of the word, positive philosophy will gradually, but permanently, give the popular votes the most suitable direction to enable them to achieve their normal satisfaction: and this is because such a philosophy will rightly make us appreciate the real superiority of the proper moral solutions over the merely political ones. The feelings and passions of the people, thus losing all anarchist character, will cease [...] to provide quacks and utopists with a dangerous means of disturbing society [...]. After having explained the natural laws which, in the system of modern sociality, regulate and determine the indispensable concentration of wealth in the hands of the leaders of industry, the positive philosophy will make it clear that it is of little importance, for the interests of the people, that capital be usually in these or those hands, provided that its use, in the normal line, proves useful to the whole of society" (Comte 1842, 602-603).

Comte's anti-democratic conceptions were further accentuated, after he founded the 'Religion of Humanity' in 1847, of which he proclaimed himself a high priest. Thus, for example, in the *System of Positive Polity* (1851-1954) he ended up writing:

"There can be no army without officers and soldiers; this elementary notion is as suitable for industrial as it is for military order" (Cherfils 1912, 34).

And he adds:

"The priesthood will compress ambition especially in the proletariat, since it is disastrous, as well as for their duty, their happiness, except in the exceptional case of aristocratic vocations. Usual submission, always ennobled by respect and often generated by affection, constitutes the fundamental condition of their office in society and of their personal dignity. Provided that the leaders provide them with stable security, their happiness cannot fail to exceed that of their leaders; in fact, while contributing above all to the common purpose, they can more easily participate in domestic life, suitably linked to the responsibilities of civil life" (Cherfils 1912, 186-187).

Comte is anxious to say that the heads of industry must be loved by their subordinates, but this paternalism is far from reassuring. In essence, he was the direct progenitor of those "technocratic" conceptions that are now so widespread in the Western world[3]. Actually, among the supporters of the government of technicians, we can find the refusal to consider political economy as a valid science. If, as Comte wanted to do, the instrument that allows us to understand the nature and contradictions of the capitalist system is broken, the thing that remains to be done is to preach submission to the masses, advocating 'moral solutions' for the most important political problems.

3. The Historical School of Economics

In Germany, as in France, the political economy was less studied than in England at the beginning of the 19th century. Moreover, the German-speaking countries were influenced by the French ideas, that is to say, by Jean-Baptiste Say's approaches. The old mercantilist theories did not easily give way to those of economic liberalism, as had happened in France. On the contrary, they are renewed and reinvigorated by Friedrich List, who maintains the idea that protectionism is indispensable to Germany, because of the delay of this country in terms of industrial development (Denis 1973, 160).

It is precisely the weak penetration of the classical political economy in Germany that explains the rapid flourishing, in Germany, of a school called "*historical*", which was established between 1840 and 1860. Its first representatives were Wilhem Roscher, Bruno Hildebrand and Karl Knies (Michaelides, Milios 2009). All these authors tried to establish an economic science on the basis of the examination of historical facts, as was claimed by Auguste Comte in the initial phase of his research. However, unlike the founder of positivism, the economists of the historical school admitted that the laws to be discovered must be laws related to the evolution of institutions, and not only of consciences and mentalities (Meoli 1972, 850-852). Thus they were moving towards social reformism, although they were, in their soul, profoundly opposed to any idea of revolution.

Under the impetus of the *historical school*, the history of economic events has made great progress. But it has also been shown that an ever more detailed knowledge of the events of the past does not, in itself, lead to a better understanding of those problems that liberal economists and socialist writers have proposed and faced. In fact, the problem of the causes of the enrichment and economic development of nations, the problem of the crises of overproduction and of the evolution of the conditions of the proletariat, and that in general of the distribution of income among the social classes, as well as of the future of economic liberalism and of the productive system based on private enterprise (Denis 1973, 161).

The German historical school considered that there was an absolute opposition between the science of history and the exact sciences, and that, for this reason, the laws defined by the political economy, on the basis of a method similar to that of physics, cannot have any validity. The position of this school is therefore different from that of Marx, who integrates the laws of classical political economy, which he reduced to laws relating to a specific economic system, within a general analysis of historical development (Fusteld 1970, 93-113).

The German historical school, by establishing such a radical opposition between the historical method and that of the economists, condemned itself to sterility. It discarded the classical laws, but never succeeded in discovering others. All this does not mean that it has not exercised a certain influence. It should be noted, in fact, that the essay published by Roscher on the *Theory of Crisis* (1849) is one of the main works dedicated to the problem of overproduction in the first half of the 19th century. In this essay the author criticizes Jean-Baptiste Say's 'law of markets', equally disproving the positions of all those who, like Ricardo, had adopted it. Roscher states that it is necessary to return to Lord Lauderdale and Malthus's idea, according to which the saving is really fruitful only to the extent to which it develops parallel to the demand for goods and services (Hutchison 1953, 356-357).

The historical school bequeathed the stimulus for a detailed search of the events of the past, for a documented knowledge of reality; and it was a inheritance that also strengthened the working methods of those researchers that were, in England, Ashley (1888), Cunningham (1882), Ingram (1888) and Rogers (1866-1902); in France, Levasseur (1859); in Germany, Sombart (1902), who analysed the sociological and psychological bases of commercial and industrial expansion, Weber (1904-1905), who highlighted the links between economic phenomena and religious faiths.

[3] It is pointed out that the importance of Comte lies essentially in the fact that he had already proposed, a century earlier, the central ideas of Italian fascism and German national socialism.

4. John Stuart Mill and the Defence of the Classical Economy

The criticism of Auguste Comte and the historical school did not in any way prevent the classical political economy from dominating the field for many years, although its main representative, from 1848, was precisely a philosopher who had a great admiration for positivism, namely John Stuart Mill[4].

In his work *A system of logic ratiocinatively and inductive* (1843), Mill admits that Comte, in formulating the 'law of the three stages', established the true principles of the 'general science of society', which is based on the observation of social facts. But alongside this discipline, Mill observes that there is room for a deductive sociology, of which political economics is precisely one of the branches. The latter discipline constitutes a particular science, since in order to study the social facts produced with a view to the acquisition of wealth, there is an opportunity to consider the human race as being busy solely with the acquisition and consumption of wealth itself (Mill 1848, vol. II, 496-497).

Is not the political economy, however, a false science, since it claims to define laws of universal scope, while society is constantly changing? No, Mill answers; and this because one can always take into account these changes in society, and then apply the teachings of economics on a case-by-case basis.

"And as whoever has solved a certain number of algebraic equations, can without difficulty solve all others of the same kind, so whoever knows the political economy of England, or even of Yorkshire, knows that of all nations, actual or possible, provided he have good sense enough not to expect the same conclusion to issue from varying premises" (Mill 1848, vol. II, 500).

Mill tries to reconcile the claims of the classical political economy with the point of view of the historian, rather than with that of Comte's sociology (Mill 1865, 261-368). It is easy to realize that his position implies an effective denial of history. In fact, in order to accept his position, one would have to admit that the historical process only determines non-essential modifications in society, but it is precisely this, on the contrary, that seems to be at issue.

Mill is fully convinced of the universal validity of the classical political economy; moreover, this is clear from his work, *Principles of political economy* (1848), which sets out the laws established by Smith and Ricardo (Mill 1848, vol. I, 481). The philosopher tries to introduce a distinction between the production of wealth, whose 'laws and conditions [...] partake of the character of physical truths' (Mill 1848, vol. 1, 233), and the distribution of wealth itself, which on the contrary, as Mill says, is an 'exclusively human institution' (Mill 1848, vol. I, 234). But Marx responded convincingly to this attempt when he demonstrated that production and distribution are closely related (Denis 1973, 163).

Mill states that there are two ways of distribution. The first is based on private property, 'that primary and fundamental institution, on which, unless in some exceptional and very limited cases, the economical arrangements of society have always rested,' (Mill 1848, vol. I, 235); the second is based on common property. But, having said this, he certainly believes that he can say that, for much longer, "the political economist [...] will be chiefly concerned with the conditions of existence and progress belonging to a society founded on private property and individual competition' (Mill 1848, vol. I, 252).

Thus, Mill's study of distribution was undertaken in the context of private property law. On the contrary, it becomes clear that the English economist only deals with phenomena that are typical of the capitalist system of production. Once again, history is practically omitted.

However, as Mill wrote in 1848, he could not close his eyes to the contradictions of the capitalist system. At the time when this last heir of the classical authors was drawing up his work, the liberal agenda had by then been applied in England. Home care for the poor was abolished in 1834; the corn laws were suspended in 1844 and abolished in 1846. Nevertheless, overproduction leads periodically to terrible disasters, and the problem of pauperism is not really solved. Thus English workers organize themselves to fight against the existing social order, and Mill, who sees socialist writers, cannot but take note of these facts.

"Hitherto it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being. They have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes. They have increased the comforts of the middle classes. But they have not yet begun to effect those great changes in human destiny, which it is in their nature and in their futurity to accomplish" (Mill 1848, vol. II, 307-308).

On the other hand, Mill clearly recognizes the existence of commercial crises and tries to provide an explanation, attributing them to the fact that the expansion of credit allows a speculative rise in prices, which must

[4] On the evolution of the political economy in England between Ricardo and Mill, see the study by Meek (1950); For an in-depth study of the relationship between Mill's and Comte's thought, see Légé (2018).

necessarily be followed by a collapse, or at least a fall in prices themselves (Mill 1848, vol. II, 50-55). But what conditions does he propose, then, facing all these contradictions of capitalism?

First of all, Mill affirms that advanced economic societies, in order to allow a general improvement in the general standard of living, must limit their demographic development through birth control (Mill 1848, vol. I, 180-186). It is, therefore, the solution foreshadowed by Malthus, who, however, is now freed from all puritanism, and can be defined, in the most exact sense of the term, as a neo-Malthusian solution (Mill 1848, vol. II, 316-317).

Mill thinks that another remedy to the evils of society comes from the associationism between workers and entrepreneurs (today between capital and labour), as well as that of production cooperatives (Mill 1848, vol. II, 320-349). In this context, the English economist ends up assuming the positions of pre-Marxist socialism. But what stands out in his work is the hope that society can reach the *stationary state*, that is, a situation in which the mass of capital will cease to grow (Mill 1848, vol. I, 198-199).

Like Ricardo, Mill believes that the average profit rate tends to fall as a result of the increase in population and the cultivation of new land, from which an increase in the price of the means of subsistence cannot but derive (Mill 1848, vol. II, 286). Of course, he points out that the import of food from abroad and the export of capital can slow down the fall of the profit rate. His firm belief, however, is that this fall cannot but continue and lead the social systems of the various European countries to a halt in the accumulation of capital, precisely because of the disappearance of the very reason for accumulation.

Should we therefore be against such an event? Mill does not think so at all, because the fear of the stationary state in him is replaced by a completely opposite feeling:

"I cannot, therefore, regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition. I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress [...]. The best state for human nature is that in which, while no one is poor, no one desires to be richer, nor has any reason to fear from thrust back, by the efforts of others to push themselves forward" (Mill 1848, vol. II, 304-305).

We are far from the initial conviction of the 'utilitarianists' that the growth of wealth should guarantee universal happiness. Hoping for a definitive halt in the accumulation, Mill recognized the uselessness of the philosophical foundations of the classical political economy. But here, too, his position is an attempt at compromise. In particular, he would like to preserve capitalism while halting the development of productive forces. Marx (1968, 933) first and then Keynes (1963, 358-373) have shown, by contrast, how impossible stationary capitalism is. The capitalist economy must progress or fail. Today, the dilemma has become quite clear and the fact that Mill has not highlighted it shows the weakness of his positions in this context.

5. The Forerunners of the Neoclassical School: Thünen, Gossen and Cournot

The classical political economy, in the formulations established by Stuart Mill, continued to be highly renowned until the second half of the nineteenth century. However, it should be noted that even before 1870 many works tried to broaden the scope of the 'marginal principle' on which the neoclassical school was to be built. Some economists of the classical era had used marginalist reasoning. Bentham, above all, attributed the utmost importance to the fact that the satisfaction given to a particular individual by the successive doses of the same good was decreasing. He showed that granting a poor man the last unit consumed by a rich man increased the satisfaction achieved by all individuals (Denis 1973, 166).

On the other hand, the Malthusian and Ricardian theory of land rents was based on marginalistic reasoning. The two economists said that the price of agricultural products depends on the cost of production on less fertile land (Denis 1973, 166-167); and today we would say that it depends on their marginal cost.

In the mid-nineteenth century, several attempts were made to give this type of reasoning greater precision.

From 1826, the German economist Erich von Thünen, in his work *Der isolierte staat in beziehung auf landwirtschaft und nationalökonomie* (Thünen 1826), tried to build a theory of the regional location of crops, relying on marginalistic reasoning. He states that the application of successive doses of work on a given piece of land must continue until the additional yield obtained through the last worker employed is equal, in value, to the salary he receives. Thus he also declares that the income from capital depends on the productiveness of the last applied dose of capital (Mynt 1848, 105; Argemí 2002).

A few years later, in 1854, Hermann Erich Gossen published a book entitled *Entwicklung der gesetze des menschlichen verkehrs und der daraus fliessenden regeln für menschliches handeln*, in which he affirmed the principle that consumers tend to establish equality between the satisfactions that have been obtained from marginal monetary units expended to purchase specific commodities.

This work remained completely ignored for many years; only later did it acquire such importance, when the economists Jevons and Walras took it into consideration. Gossen's analysis aims to deepen the laws of human conduct and focuses on three elements: a rigorous utilitarianism, the mathematical method, a theoretical approach to the characteristics of the choice (Steiner 2011). Gossen was attracted to Saint Simon and Comte, to their interpretations of religious sentiment and their faith in the future of humanity (Faccarello and Steiner 2008); he believed that the latter would be saved by science, and he considered himself a priest of this secular religion. Gossen, analyzing the balance of pleasures and pains (Van Daal 1996), rediscovered theorems that others had already foreseen, such as that of decreasing utility, but he addressed issues that no one had been able to see before him, such as the leveling of different satisfactions (Meoli 1972, 859-860).

The intensity of a pleasure is regulated by the famous law of decreasing utility, which the economist von Wieser later called 'Gossen's first law'. It highlights both the psychological and the more strictly physiological aspects of a person's behaviour and tells us how the greatness of the same pleasure, when we satisfy it in a continuous and uninterrupted manner, decreases up to a point of satiety (Gossen 1854, 4-12). But there was still the matter of how to achieve the best satisfaction of different needs with different intensities. Gossen then formulates his 'second law', which declares that "in order to increase to the maximum the sum of his own pleasure, a man who is free to choose between several pleasures, but who does not have the time necessary for their complete satisfaction, before completely satisfying even the greatest pleasure, must satisfy them all partially, however different their absolute greatness may be, and precisely in such a proportion that all pleasures remain equally great at the moment when their satisfaction is interrupted" (Gossen 1854, 12).

Gossen drew a number of considerations from the assumptions of the two laws that made conceptually evident certain misunderstandings that were found in the tradition of economic logic. He took up the question of the origin of value which, in his thinking, seems clearly subjective: something has value, in fact, if the pleasure it is able to procure can be measured (Gossen 1854, 24). The value must only be conceived in relative terms, since nothing in the outside world has an absolute value; the value depends entirely on the relationship between the subject and the object (Gossen 1854, 46). It is this relationship that gives value to the objects of the world according to a table of subjective estimates. Thus there can be things that are able to satisfy an immediate need, that is, consumer goods; then there are 'second class' commodities, which complete the attainment of pleasure and were later called complementary; and finally 'third class' commodities that can be used in the production of other commodities (Gossen 1854, 24-28).

In this way Gossen developed an increasingly detailed study of the market, to the point of making evident, in theory, the importance of human work, of the effort needed to satisfy certain desires. Gossen's theory of work is intended to clarify that at the beginning work does not generate pain but pleasure. This decreases with increasing effort and can turn into suffering. At a certain point, in fact, a situation of indifference is reached in which neither pleasure nor pain is felt; but beyond this, suffering takes over. In general, then, one can say that pleasure is increased by work until the resulting pain is lower than the satisfaction that can be drawn from it (Gossen 1854, 38). On the other hand, in the exchange, Gossen's *homo oeconomicus* follows a similar criterion: for him the exchange is advantageous until the values of the last units of the two goods he possesses become equal (Gossen 1854, 8).

However, the most important forerunner of the neoclassical school is still Cournot. He devoted himself to long and complex considerations on the most suitable method for renewing the political economy. The most important of his works was published in 1861 under the title *Traité de l'enchaînement des idées fondamentales dans les sciences et dans l'histoire*. But in 1838 Cournot had already published *Recherches sur les principes mathématiques de la théorie des richesses*, which is considered the true starting point of the mathematical theory of economics.

However, along the road of the use of mathematical disciplines in the field of political economics, Cournot was preceded by a number of authors, in particular William Whewell (1829). But he was a faithful disciple of Ricardo's, and he was only looking for a more precise exposition procedure; this is not the case of Cournot, who is much more influenced by Jean-Baptiste Say than by the great English economists.

The central part of the aforementioned 1838 work is a theory of monopoly prices. Cournot tried to determine, according to the demand for a good sold by a single company, the price that would be fixed by that company itself. First of all, he answers that, in the simplest case, the price sought is the one which guarantees

the maximum turnover for the company. If we know the relationship that exists between the demand D and the price p, that is, if we assume the function $D = f(p)$ is known, we must say that the turnover, equal to $p \quad f(p)$, is maximum when the derivative of the above expression is equal to zero, and that is when we have:

$$f(p) + p \cdot f'(p) = 0 \qquad (1)$$

More simply, nowadays we say that the revenue, *i.e*. the product of the price p and the quantity Q is maximum when the derivative of $p \cdot Q$ is equal to zero. This derivative, which in turn equals the absolute value of $p \cdot dQ$ minus the absolute value of $Q \cdot dp$, is defined as marginal revenue of the company.

From this first case, Cournot moves a more complex one, in which the product has a cost, and then in which we are in the presence of two sellers. Precisely with regard to this second case, Cournot (1838) went so far as to develop a so-called duopoly theory.

Cournot's considerations are an attempt to justify the thesis that, in economics, research can be conducted on the basis of abstract reasoning, as the best way to explain economic phenomena. Such principles are in some way interpreted as a reply to the conceptions of Comte and the historical school. Cournot only became aware of Comte's positivism in the last years of his life. He then clearly opposed it, declaring that science can in no way be constructed as a simple tracing of facts, since it implies and contains ideas, theories, which result from the creative activity of thought (Cournot 1872, 224).

In particular, against positivism, Cournot adopted Kant's point of view; he points out that there is a philosophy precisely because the value of those fundamental ideas that govern our ability to understand must be critically tested (Cournot 1872, 226). The conclusions reached by such a criticism will therefore not be characterised as positive facts: they will only be probable. But Cournot, who was also the author of the work *Exposition de la théorie des chances et des probabilités* (1843), affirms that probable conclusions have great value.

It was always as a disciple of Kant that Cournot affirmed the independence of morals and religion from rational knowledge (Mentré 1908, 503). Actually, it is precisely in Kant that one can find the origin of Cournot's conception of economic science.

The radical separation between ethics and science, supported by Kant, should have led the German philosopher to defend the theory that the science of man cannot be built on the model of the sciences of nature. Kant thought of making political economics a practical technique, that is, an applied science, which, although intended to deal with human phenomena, could have used the concepts used by the exact sciences (those that Kant analyzes in his theoretical philosophy), and not those moral principles that the philosopher had developed in his practical philosophy instead (Denis 1973, 169-170).

This establishes that, although economic activities are determined by man, they in no way imply the great issues of morality and freedom. And this Kantian attitude is that adopted by Cournot.

By studying the series of facts that can be observed, Cournot believes he can establish the following points: inanimate nature presents us with facts that can be known, because they can be measured and subjected to mathematical calculation; non-human living nature presents us with phenomena that cannot be known scientifically, since they escape mathematical subject; and finally, precisely in the field of human facts, we find again the possibility of applying the mathematical method, and in particular the calculation of probabilities, so that a scientific knowledge is possible again. Cournot wrote:

"What man does and what living nature does not know or does not want to do, is what is done according to logic and method, according to geometry and calculation, through combinations and dispositions of juxtaposed elements" (Cournot 1861, 372).

According to Cournot, such a characteristic of human facts depends on the singularity of a being that belongs to living nature, but that nature itself has provided with faculties capable of developing, in certain exceptional circumstances, in a completely abnormal way, that is, in a manner contrary to the plan followed by nature in relation to all living beings (Cournot 1861, 373).

Now, it is precisely this 'abnormal' disposition of man that, according to Cournot, provides the key to understanding the evolution of human societies, which, after having been at the root of organisms, become increasingly similar to mechanisms.

"Societies, even more than individuals, involve on a certain level progress to infinity. But if there is something in them that can be freed from the fatal law of ages, it can only be so because of a fixity of principles and rules, which are incompatible with the same proceeding in stages of vital movement. Thus an order of social facts is established which tends to highlight the categories or rational ideas to which my book was devoted. Now,

it is precisely this order that leads us back to a sort of mechanics or physics of human societies, which is consequently regulated by method, logic and calculation" (Cournot 1861, 373-374).

But this social mechanics will obviously be constituted by political economy: "will consist of that set of so-called economic sciences, which have as their essential object the study of the laws under whose order the products of human industry are formed and circulated, in societies sufficiently populated to ensure that individualities, so to speak, are deleted, and therefore, that only the masses subjected to a sort of mechanism very similar to that which regulates the great phenomena of the physical world should be taken into consideration" (Cournot 1861, 383).

Therefore, political economy is possible because there is something in man that can be freed from the fatal law of ages. However, another condition is also necessary: there must be such human activities that can be considered and studied with full abstraction from all ethical aspects. This condition, however, is guaranteed by the fact that, as Cournot observes, in society the law of averages cancels out the ethical nature of individual actions (Cournot 1861, 536-537).

Cournot always believed in the superior efficacy of an economy based on the free market. But to reinvigorate, on this point, the arguments of classical economists, he refers to the Darwinian theory of struggle for life and natural selection. Let us add to these arguments the fact that socialist solidarity, in whatever form it is practised, is always, in itself, a cause of weakening of national energies, since ultimately, there is still the problem of making the most valid, most active, most sensible and most thrifty members contribute to the maintenance of the weakest, laziest, most careless and, in short, least gifted members in physical and moral terms: of those members, in other words, that natural selection, through its ruthless processes, would inevitably sacrifice, in order to give the race all the superiority inherent in its nature (Cournot 1872, 260).

In fact, these ideas had already been elaborated and supported by Malthus and we should not be surprised if Cournot fully adheres to Malthus' theory which stresses the need to maintain social inequalities (Morselli 2017, 11), in order to limit demographic pressure (Cournot 1872, 252).

Cournot affirms that the scientific method coincides with the mathematical one, therefore it is necessary that economic freedom be the regime of the future, since only with this pact is social science able to develop. Moreover, Cournot writes:

"We therefore have good reason to believe that the conditions by which science is made possible are also those which, in the plans of nature, govern the appearance of the phenomena which science deals with: this is precisely what we have tried to establish, remembering which circumstances are increasingly favouring the advent of economic freedom. We thus strongly believe that socialism can only involve partial applications, whereas the principle of economic freedom cannot but increasingly govern, in all civilized nations, their internal organization, as well as their mutual relations" (Cournot 1872, 262).

Thus, ultimately, Cournot supported and defended the superiority of economic liberalism because it seemed to him that it was the condition for the development of social science. In a socialist regime, he affirmed, political economy, in its true form, the mathematical one, could not exist and therefore it must be thought that socialism could never triumph.

Conclusions

Socialist criticism of the classical approach did not affect its analytical structure. It helped to make evident some intellectual shortcomings, but it did not generate a new, or different, theoretical formulation.

The analysis of the classical economy underwent a slow critical process of some of its premises and of purifications of the more directly political implications that they could determine. This process affects the approach that Adam Smith had given to his research, and identifies the analytical difficulties that exist in his formulation of the theory of value. Thus, the classical formulation left the notion of value unspecified. On the other hand, it will appear increasingly unsatisfactory in terms of a generalisation of the phenomena of the cost of production and demand, as a growing capitalism brings about changes and complications in the characteristics of production capacity and the market.

Some economists we have examined take up an ancient analytical tradition, that is, the one that considers value in subjective terms, making the theory of value-utility come to light, which will then be perfected by the representatives of the marginalist school. The marginalists abandon the value-work theory of the classical authors, replacing it with a theory of value based on marginal utility.

Marginalists take the concept of value-utility from Bentham's utilitarianism and elaborate new theoretical assumptions, namely decreasing marginal utility and individualistic reductionism. The attention is no longer paid

to the classical social aggregates, but to individuals and economic subjects, passing from objectivity to the subjectivity of individual choices[5].

Through individualist reductionism, economic choices become detached from social phenomena, giving the study of economics a more scientific and universal nature. The decisions of individuals to satisfy their needs and to maximize their utilities are rational, and this very rationality represents the revolutionary element of the marginalists, and in this way, the latter develop a new approach of utilitarianism completely different from the utilitarian theories of the past. The classification of the social classes of the classical school disappears to give space to microeconomic analysis.

Since there is no theoretical continuity, the marginalist revolution is an overcoming of the classical logic; in fact, the marginalists abandon the classical Ricardian school, since it was taken up by Marx to demonstrate exploitation and support socialism. Rather than correct Ricardian theory, the marginalists prefer to elaborate a new economic theory on which the neoclassical school will be built. This school, which represents a response to the advancement of socialist theories, aims to demonstrate once again the validity of the conclusions of classical authors on the advantages of economic liberalism, but claims to perform such a task by relying on concepts and reasoning that are different from those of the first great economists. The economy is assimilated to the natural sciences, thus assuming the absolute nature peculiar to the laws of nature.

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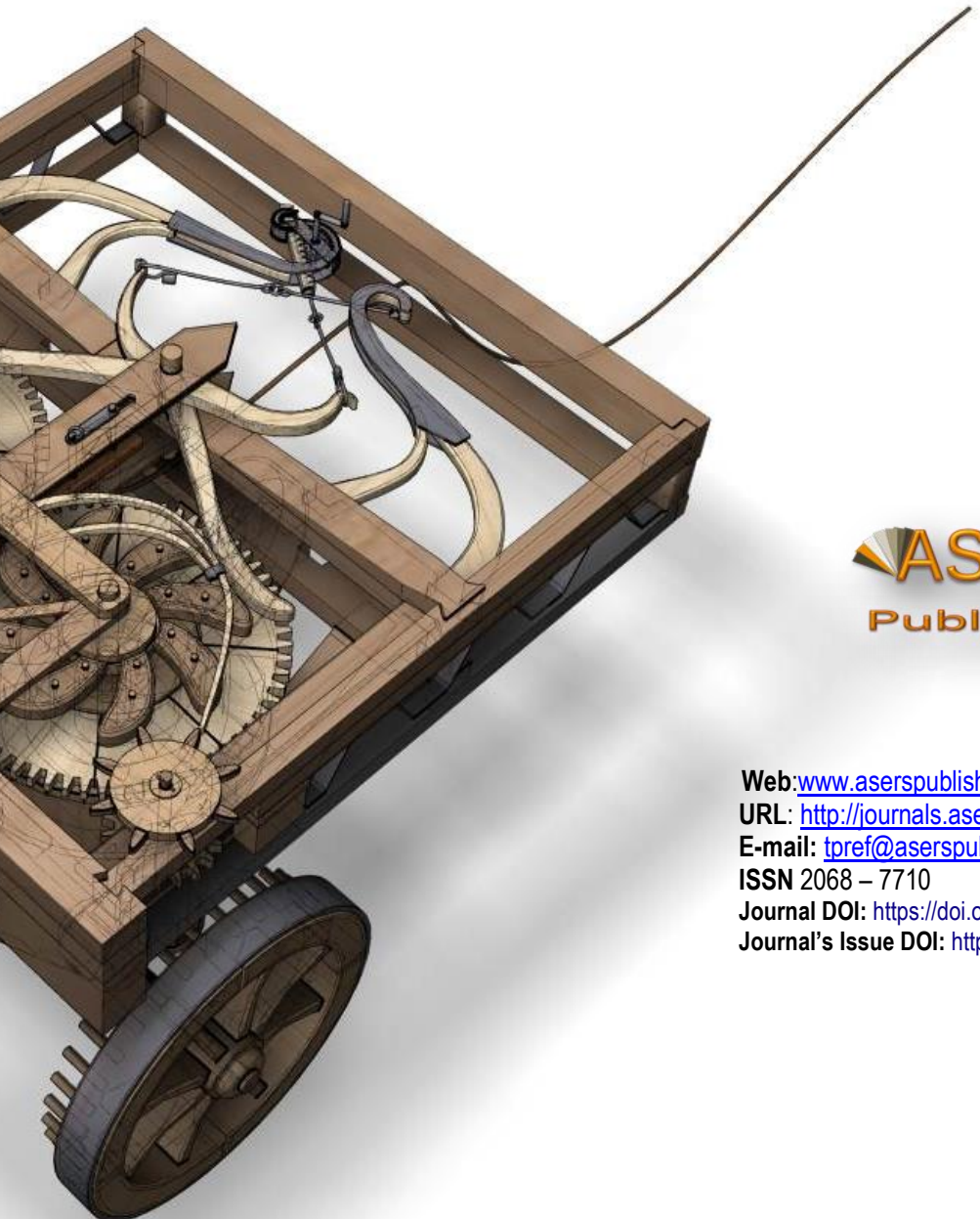

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