

### III

#### THE MEASURABILITY CONTROVERSY

In the cardinal-ordinal controversy, we shall illustrate that, except for the extreme Marshallian assertion of the quantifiability of utility, there is basically no great difference between the ordinalist stand and the neo-cardinalist stand. The only difference is one of degree. While the former asserts that a theory of consumer choice can be built on the measurability of utility up to a monotonic transformation (i.e. the ranking of utilities), the latter, on the other hand, believes that greater precision of utility measurability up to a linear transformation (i.e. ranking of differences of utilities) is valid and meaningful in the theory of the consumer.

The latter or the neo-cardinalist, do not claim the quantifiability of utility. The Morgenstern-Neumann Cardinal Utility Index is an example. We shall show that though the Hicksian ordinal utility theory contains traces of cardinalism, nevertheless, without the assertion of Marshallian quantification, it is able to formulate a more meaningful theory of consumer demand and equilibrium. We will also demonstrate that Marshall's claim of additivity of utility restricts the application of his Demand Theory significantly. In connection with the measurability question, we shall also discuss the Morgenstern-Neumann utility index and Samuelson's Revealed Preference Theory with reference to Marshallian Cardinalism. We shall show that both the theories because of their pure behaviourist method lack general applicability.