

## IV

### PARETO'S ATTEMPT AT ORDERING UTILITY

Since Marshall's formulation of a cardinal utility theory of value, his claim to measurability has found supporters on the one hand, and has caused much uneasiness on the other. The support came mostly from the utilitarians, especially from Edgeworth, on account that the notion of quantification of utility facilitates the analysis of group welfare which the utilitarians were interested in.

Vilfredo Pareto, however, a contemporary of Marshall, objected to cardinal measurability and was among the first to attempt at reformulating the theory of consumer choice on an ordinal basis. Pareto replaced the word 'utility' by 'Ophelimity' in an attempt to remove the psychological and hedonistic content which 'utility' still suggested. According to him, 'Ophelimity' can only be ordered or ranked. But when he discussed rivalry and complementary goods, he made extensive use of the concept of Diminishing Marginal Utility, thus unwittingly relapsing into cardinalism.<sup>1</sup>

The use of Diminishing Marginal Utility as we have discussed, is equivalent to noticing a 2nd. difference and, therefore, implies measurability up to a linear transformation.

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<sup>1</sup>Oskar Lange, "The Determinateness of the Utility Function". Review of Economic Studies, Vol.1, 1934, p.218.