

# HISTORY OF ECONOMIC IDEAS

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OFFPRINT

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XXVII/2019/1

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HISTORY OF ECONOMIC IDEAS · XXVII/2019/1

ISSN 1122-8792

ELECTRONIC ISSN 1724-2169



Fabrizio Serra editore

Pisa · Roma

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<http://www.libraweb.net/sommari.php?chiave=61>

(for back issues and subscriptions)

*History of Economic Ideas* is an international peer-reviewed journal and it is indexed and abstracted in SCImago Journal Rank (SJR), EconLit, EigenFactor Journal Ranking, RePEc - EconPapers and *Scopus* (Elsevier).

The eContent is Archived with *Clockss* and *Portico*.

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8-10 June 2017

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# CLASSICAL AND PRE-MARGINALIST IDEAS ON THE RELATIONSHIP BETWEEN ECONOMICS AND PSYCHOLOGY

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and

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**ABSTRACT** · The old issue of the relationship between economics and psychology has resurfaced recently mainly because of the rise of behavioral economics. The bulk of this literature deals with the relation between economics and psychology after the marginalist revolution. However, for many classical and pre-marginalist major authors, the issue of incorporating psychological elements in economic discourse was also an important theme. The paper discusses the relevant work of writers such as Bentham, Whately, Senior, Banfield, and especially Jennings. It is argued that their views concerning the issue of incorporating psychological elements in economic discourse laid the ground for the emergence of the systematic subjective theory of value of the marginalist school. It also shows how leading marginalist economists like Jevons and Edgeworth were at ease to draw from psychological ideas found in earlier authors. These observations regarding psychological ideas and their methodological justification might assist to the further understanding of the complicated issue of the interaction between economics and psychology.

**JEL CODES** · Boo, B4, A12.

**KEYWORDS** · History of economic thought, Economics and psychology, Economic methodology, relation of Economics to other disciplines.

## 1. INTRODUCTION

**T**HE theme of the relationship between economics and psychology has a long and rather complicated history. Psychology is considered as probably the closest neighboring field to economics. Psychological ideas had always played a role on the formation of economic thought

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The authors would like to thank R. McMaster and G. Panos for useful comments. Special thanks are also due to two anonymous referees of this journal for valuable comments and suggestions. The usual disclaimer applies.

SET IN SERRA DANTE  
BY FABRIZIO SERRA EDITORE, PISA · ROMA.  
PRINTED AND BOUND  
BY TIPOGRAFIA DI AGNANO, AGNANO PISANO (PISA).

★

*April 2019*

(CZ 2 · FG 21)





*History of Economic Ideas* is published three times a year by  
FABRIZIO SERRA EDITORE<sup>®</sup>, Pisa · Roma, P. O. Box no. 1, Succ. no. 8, I 56123 Pisa,  
tel. +39 050 542332, fax +39 050 574888, fse@libraweb.net, www.libraweb.net  
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Rome Office: Via Carlo Emanuele I 48, I 00185 Roma, fse.roma@libraweb.net

*Print and Online official subscription rates  
are available at Publisher's website www.libraweb.net.  
Reduced rate for ESHET members: € 95,00;  
Reduced rate for STOREP members: € 95,00.*

Subscriptions should be paid as follows:  
*by cheque/international money order payable to Fabrizio Serra editore<sup>®</sup>;  
by postal giro account no. 17154550;  
by credit card (American Express, Eurocard, Mastercard, Visa).*

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*Fabrizio Serra editore* incorporates the Imprints *Accademia editoriale*,  
*Edizioni dell'Ateneo*, *Fabrizio Serra editore*, *Giardini editori e stampatori in Pisa*,  
*Gruppo editoriale internazionale* and *Istituti editoriali e poligrafici internazionali*.

Printed in Italy

ISSN 1122-8792  
ELECTRONIC ISSN 1724-2169

*Direttore responsabile: Lucia Corsi*  
*Autorizzazione del Tribunale di Pisa n. 10 del 2/5/1994*



*Editor's Note* · **Papers:** LUIS PERDICES DE BLAS, JOSÉ LUIS RAMOS-GOROSTIZA, *Economy, Reform and Utopia in Omnibona, the Capital of the Kingdom of Truth (c. 1540)* · STAVROS DRAKOPOULOS, IOANNIS KATSELIDIS, *Classical and Pre-Marginalist Ideas on the Relationship between Economics and Psychology* · **Papers from the XIV Annual Storep Conference:** ENRICO BELLINO, GIANCARLO BERTOCCO, *Investments, Finance and Instability: Some Nudges from the History of Economic Thought. Introduction* · L. RANDALL WRAY, *Can the Government Go Broke? An Examination of the Evolution of Hyman P. Minsky's Position on Functional Finance* · ANDREA GINZURG, ANNAMARIA SIMONAZZI, DARIO GUARASCIO, GIUSEPPE CELI, *Secular Stagnation in the EU? The Weakening of the European Engine of Growth* · IVO MAES, PIET CLEMENT, *Alexandre Lamfalussy and the Monetary Policy Debates among Central Bankers during the Great Inflation* · MASSIMO DI MATTEO, *The Classical Macro-Theory of Product and Employment: Hicks or Pigou?* · MARCO DARDI, *Tiziano Raffaelli Lecture: The Pattern/Invention Scheme in Marshallian Economics* · **Book Reviews.**