

CHAPTER III

The Theory of Value (Continued)

1. THE THEORY OF UTILITY BY SUBSTITUTION.
2. THE AMOUNT OF MARGINAL UTILITY AND THE QUANTITY OF COMMODITIES.
3. THE FIXING OF THE VALUE OF COMMODITIES IN VARIOUS TYPES OF CONSUMPTION; SUBJECTIVE EXCHANGE VALUE; MONEY.
4. THE VALUE OF COMPLEMENTARY COMMODITIES (THE THEORY OF IMPUTATION).
5. THE VALUE OF PRODUCTIVE COMMODITIES. PRODUCTION COSTS.
6. CONCLUSIONS.

i. *The Theory of Utility by Substitution.*

We now arrive at a point where the new theory runs up against a terrible snag and sails inevitably into destruction, from which not even so skilled a mariner as Böhm-Bawerk can save it.

We have hitherto considered only the simplest cases of an evaluation of commodities. Together with Böhm-Bawerk, we have assumed that the evaluation of commodities depended on the marginal utility of the commodity in question. As a matter of fact, the matter is not quite so simple; Böhm-Bawerk himself says:

"The existence of a developed exchange system may here produce serious complications, for, by making it possible to transform commodities of a certain type into commodities of another type at any moment, it also makes possible the filling of a lack in commodities of one type by means of commodities of another. . . . The lack therefore influences the marginal utility of the substituted new commodities, the marginal utility of the group of commodities of another type here used as a substitute." Böhm-Bawerk: *Grundzüge*, etc., pp. 37, 38.)

The following example is offered by Böhm-Bawerk:

"I have only one winter overcoat, which some one steals