APPENDIX II

Utility. We need to be reminded that we are dealing with human valuations, and that, in such valuation, Value is not differential. When men speak of things having "different values but one price," what they mean is "different utilities but one value": things of the one objective value or price have different subjective utilities. We certainly find differential values in this sense, that sometimes one man is charged more than another if his pocket can be forced by necessity or his ability to pay is known. But this is exceptional, and, in any case, it does not apply to one and the same man buying successive items of the same goods. (2) It may be objected, in the case of the eleven gallons of water, that it would not generally be acknowledged that the total value was nothing although the loss of one gallon involved no loss of utility, the proof being that, if the total stock is lost, a considerable value is lost. But this is to value the eleven gallons together, considering them as a single good. whereas we are considering them as eleven separate goods with diminishing utilities attached to each. The absence of value in the eleven gallons, in short, depends on them being considered not as one stock of water, but as eleven separate gallons.

The Paradox of Value.—From this measurement of value by Final Utility, comes the paradox that the addition of items of goods is an addition of value only up to a certain point : if carried beyond, the Total Value falls ; and, if superfluity is reached, it disappears. Taking the former figures ; as the items successively increase from I to II, the Total Value describes this course—IO, I8, 24, 28, 30, 30, 28, 24, I8, IO, O ; that is to say, an up-grade till the stock consists of five goods, equality between a stock of five and a stock of six, then a down-grade to zero. Thus one may have less Total Value with many goods than with few. The explanation is, as before, that, as goods

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