Journal of the History of Economic Thought,
Volume 27, Number 3, September 2005

Routledge
Taylor & Francis Group

E. E. SLUTSKY ON WILLIAM PETTY—A SHORT INTRODUCTION

BY
VINCENT BARNETT

E. E. Slutsky, the originator of the eponymous equation and part-inventor of the Slutsky-Yule effect, is perhaps the Soviet/Russian/Ukrainian economist most quoted by mainstream economists today, although his fame in the West rests on only two of his articles that have been translated into English.[1] These are the 1915 article on the theory of consumer budgets, and the 1927 article on the random causes of business cycles. Many more papers remain available only in their original Russian versions, although a few were published first in other languages such as German. Presented here is a modest effort to bring more of Slutsky's work to an English-speaking audience.[2] In a chronological bibliography of Slutsky's writings published in 1960, sandwiched between items four and six—"On the Criterion of Goodness of Fit of the Regression Lines" (1914) and "On the Theory of the Budget of the Consumer" (1915)—sits an item originally published in 1914, an "Essay on the Economic Views of William Petty." This item is translated below.

In January 1913, Slutsky was working at the Kiev Institute of Commerce, where he remained employed until 1926, when Nikolai Kondratiev requested employment of his readily apparent talents at the Moscow Conjuncture Institute.[3] While still in Kiev prior to 1926, Slutsky had been assigned to teach mathematical statistics, although economics was already a major interest of his at this time. He had joined the Society of Economists in the Kiev Institute of Commerce in 1909 while he was still a student. The essay presented below suggests that Slutsky was simultaneously also very concerned with the history of economic ideas, in particular with presenting the work of long-deceased but still important Western economists to an appreciative Ukrainian audience.

Across much of Slutsky's published work it is sometimes difficult to pinpoint the precise motivation that led him to pursue the specific topic in question. In selecting

The University of Birmingham, School of Social Sciences, Centre for Russian and East European Studies.

[1]Two articles on economics, as some others in statistics have also been translated.

[2]Thanks are due to Steven Medema for suggesting the publication of an English version of Slutsky's essay on Petty, and to Claire Wilkinson for undertaking the translation. This is part of a larger project investigating "The Economic Mind in Russian Civilisation, 1880–1917," funded by the ESRC (grant number R000239937).

[3]For a more detailed biographical account of Slutsky's life, see Vincent Barnett, "E. E. Slutsky: Mathematical Statistician, Economist, and Political Economist?" *Journal of the History of Economic Thought*, March 2004. All footnotes in the essay are reproduced as Slutsky presented them.

ISSN 1042-7716 print; ISSN 1469-9656 online/05/030305-3 © 2005 The History of Economics Society
DOI: 10.1080/09557570500183579

https://doi.org/10.1080/09557570500183579 Published online by Cambridge University Press

William Petty (1623–1687) for analysis, Slutsky was promoting the work of an acknowledged "giant" in economics, Petty's work being described by Mark Blaug as containing "a veritable cornucopia of terms and concepts that came to dominate economic thinking for the next three centuries."[4] The context of the eve of World War I probably had little, if any, bearing on Slutsky's decision to promote Petty's work, although the war did have indirect relevance to some of Slutsky's later work in economics, on currency emission for example. The 1914 Petty essay was the publication issued immediately before the famous 1915 paper on consumer budgets, yet there appears little to directly connect the two pieces of work. An educated guess would suggest that Slutsky simply followed his intellectual interests wherever they led, leading to a crisscross pattern of research topics throughout his career, although external events sometimes impinged upon this pattern in a dramatic fashion.

The content of the essay on Petty need not be considered here in detail, as readers themselves will decide on its exact relevance after digesting it. As a general point it should be clear from the essay that Slutsky's research interests ranged far wider than previously assumed by those who knew only the two previously translated works on consumer budgets and the random causes of business cycles. It was the tragic context of the political purges directed by Joseph Stalin in the USSR in the 1930s that served to finally and decisively force Slutsky's interests away from economics and towards mathematics, although before this time Slutsky had made very important contributions to a number of distinct fields of economic theory.

However, for Slutsky studying the history of economic doctrines was a vital and necessary part of his effort to inspire new invention, and he would presumably still want that this should be the case ninety years later. That it very often is not, is no direct fault of Slutsky's, even though the mathematization of economic theory was something that received an indirect impetus through his pioneering work, or at least the interpretation of that small part of it propagated in the West in the 1930s. That Slutsky did not think only in strictly mathematic terms about economic doctrines should be readily apparent from his work on Petty, as it is from some other of his work such as that on cooperatives and the foundations of economics.

I. SLUTSKY'S SELECTIONS FROM PETTY

Slutsky's essay on Petty was published together with a series of translated selections from the writings of Petty on various themes that occupied twenty-two printed pages. All these selections were from the 1899 two-volume edition of Petty's economic writings edited by C. H. Hull. Prominent were sections of Petty's *The Political Anatomy of Ireland* (parts IX and X), and the *Treatise on Taxes and Contributions* (parts IV and V), plus a short passage from *Political Arithmetic*. These sections covered various themes such as the collection of taxes, the notion of interest, the relation between the value of various different things (e.g., land and labor), the wages question, and money in Ireland. While in no sense a comprehensive account of Petty's views, these selections gave a "taster" of his work on a number of topics that Slutsky had

[4]Mark Blaug (1986) *Great Economists Before Keynes* (Atlantic Highlands, NJ: Humanities Press), p. 186.

https://doi.org/10.1080/09557570500183579 Published online by Cambridge University Press

discussed in his introductory essay, and served to allow readers to compare Slutsky's account with the original source material.

Given the difficulty that many Russian and Ukrainian scholars undoubtedly had in accessing the writings of Western economists at this time, Slutsky's essay and the associated translations were a very useful effort in enabling wider dissemination of Petty's work. A much more extensive Russian edition of Petty's works was published in two volumes in 1940, just as editions of Adam Smith's works were also published in the USSR in the 1930s. Petty was generally viewed in Soviet literature as a representative of what was called "classical bourgeois political economy," but Slutsky was in no sense a doctrinaire Marxist (either before or after 1917); he did not adhere to this type of pallid characterization. Slutsky did, in his youth, share some leftist revolutionary sympathies, but he quickly came to realize that his real talent lay in theoretical rebellions, not social or political ones.

https://doi.org/10.1080/09557570500183579 Published online by Cambridge University Press