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The Nature and Classification of Values.

Ralph C. Whitnack.

In recent discussion a more intimate *rapprochement* than ever before has appeared in the relation of economic and of ethical theory. This is shown both in the writings of the moralists and of the economists. For example, a moralist, Professor Perry,(1) has written on "The Moral Economy;" and an economist, Professor Carver,(2) has written a book to show that the moral problem and the economic problem of humanity very nearly, if not quite, coincide.

One of the reasons for this appears in the common use, by both sciences, of the conception of "Value." Now the use of the word "good," or its equivalents, has been usual in the pages of ethical writers since the period of the Greeks; but in recent times, under the leadership of Austrian and German thinkers, the word "Wert" or "Value" has been substituted. And a quite fresh vitality has been given to the ancient moralities by the suggestiveness of the conceptions centering in the word

(1) "The Moral Economy," New York, 1909.

(2) "Essays in Social Justice," T. N. Carver, Harvard, 1915.

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“Value.” The truth is that every interest connected with human life has a value-relation to the mind and heart of man; and in saying this we bring economics and ethics into co-operative relation with each other. Never the less the necessity exists, both logical and practical, of differentiating the two sciences in the interests of intellectual division-of-labor.

The word value is used in many different contexts with varying significations; but in all of them the generic meaning is the same. Value is derived from the Latin “valere,” to be able, to have power; it is closely akin to “valor” and “valorization.” In all its many uses the word “value” denotes in some sense “power.” Thus in painting, “value” is used to indicate the degree of light and shade, in a sense the harmonizing power, of variant colors. But in philosophy (i. e., psychology, morals and metaphysics) the term “value” denotes something closer to the ordinary notions of the economic student, namely: the power of appeal over human appreciations and motives. Value implies, first of all, a conception and judgment of the mind - the subject - in relation to an object of interest; secondly, it implies the power of an object to motivate the affections and the will; finally, value is a function of the whole personality, expresses the realization of personality, and is intimately associated with the sense of mineness, of possession.

It will not have escaped the attentive student that the philosophers thus use the word very much in the same sense that the economist employs the word “utility,” or “value-in-use.” Value in the philosophic sense, or subjective utility, implies a relation of serviceableness, of appreciation, between man and the object of his interest. This object may of course be material in form, or immaterial, such as ideas, or musical harmonies.

Thus there are *intellectual values*, ideas or judgments or principles, which take hold of us and grip our imagination and move us to feeling or action. There are *aesthetic values*, conceptions of order and beauty which stir our hearts. *Religious values* appear as conceptions, however dim and ill-defined, of those elemental forces, or that pristine energy or absolute will (some - not irrationally - personify it as God) which compasses man about and functions within his own soul, and which his soul ever seeks - even amid fear - to comprehend, to worship, to get into harmony with. Then there are *physical values*, those states of physical and nervous well-being which are primarily sensuous but which are apprehended as good. *Social value* appears in the individual as the impulse toward sympathy, altruism, and co-operation with respect to other personalities as objects of interest; it involves the “consciousness of kind,” and lies at the root of associational activity, whether in the family, the clan, the nation or humanity at large. We come next to *moral values*, concerning which there is great difference of opinion, and with respect to which the present writer pretends to no authority. If we may accept the idea of a progressive thinker, moral goodness may be defined thus: “The fulfillment of a simple isolated interest is good, but only the fulfillment of an organization of interests is morally good. In the case of moral goodness fulfillment must embrace a group of interests in which each is limited by the others. Its value lies not only in fulfillment, but also in harmony and adjustment.”⁽¹⁾ Moral values, we may suppose, are, for the individual consciousness, those states of mind in which all conflicting motives are brought into harmony; and, socially, they are the adjustment of the conflicting interests of men or groups to the end of maximum satisfaction in the consciousness of all parties concerned.

(1) Professor Perry, “The Moral Economy, pp. 15, 16, 184, et passim.

Economic values stand, with reference to all the above values, in the relation of instruments to ends. It will readily be perceived that all the values enumerated above are subjective or intrinsic in character, that is to say they represent phases or moments in the conscious worth-experience of man, the subject, in relation to objects of interest. Now economic valuation is of quite a different nature. Economic valuation is not a subjective experience, but an external or extrinsic fact. It is pur chasing power, or value in exchange; that is to say, it is a relationship not between subject and object, but between two or more objects. Economic goods are exchangeable utilities, and are in all cases outside of man, separable, transferable, appropriable and concrete—though not necessarily material, since words and songs and immaterialized services may be exchanged for a price. Exchangeability is the distinguishing mark of economic values. They derive their significance in human affairs from their utility in ministering to the subjective experiences designated as intellectual, aesthetic, religious, physical, social and moral goods. In a word, economic values are extrinsic and instrumental.

Another extrinsic and instrumental value of primary importance is *survival value*. The reason for calling survival value *extrinsic* may not at first glimpse appear evident, for it has to do with the relation between man and the external universe no less than with the relation of man with man, or group with group. But it is apparent that survival value has to do also with plants and animals in their struggle with the environment. And a little reflection will show that this value is not an immediate worth-experience of personality, but an attribute of biological variations, of the impulses and acts of man or beast, or of the institutions of society, according to which they promote survival in the struggle for existence. Survival value is not a phase or moment of consciousness, but *the power to prolong life*. It is an attribute of the object of consciousness, not of the consciousness itself, is it not? For judgment "I am" implies necessarily no value experience, because the next moment the subject may take his own life. And if he judges, "life is worth while," the notion "life" is certain to imply one or more of the values we have enumerated in addition to mere survival. A saljeictine values implies survival plus.

Principles of Classification

It will be observed that we have appealed in the foregoing to two principles of classification. First, with respect to the subjective, intrinsic values (intellectual, aesthetic, religious, physical, social and moral), the differentiations are based on the easily distinguishable functions of personality. It is apparent that the conventional psychological analysis of the ego into cognition, will, and emotion, affords no basis of classification; because the essence of the value-experience lies in the conjoint and simultaneous exercise of all three functions. It is with personality as a whole, personality as a unitary process, that value-experience has to do. Mere thinking is not a value-experience, the "cold" intellect is not the seat of value; nor is mere sensation or emotion value; nor is value simply a volition. In all experiences of value some judgment is present (whether consciously or not), the judgment is warmed by a feeling-attitude, and the whole process is fused into unity by the will to appropriate in some sense the object of interest. This does not of course mean to rend the sunset from the skies or the picture from the wall, in the case for example of an aesthetic value-experience; it means simply that there is an act of absorption, that the other-than-self becomes in some sense part of the self.

What are the functions of the united personality? It is doubtful if the psychologists have agreed upon a complete classification; and therefore the present writer, appealing to common sense, has been constrained to erect the classification above (intellectual, aesthetic, religious, physical, social and moral).

It would appear that all the *subjective* interest of man can be comprehended within these six varieties of value-experience. Yet any reader is free to construct his own list.

Some would suggest that the popular classifications of activity into social, political, philosophic, scientific, literary, artistic, economic, etc. may afford a basis. Several of these we have included;

others have been rejected because they overlap. For example, political activity at times relates to social, at times to economic values, and may affect aesthetic, intellectual, and moral values. Philosophic, scientific, and literary activities touch not only intellectual, but moral and aesthetic values; moreover all of them give rise to exchangeable goods. Economic values we have classed as external and instrumental, which leads us to the consideration of another principle.

The second principle of classification is, whether the power implied in the given value is an expression of personality in relation to an object of interest, a subjective, intrinsic and absolute experience; or whether it is an attribute of the object, an objective, extrinsic and instrumental good in relation to sentient consciousness. In the first category we have classed intellectual, aesthetic, religious, physical, social and moral values; in the second category appear economic and survival goods. Now it is evident that all the values of the first class may, by an act of judgment, be metamorphosed into goods of the second class. Thus an idea or principle which has immediate subjective value may become an instrument for the realization of any of the other values, as for example, when the principle of free trade (of immediate worth to the theorist) becomes the instrument by which greater wealth is attained and a juster distribution of it effected (thus promoting social, moral and economic values). Again, a painting of great intrinsic aesthetic value may become the instrument for encouraging religious devotion. And again, the moral virtue of other-mindedness, altruism, may lend itself as an instrument of social adaptation and survival.

On the other hand, economic and survival valuations, as objective attributes, do not pass over into subjective experience without losing their special character. Thus, when food, clothing, houserom are consumed, the immediate satisfaction is not economic in character but physical, and mayhap, aesthetic.

The enjoyment of a book yields intellectual or aesthetic or moral or religious value. In fact the whole list of "consumption goods," when they pass out of the realm of exchange into personal use, lose their peculiar economic significance and become physical goods, or enter into intellectual, aesthetic, religious, social or moral experiences. So it would appear to be with those things which we have designated survival goods. Thus the principle of adaptation, fundamental as it is as an instrument for the realization of life, when taken up into the consciousness of the theorist as a truth to be appreciated, becomes an intellectual value-experience. And the biological variations so useful objectively in aiding survival, can be said to have subjective value only in the sense that the perception of them enables the observer to formulate a scientific law or to experience an aesthetic enjoyment (as in noting the coloration of birds).

Economic Values

From what has been said above concerning economic goods as instrumental, it becomes apparent that the theory of Consumption in Economics should undertake, in addition to the analysis of diminishing utility, and demand and the conventional statistical exhibitions, an exposition and classification of the subjective values (utilities or values-in-use) which lie behind the phenomena of exchange. For it is here that we find the motive power of all activity, industrial and other. It is here that we find the deeper meaning of psychic income, also. The interests of personality are so interwoven one with another, and the individual economy is so enmeshed in the social *milieu* in modern life, that the influence upon exchange valuations of intellectual, aesthetic, religious, social and moral values cannot be ignored in economic theory. This, rather than the postulation of an over-individual or unproved "social mind" would seem to be the proper method of socializing economic theory.

Another observation seems to be called for in view of our insistence that economic goods, as such, are external and instrumental. Economic values are the purchasing power of exchangeable utilities (using "utilities" now in their objective aspect), and as such are extrinsic. Nevertheless it must be clear from what has been said that exchange valuations derive their sanction from psychic roots founded in personality. Exchange valuations have in fact two subjective roots, viz. utility (subjective value of one sort or another), and cost (subjective negative-value or disutility). We do not propose to enter now into an elaborate analysis of the determinants of exchange valuation; but desire merely to point out that neither the utility principle nor the cost principle are alone adequate to measure exchange value in all cases. By some economists it is affirmed that exchange value is a function of two variants, utility and scarcity; and that marginal utility in all cases measures exchange value. The inadequacy of this doctrine can be shown by one or two illustrations. In the case of goods manufactured under conditions of constant cost (e. g., woollen blankets cited by Marshall and Bullock), an increase of the supply leads by definition to diminished marginal utility and ought to lead to a fall in price; yet the price does not fall because the cost does not fall. Again, take the case of the meteorite which descends a free gift from heaven and increases the available supply of iron. This iron has exchange valuation, of course, though it has no cost. But how much is the valuation? According to the utility principle the increase in the supply of iron must lower the marginal utility and the price of iron. But if the price threatens to fall below the cost of production, some portion of the normal supply will be withdrawn until an equilibrium price is established by the equalization of marginal utility and marginal cost. And that portion of the supply which is freely given, and intra-marginal with respect to cost, will after all sell at the marginal cost price.

Now what does "cost" mean? If cost denotes merely entrepreneur "expense" (wage, interest, etc.), then it is evident that we are reasoning in a circle to speak of an equilibrium of marginal utility (or marginal product) and marginal expense. For wage-expense and interest-expense are determined, it is said, by the marginal product (utility) of labor and capital respectively. Product equals wage or interest, and wage and interest equal entrepreneur expense; therefore product and expense are logically identical. There are two ways out of this dilemma: either value is determined by utility (productivity) alone—a doctrine which we have seen to be inadequate; or the "cost" must be a quantum logically independent of utility, that is to say, psychic cost or sacrifice. With these two principles, utility and real cost, it is possible to construct an equilibrium value theory which involves no circle in reasoning. And this is precisely what Marshall and his followers (e. g. Carver, with respect to his wage and interest theory) do.

It appears then that exchange valuation has two subjective roots. On the demand side we find those varies utilities (or subjective values, intellectual, aesthetic, physical, etc.) which we have been discussing. On the supply side we find that whenever scarcity affects the supply of an object, and whenever it becomes necessary to bring effort and abstinence into play, compensation must be offered to draw forth these psychic factors of production. Effort normally has its reward and abstinence its purchasing power. Supply is usually conditioned, in the case of reproducible goods, by real cost. And psychic cost is, with respect to such goods, a determinant of exchange value correlative with psychic utility. It is because exchange value (an objective concept) is so frequently confused with subjective value, that the influence of cost is sometimes obscured or even denied. It is trivial to dismiss real cost, as Fetter does (*Quarterly Journal of Economics*, vol. XV, p. 452), because it is "not capable of

mathematical expression" and is "very little considered in practical business," for neither is psychic utility a mathematical quantity nor an item in the business-man's ledger. Nevertheless the *effects* of these psychic factors, as seen in demand price and supply price, are measurable and inescapable.

It does not follow that actual prices in the market measure the quantity of sacrifice involved in production; neither do market prices measure the marginal utility of all classes of buyers, nor do actual wages measure the marginal productivity of laborers. The most that is contended for these two psychic factors is that they are the true roots or sources of exchange value; and that in the long run, if economic friction were removed, the tendency of exchange values would be to settle at the point where the effects of marginal subjective value and marginal subjective cost are equal. And the subjective value may be of an intellectual, aesthetic, religious, physical, or (more rarely) of a social or moral type.

The Difficulty of Terminology.

Throughout this discussion it has been necessary to employ certain words in two or more senses, although an effort has been made to keep these different meanings distinct. It is clear that in the discussion of "Value" at least five conceptions are employed, namely: (1) value (or utility) in the subjective sense as denoting a phase of consciousness; (2) the object or good thing (utility in the objective sense) which stimulates the inner experience and upon which is reflected the inner value; (3) exchange valuation attaching in the external world to these goods; (4) price, or exchange valuation in terms of money; (5) evaluation, a purely intellectual judgment of the usefulness of a thing as an instrument for the achievement of some end apart from exchange, for example the usefulness of a web-foot for adaptation and survival. It is a great pity that the economists and value-theorists cannot

agree upon five distinctive terms to represent these five concepts, especially the first three. "Utility" and "value" and also "goods" are notoriously unstable words in current usage. For example in the phrases "total utility," "diminishing utility," and "marginal utility," we designate a phase of consciousness; whereas in "time, place and form utilities," we mean objective goods. "Value" and "good" are both used subjectively (by the philosophers) and objectively (by the economists); and it seems well-nigh hopeless to induce either class of thinkers to accept the other's terminology. Nevertheless the writer ventures to suggest for economics the following terminology.

- (1) "Value," a phase of consciousness denoting a conceptual-emotional-volitional attitude of liking or appreciation toward an object. We should then speak of total, diminishing and marginal value, instead of "utility."
- (2) "Utility," the object of interest which stimulates the appreciative experience and upon which is reflected the inner value. We should then continue to use the phrases "time, place and form utility," "public utilities," etc. The word "goods" might continue to be used in this same sense.
- (3) "Valuation," purchasing power in the market, in lieu of "value" or "exchange value."
- (4) "Price," valuation in terms of money, as heretofore.
- (5) "Evaluation," a judgment of the serviceability of utilities for any objective use except exchange, or of the instrumental usefulness of one subjective value (say aesthetic) for the promotion of another value (say the religious).

Scarcity in relation to values.

We have ventured to question the doctrine that exchange valuation is a function of utility and scarcity in all cases. We may now inquire as to the relation of scarcity to other values. It is a

cardinal tenet of economics that without scarcity there would be no exchange valuation; free goods have no price. This statement as regards mere purchasing power is undoubtedly true. One is almost tempted to say that without scarcity there would be no psychic cost. Professor Carver ("Social Justice," p. 35) goes so far as to say: "It (economic scarcity) is the basis of all real values whether they be classified as economic, moral or aesthetic." A little reflection will show, however, that this assertion is unfounded. Neither all values nor all costs (negative values) derive from scarcity.

Let us accept for the sake of discussion Carver's enchanting picture ("Social Justice," p. 47) of an earthly paradise where there is a limited number of individuals and no scarcity of goods. "Under a harmony with nature so perfect as this," (says Carver), "there could arise none of those conflicts of interests within the individual, since the gratification of one desire would never be at the expense of any other; nor could there arise any conflict of interests among individuals, since the gratification of any one individual's desire would never prevent the gratification of another's. There being no conflict of interests either within the individual or among different individuals, there could never arise a moral problem." And he says further (p. 41): "There are things which nature furnishes in sufficient abundance to satisfy all our wants; but these give rise to no problem. Toward these non-economic goods our habitual attitude is one of indifference or unconcern." (One may point out that there is a contradiction here, for if air, water, sunlight were matters of indifference or unconcern to man he would not call them "goods.")

Let us consider. There are four propositions to be examined: (1) Free goods are not objects of interest and have no value. (2) Without scarcity there would be no conflict of individuals. (3) Without scarcity there would be no conflict within the individual soul. (4) All values whatsoever

derive from scarcity.

We may be permitted to suppose that the individuals in this paradise have a modicum of intelligence, and perchance are gifted with soulself—where Carver insists that even workmen have souls. Is it not then possible that many of these fortunate individuals would take an interest in the sunsets, in the beauty of mountains and woods and flowers? Is it not possible that they would endeavor to represent these beauties in line and color prints and paintings? Is it not possible that sculpture and architecture and music would interest their non-economic souls? Is it not possible that a literature would grow up in the aesthetic field? Is it not possible that neighbors would fall out, and even husbands and wives, over differences in aesthetic evaluations? It is certain that if the people were Japanese, aesthetic values would emerge, whatever the Carverites may say about it.

Again, is it not possible that scientific minds would arise who would concern themselves with the free goods of light, heat, energy, matter, to say nothing of plant and animal organisms and of psychological phenomena, out of sheer intellectual curiosity? Is it not possible that the formulation of a law would then, as now, produce the highest known value-experience in the minds of the Newtons, Huxleys and Darwins among those leisurely people? Is it not possible that speculation would arise as to the one-and-the-many, the nature of being, the problem of freedom, the problem of the good?

Is it not possible that many sensitive souls would feel the religious impulse, that systems of theology would arise, that sects would emerge, that men would fight over questions of conscience, and baptism, and revelation, and creed, just as they have done in the historical past? that inquisitions would appear, and popes, and Martin Luthers and bloody wars? Is it not possible that strenuous-

souled clergymen would harangue the congregations on the evils of gluttony, and laziness, and pride, and other vices; and on the necessity of sacrificing the animal passions for the higher values? Is it not possible that duels would be fought for the favors of fair damsels? That men would steal just as they do now? Is it not possible that the sons of Hagar and of Sarah would hate each other just out of human cussedness? Is it not possible that men would be crucified for non-conformity?

Again, is it not possible that little Napoleons would arise who wanted to boss the whole show, and that lesser Napoleons would combat them? Is it not possible that groups would fight over the principles of autocracy and democracy and theocracy?

Is it not possible that individuals would torture their souls over the conflict of religion and romantic love, and over the tyrannies of the flesh?

One could go on indefinitely piling up queries that answer themselves. To find an affirmative answer to any three of these queries would prove the inadequacy of Professor Carver's philosophy. Though he may profess an habitual attitude of indifference to the non-economic aspect of things, though he may think that free goods pose no intellectual, aesthetic or religious problems, though he may consider questions of creed and conscience not worth fighting for, though he may never have witnessed a soul in deepest torment over religious doubt or vicious tendencies, though he may deny the existence of moral problems outside of the economic sphere -- he will not succeed in imposing his professions and denials upon many of us. It may safely be affirmed that there is not a philosophical faculty in the world that would accept his system. The truth is, of course, that intellectual, aesthetic, religious, moral, social and even physical values would exist in the consciousness of men if there were no problem of

economic scarcity nor ever had been. And when the economic problem of necessities has been solved, as it probably will be solved, these personality values will persist as long as man persists; and it is they which will give meaning to his life.

This is not to deny that necessity is the mother of invention, nor that economic scarcity has been the most potent single factor in the sharpening of men's wits, nor that economic competition has been historically the most fruitful breeder of wars, nor that economic goods are in the actual world of fundamental importance as instruments for the realization of all the inner values, nor that economic injustice is the most pressing problem of our own day.

All that we affirm is that the personality values do not derive from economic scarcity, but from the inner nature of man; and that life is a much bigger and richer experience than the economist, as such, sees in it. There have been those who apotheosized intellectual values and aesthetic values and religious values and moral values. There are even those who idolize social values and physical values. It has remained for Professor Carver⁽¹⁾ to endeavor to erect a religious and moral system on the sole principle of economic scarcity and efficiency in the market place.

Is it not possible that the ultimate good is, rather, the maximum realization of all the values of personality? the greatest good of the greatest number (using "good" in the sense of values, not of mere happiness)?

Certain it is that life is bigger than the problems and satisfactions that either economics or morality, as such, are logically entitled to claim as their own.

(1) Compare his "Religion Worth Having."