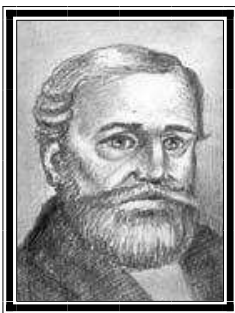


addition, he borrowed heavily. The constant stress took its **toll** on his creative abilities. Celestine died in 1879. Walras's remarriage in 1884 ended his financial **woes**. The yearly **annuity** of his wife, Leonide Mailly more than doubled the Walras household income. The relief from financial difficulties released a **torrent** of work. Walras completed the fourth edition of *Elements*, carefully **refining** his model, **revamped** his theories of money and capital, and developed proposals for monetary reform. In 1892 Walras retired from the University of Lausanne. He continued to write, publishing two volumes of papers and articles. In 1900, after the death of his wife, he moved into a small apartment in Clarens, where he died ten years later.

Task

1. What did Walras think about importance of mathematics for economics?
2. What was his father, Auguste, busy with?
3. Why was Walras's application to the Ecole Polytechnique denied?
4. What jobs did Walras change and why?
5. How did his work with economics begin?
6. Why was he offered the position at the Academy of Lausanne?
7. What did he begin exploring?
8. How did he regard the economy?
9. How was his work appreciated by his colleagues?
10. How did the financial troubles reflect his creative work?
11. Explain the meaning of the emphasized words and expressions.
12. Discuss the text together with your groupmates.

3.8. WILLIAM STANLEY JEVONS (1835-1882)



One of the most **pressing problems** in economics today is explaining **fluctuations** in general economic activity. Why is the economy experiencing a **recession**? When will employment **pick up**? How long prices continue to rise? Perhaps no one has devoted as much energy to the topic as nineteenth – century economist William Stanley Jevons. Dedicating most of his life to the study of business cycles, Jevons **pioneered** a method by which economic fluctuations could be analyzed. John Maynard Keynes later referred to Jevons's work as marking “the beginning of a new stage in economic science”.

William Stanley Jevons was born on the 1st of September, 1835, in Liverpool, England. He enrolled in University College at the age of 16 to study the physical sciences. His excellent scores in chemistry attracted the attention of managers at the Sydney **Mint in Australia**, and, at the age of 18, he was offered a well – paid position as **assayer** at the mint. The Jevons family **had fallen on hard times** and Jevons **felt compelled** to take the job, greatly disappointed that he could not complete his degree. After 5 years, Jevons returned to London and to University College. While working to complete his bachelor's and master's degrees, he began to write about economic matters.

Intrigued by changes in the world of economics, Jevons began a systematic study of the business cycle, analyzing monthly economic data from as far back as 1731.

MEASURING ECONOMIC PERFORMANCE

Jevons did not have the wealth of data that economists today take for granted – regular estimates of GNP, for example, were more than a century away. Thus, he had to **piece together** his own measures of economic performance. He chose four **variables**: the price of English funds, the price of wheat, the number of bankruptcies, and the **interest rate**. In the early 1860s Jevons undertook the **painstaking task** of collecting and analyzing these data. He used a “statistical diagram”- what we recognize today as a time series chart. While Jevons was not the first to use diagrams, he made a regular economic **tool**, and it was an important step in making economics more scientific. After Jevons finished diagramming the data, he had before him a picture of English economic performance. From it he could answer many important questions about business cycles. For example, he was able to differentiate between seasonal and cyclical changes in economic activity. Eventually, he formed a theory about the causes of the business cycle, blaming economic **booms and busts** on fluctuations in investment.

Although Jevons's work in business cycle theory was **pathbreaking**, it received little attention in his lifetime. But finally his break came. Alexander Macmillan, a London publisher, agreed to publish Jevons's book on resource economics, **The Coal Question**, in 1865. With it Jevons at last **won critical acclaim**. Scientists and policymakers praised Jevons's **insight**. The book **boosted** not only his **ego** but his career; less than a month after the publication of *The Coal Question*, Owens College offered Jevons a post as professor of Logic, Philosophy and Political Economy. For the first time in 8 years he had a regular paying job.

FARFETCHED SPECULATIONS

During the **tenure** at Owens Jevons began work on an attempt to provide meteorological explanation for commercial **disturbances**. A colleague sparked Jevons's

interest in the topic by pointing out that the length of business cycle was the same as the length of the principle sunspot cycle. Jevons's new theory of the trade cycle began in the heavens. Scientists at that time believed that the sunspot cycle began and ended at 10,5 year intervals. These intervals seemed to correspond to **drastic** disturbances in crop harvest, particularly in India. Because England depended so much on trade with India, Jevons argued, crop crises in that country had direct **consequences** on the business climate in England, which also appeared to suffer commercial crises about every 10,5 years. Commercial crises were thus the result of solar activity.

Jevons suffered a great deal of professional **ridicule** regarding his theory. He began work on another economics text shortly after retiring from teaching in 1878, but his life ended tragically before he was able to complete it. Early one Sunday morning in August 1882, Jevons drowned while swimming off England's southern coast. The 46-year-old economist left a widow and three young children. It is unfortunate that Jevons is so often remembered for his sunspot theory, because his earlier work on business cycles was far more important – and extremely **accurate**. The **Theory of Political Economy** (1871) was according to Keynes, “the first modern book on economics.”

Task

1. What questions are closely connected with fluctuations in general economic activity?
2. What stage in economic science did Jevons pioneer?
3. Why was the Sydney Mint in Australia interested in Jevons?
4. What was Jevons involved in after returning to London?
5. What four variables did Jevons use due to the lack of data that economists today take for granted?
6. What diagram did Jevons use to analyze economic performance?
7. What did diagramming the data give him?
8. What kind of theory did Jevons eventually form?
9. How did the sunspot cycle (according to his theory) influence the business climate in England?
10. How was the theory regarded by professionals?
11. Describe the last years of his life.
12. Explain the meaning of the emphasized words.
13. Discuss the text together with your groupmates.