

GENERAL COMMENT

Nature of the Exercise

This exercise is an examination of the ideas of the economist, Lionel Charles Robbins, (now Lord Robbins) with regard to the nature, scope and significance of Economics. There are 2 parts to the exercise.

The first deals mainly with his ideas as found in his book 'An Essay on the Nature and Significance of Economic Science'⁽¹⁾ hereafter referred to as the Essay.

The second part deals with some of the literature in the form of criticism and debate that arose soon and many years after the publication of the book.

Some difficulty was experienced in obtaining sufficient references for the second part.

Influences

The Essay was published during the inter-war period. The first edition was brought out in 1932. The second edition with minor modifications mainly in explanations and no changes in basic ideas was brought out in 1935. Both editions gave rise to considerable comment. Sharp references were made to the sterile formality of "Robbinsonian Economics".

(1) L.C. Robbins, An Essay on the Nature and Significance of Economic Science, 2nd edition; London; Macmillan and Co., 1935.

Yet what is called "Robbinsonian Economics" is really the accumulation and organization of ideas already conceived by economists, into a body or system of thought.

Robbins himself says

For the views which I have advanced, I make no claim whatever to originality. I venture to hope that in one or two instances I have succeeded in giving expository force to certain principles not always clearly stated. But, in the main my object has been to state propositions which are the common property of most modern economists (2).

One could justifiably conclude judging from the numerous references to and acknowledgements of ideas from the works of the economists of the Austrian Marginalist School, that the predominant influence came from this school of thought.

Indeed A.G.B. Fisher did make the comment that Robbins was "closely associated with the movement to increase the prestige and influence of the Austrian School in England (3).

(2) Robbins, op. cit., Preface to the 1st edition, p. xv.

(3) A.G.B. Fisher, Review of the Nature and Significance of Economic Science, Economic Record VIII.

In the Preface to the 1st edition Robbins declares especial acknowledgement to the works of Professor Ludwig von Mises and Philip Wicksteed's Commonsense of Political Economy⁽⁴⁾.

In the Preface to the 2nd edition Robbins refers his critics to the works of Max Weber for the origin of the positivist⁽⁵⁾ of his attitude.

Positivism

The positivists regard economics as a deductive science. Two broad principles are recognized; firstly, central unity underlying the construction of the explanatory principles of economics as a science, and secondly objectivity of analysis. Policy prescriptions are either to be excluded or kept separate.

The process of establishing this central unity in explanatory principles consists of looking for uniformity in the many diverse phenomena that make up the economic sphere. At the very basis of Robbins' economic schema, lay the principle of scarcity. From this followed the definition of the economic problem, the economic aspect of human behaviour, and the various postulates of the different branches of the science.

The principle of objectivity follows naturally from the first. In the attempt to delimit a central body of generalisations it was necessary to discard those

(4) Robbins; op.cit., Preface to the 1st edition, p. xvi.

(5) Robbins; op.cit., Preface to the 2nd edition, p. xi.

considerations which belonged to other disciplines. Of paramount concern among the Positivists traceable through the history of Economic thought was the necessity to discard all considerations which involved value-judgements. The irrelevance of questions like the ethics of taking interest was obvious to the early Positivists like J.S. Mill, Nassau Senior, David Ricardo and Richard Cantillon⁽⁶⁾. However it was Max Weber who demonstrated the possibility of the existence of implicit hidden assumptions in the applications of economic principles. Such an assumption would be the possibility of interpersonal comparisons of utility. This assumption led to the conclusion, under the 'old Welfare Economics' that an even distribution of Income would enhance social welfare. It was Robbins who popularised this view in the Anglo-Saxon world.

Against the background of the Positivist stand it would be useful to examine the validity of one of Robbins' statements regarding the purpose of the Essay. "It is more accuracy in mode of statement rather than over ^{ambiguity} custerly in speculative range for which I am pleading"⁽⁷⁾.

As a first approximation, it might be said that this statement is not free from ambiguity.

Judging from the text of the Essay, Robbins does point out in various parts that certain activities of economists

(6) T.W. Hutchinson, 'Positive' Economics and Policy Objectives, 1st edition; London; George Allen and Unwin Ltd., 1964.

(7) Robbins (a) op.cit., Preface to the 2nd edition.

(b) page 130 fn (1).

cannot be justified on the grounds of pure theory. This is especially so in the use made of and significance given to quantitative data. (Robbins points out that the use of such data depends always on the making of arbitrary assumptions). However Robbins includes always the qualifications that no restriction on such activity is meant. The point that is stressed is that economists should recognize and acknowledge what does not strictly follow from the structure of assumptions of pure economics.

Along with the earlier English positivists, Robbins recognized the need to take into account, in some form or other, of such political, moral, psychological, or ethical assumptions. There does not seem to be any essential difference in Robbins' method of dealing with this problem with that of the early Positivists. For example, John Neville Keynes advocated a 3-fold classification of all problems related to economics, namely (7)

- 1) A positive scientific study of what "is"
- 2) Application of economic principles in order to determine what "should be"
- 3) The Art of Political Economy or how to accomplish the ends decided on in (2)

The only difference in Robbins' approach seems to be that where the earlier positivists sought to discard from the positive study all foreign elements, Robbins said to the economist only that he acknowledge what was a foreign or arbitrary assumption in the analysis. Robbins did not clearly state any such classification as did some of the earlier Positivists although this is often implied in his works.

(7) J.N. Keynes, *The Scope and Method of Political Economy* (1890)
Reprints of Economic classics, Hutchinson,
London; 1938.

Categories and Data

To come back now to the question of the major influences on the Essay, we might note in particular the works of Richard Strigl, one of the later Austrians.

Of basic importance was Strigl's book Die okonomischen Kategorien and die organization der Wirtschaft. From this Robbins adopted the idea of the distinction between the categories and data of economic science. Nowhere in his "Essay" does Robbins explain this concept. The reader is referred to the German text of the book when the concept is mentioned.

This distinction is made in order to formalize the study of economics without cutting off its connection with reality.

The categories of economic science can be described in these terms.

There are four fundamental facts of human existence that interest the economist⁽⁸⁾. From these fundamental facts, it is possible to derive the categories of economic science. Thus it is possible to say that it is because the economist looks ^{at} human existence from the aspect of the 4 fundamental conditions, the economist is interested only in these categories of human existence that are derived from this aspect. They do not need controlled experiments to establish their validity. One does not need to hold a controlled experiment to prove that in an important sense the major part of our existence is directed by an infinite heirachy of wants, the

(8) Robbins, op.cit., p. 10.

time and means for fulfillment of which are restricted. Indeed if this were not so, it would be the exception rather than the rule, goes the argument. Therefore the categories are derived from that aspect of the fundamental facts of existence that are indisputably true. From these categories are deduced the laws of pure economics.

However theoretical constructions cannot be made without taking into account the facts of reality. One must acknowledge, that while the concern of the economist with human existence is defined particularly by the economic aspect, man does not live in a vacuum and therefore his behaviour is governed by a number of influences that form the subjects of other fields of study. Man's behaviour is explained from the view point of Psychology, History, Political science, to name a few. The economist must take ~~at~~ into account these influences. These influences however are the data of economic science. By definition these data are accepted by the economist. It is not the business of the economist to explain these facts. Explanation should come from the historian, the psychologist, the statistician, the engineer or the political scientist. The economist might attempt to understand these facts; nevertheless, it is not his duty to explain these facts. However it is his task to explain the connection between these categories and the data of economic science. It is his task to explain the basis of these categories⁽⁹⁾.

(9) See Robbins, op.cit. "The perception and selection of the basis of economic analysis is as much economics as the analysis itself". p. 106.