

THE SIGNIFICANCE OF ECONOMICS

The significance of Economics as a Science lies essentially in its ability to aid rationality in choice. Robbins defines rationality in choice, as "choice with complete awareness of alternatives rejected"<sup>(16)</sup>.

While Economics cannot decide as to whether one end is more desirable than another, Economics can make clear the implications of the different ends chosen. Robbins draws far-reaching extensions in the areas where economics can aid rationality in choice.

Where single policy measures are to be decided on, as for example, in the question as to whether to impose a protective tariff or whether not to, the analytic technique of economics can aid in working out the repercussions of such single policy measures.

However the significance of Economics does not end here. Economics can also help in selecting a mutually consistent system of ends. For example elementary monetary theory shows that as a general tendency, in a world made up of separate monetary regions experiencing changing conditions peculiar to each, there is a basic incompatibility in the attempt to achieve stable prices and stable exchanges simultaneously. Yet without an analytic apparatus, Robbins holds, it is not so obvious when a system of ends chosen is inconsistent.

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(16) Robbins, op.cit. p.152.

This is especially important when it is realized that Society made of different will - organizations, although comprising the same people, does not realized the conflicting nature of various policy measures voted for. For example, Society as a private spender and saver values one distribution of factors of production. However, as a public citizen, Society sanctions other arrangements which work against the achievement of such a distribution. Society as a consumer calls for cheapness, while as a producer desires security. Economics can aid in working out the longer-run implications of policies chosen and can indicate incompatibilities between such policy measures.

Robbins extends the significance of Economics further by saying that without economics it not possible even to make a rational choice between alternative systems of society. It is not possible to choose rationally between an equalitarian society and the capitatistic system until the full implications of the workings of each system are known. Economics can help materially in presenting such necessary implications. However, Robbins does not state to what extent economic analysis is helpful here.

Robbins concludes however, with an admission that seems to be completely out of tone with the rest of the Essay.

He says that while the generalisations of Economics themselves do not depend on the assumption that economic subjects always act rationally deciding on a mutally consistent system of ends, Economics does depend for its significance on the assumption that it is desirable that people should act

rationality. In any society which did not regard rational behaviour as important, economics ceased to have any significance. It becomes a mere sterile science.

The significance of Economics lies in its role as the "symbol and safeguard of rationality".

