

WILL ECONOMICS FOLLOW THE ROBBINS ROAD ?

An Essay on the Nature and Significance of Economic Science,
by Professor Lionel Robbins (Macmillan, 7/6d.).

Professor Robbins defines economics as the study of human behaviour in disposing of *given* means between a multiplicity of *given* ends. 'The distribution of time between prayer and good works has its economic aspect equally with the distribution of time between orgies and slumber. The "pig-philosophy"—to use poor Carlyle's name for Economics—turns out to be all-embracing.' Any action which requires time and *scarce means* for the attainment of a given end has, on this definition, an economic aspect. Thus economics is to be tied down to a study of *relations* (p. 37): of the relations between means which are scarce and ends which are taken as given,—ends which, in themselves, may be of interest to the moralist and politician, but which are to be of no interest to the economist. By contrast with Professor Robbins stands Jeremy Bentham, as alive to-day as at any time since his death. Bentham, the student of 'Fictions,' professed himself hardly able to understand the meaning of the word relations: 'I'm not interested in relations!' The true function of the economist is *the study of social institutions* and the definition of economics which expresses best the special interest of the economist, is Marshall's,—'Economics is a study of men as they live and move and think in the ordinary business of life.' Professor Robbins attacks 'modern English economists' for their 'habit' of 'describing Economics as concerned with the causes of material welfare,' and bases his attack on quotations from Professor Cannan. It is good to see this definition exploded; but it is hard to understand whom Professor Robbins has in mind as Professor Cannan's colleagues in this vicious 'habit.' Marshall never implied this definition: his definition of economics has been clarified and re-expressed by Professor Pigou as 'The study of that part of welfare which can be

brought directly or indirectly into relation with the measuring rod of money.'

So far as the need exists for any purely economic theory it seems that Professor Pigou's definition lays down the logical lines for its development far better than Professor Robbins'. For the fallacy of Professor Robbins' definition is that, although it is from one point of view too narrow, it is in another way absurdly broad. Perhaps Professor Robbins agrees with one of his spiritual fathers, Wicksteed, that economic analysis has application to the whole of life. But how unreal this conception can become. When at a dance I invite Nancy and not Margery to dance with me, I am choosing one of two scarce means to a given end. Is this then a case of human behaviour in its economic aspect? On Professor Robbins' definition it is, therefore the definition is absurd. On Professor Pigou's definition it is not a proper subject for economic analysis—which is common sense. Professor Pigou's definition does at least fit in with common sense, but it has dangers of its own. Economic welfare is not the whole of welfare: there are clashes between economic and total welfare, there is no happy pre-ordained harmony. But that does not prevent Professor Pigou from constructing a body of analysis which concentrates attention on the effect, of any conceivable causes experience and the facts of the world suggest, on the size and distribution of the National Dividend. The structure is beautiful from the mathematical-æsthetic point of view. The only question which remains unsettled, after, as before, its construction, is just how far the study of economic welfare in isolation has *significance*. The study of total welfare, 'Sociology' if you will, can alone supply the answer.

Sociology, as the co-ordinator of the Social Sciences, alone has ultimate significance. And yet we find in Professor Robbins' so-called *Essay on the Nature and Significance of Economic Science* no mention of Sociology save for a phrase about the 'sociological penumbra' and some remarks on 'the bearing of all this on the celebrated Materialist or Economic Interpretation of History,' the doctrine that all changes in social institutions are the result of changes in the technique of production. He flatters himself on having freed economics by definition of 'materialism': whereas in fact the Marshallian school has never held economics to be 'materialist.' Professor Robbins is no more than re-iterating

a disclaimer which the public never tires of hearing and always applauds. He goes on to disclaim the Marxist analysis because it is by definition 'non-economic.' 'From the point of view of Economic Science it is sheer metaphysics,' for economics, in Professor Robbins' hands, is to take 'changes in relative valuations' as 'given data'; and is not interested in the 'metaphysical' problem as to whether the Marxists are right in holding—or, we may add, whether Professor Robbins is right in interpreting their doctrine to imply—that 'there are no autonomous changes on the Demand side'—because ultimate valuations are determined by technical conditions, like everything else in life.

Professor Robbins has an aphorism or two to offer, as for example, 'It is not true that all things work together for *material* good to them that love God.' Everywhere we find instances pointing to the conclusion that everything sound which Professor Robbins says has been said before—though not *ad nauseam* it must be conceded—and everything new he has to say is either obvious or iconoclastic. Study of the intricacies of modern economic theory suggests that the one thing the economist is in danger of forgetting is that the law of diminishing returns (though in its original form it proves to be yet another addition to a larger pile of 'empty economic boxes,') has a valid application to the *study of itself*, and that a point has been reached when it may be that the application of further 'doses' of human thought is calculated to yield a diminishing return of product, in the form of light as well as of fruit. We may therefore congratulate Professor Robbins on having discovered the one topic on which the law of diminishing returns in 'economics' has not yet begun to operate, and on which further discussion is of vital importance, the discussion of *first* things, of the nature, and, more important, of the significance, of economic science.

It is almost incredible to read (p. 72) that Professor Robbins regards this Essay as arriving 'at conclusions which are based on the inspection of Economic Science as it actually exists.' It is of course true that Professor Robbins' own theory is an attempt at synthesis rather than an original contribution. His spiritual fathers—Böhm-Bawerk and Wicksell, Wicksteed, Edgeworth and Knight—all pass under review, and the outline of the 'Equilibrium Analysis' emerges. But no-one, even its author, would regard

this analysis as given once and for all. And many would question his dogma that the controversy as to 'how Economics should be pursued' is 'settled as between reasonable people'!

To the student who is bent on the study of human behaviour as exemplified in the working of particular social institutions, and who is not interested in 'relations' as such or in the economic aspect alone of any institution, Professor Robbins has nothing to contribute. Nothing, save the implicit advice to go and 'sin' no more; or, if confirmed in the path of 'sin,' to run away into the woods of sociology or ethics or politics, and to abandon economics to those who are interested in this thing and who do not pause to consider whether economics in its present form represents rich pastures or arid desert. 'The borderlands of Economics,' we are pointedly told, 'are the happy hunting ground of the charlatan and the quack.' Don't spoil their fun!

'Everywhere means, nowhere an end': on this text the barren controversies of economic science go on. Goethe, in the role of dramatic critic, described a certain Romantic drama as 'A pathological product, as in it are treated with exaggerated emphasis the parts which have no substance, and, on the other hand, those that would require substance are lacking.' If Goethe were alive to study modern economics as exemplified by Professor Robbins would he choose his language less carefully in phrasing his criticism?

In the main Professor Robbins' contentions are unlikely (save on special points) to gain assent from his colleagues, at any rate from economists of the Cambridge school, though in Austria his work will be welcomed with sympathy. Mr. Robertson would not let pass the remarks on the irrelevance of the idea of Real Cost (p. 80). His break away from the assumptions of psychological Hedonism (p. 84) is however to be welcomed. And his attack on the notion that Equalitarians can derive support from the law of diminishing marginal utility (p. 121) reminds us that there is a 'philosophical difficulty' in the *assumption* underlying this 'law'—the assumption that different people's satisfactions can be compared. The most valuable part of the book is Chapter III, on the Relativity of Economic Quantities, written on the text of Jevons 'in economics bygones are for ever bygones,' and based on the fundamental conception that 'Value is a

relation not a measurement.' He there points out the limited meaning contained in statistical computations of the National Dividend. And it must be admitted that he advances a strong case, through these examples, for the adoption of his definition of Wealth as dependent on 'Scarcity,' *i.e.* 'limitation in relation to Demand'; on which, as he would argue, hangs his definition of Economics itself. Within the limitations Professor Robbins imposes upon himself he has certainly made a contribution of real value on these topics; and he would not claim that he is doing more than reveal conclusions implicit in earlier work. Within his chosen *terrain* Professor Robbins' conclusions are indeed unimpeachable. The Austrian theory exercises a strange fascination over the minds of many respectable economists. There is not space here to support its fallacies. Suffice it to throw out a dark hint: that there is promise in Cambridge of a rehabilitation of the Ricardian and hence of the Marxian Labour theory of value. If that current of thought justifies its promise it will be revealed that the Austrians (in Austria and at the London School) are living in a bourgeois Cloud-cuckoo land.

If we were hidebound by Professor Robbins' discipline we should never study a problem straight-forwardly as a whole, but only the 'economic aspect' of a problem. The study of a social problem as a whole is left to the moralist and the politician. If this view were endorsed by modern economists, in their practice as well as their theory, it would simply mean that what are ordinarily called 'economic' problems would *never* get discussed by our intellectual leaders in a straight-forward way. An instance of this is Professor Robbins' treatment of the social institution Prostitution (p. 27). A study of the relation between scarce means and a given end is here of no interest or significance whatever. By way of contrast, several social philosophers, who are not hidebound by reverence for a formula, have studied Prostitution and come to the conclusion that its cause and basis is 'economic'—in the sense that hired love is the result of the inequality of incomes. Here again we find that Professor Pigou's definition of the term economic is more adequate than that of Professor Robbins, which bears no relation to common usage. Professor Robbins' remarks on Prostitution are a good example of the futility and the hairsplitting which insistence on studying the economic aspect in isolation

involves. He is arguing against Professor Cannan's definition of economics as 'the causes of material welfare' and remarks: 'Professor Cannan is a little too apt to follow St. Peter and cry, "Lord, I have never touched the unclean thing;"' and he urges, in opposition to Professor Cannan's desire to exclude Prostitution (and such like) from economic study, that 'services of prostitutes are scarce' and that therefore 'there is an economic aspect of hired love. . . .' How very interesting study from this aspect can be made to appear! Compare with it the penetrating analysis of Prostitution given by a political economist of another school, Bernard Shaw, a thinker who is not afraid to draw upon resources of knowledge in every field, in politics, and ethics, as well as in economics. Prostitution is a fit subject for study *as a social institution*; the study of the fluctuations of prices in the market for hired love can in itself contribute nothing of any interest.

And yet there is one signal service which Professor Robbins has performed by the writing of this book. He has continued the good work begun by Professor Sargent Florence in his tract 'Uplift in Economics,' a plea for the exclusion of ethical considerations from economics. It is the old controversy—Economics and Ethics, what is and what ought to be: but it is a controversy which still rages, and is the most prolific source of misunderstanding and ill-feeling in the social sciences. Professor Robbins opposes the view expressed by Mr. Hawtrey, and championed by Mr. Hobson, that 'Economics cannot be dissociated from Ethics,' commenting on it that 'unfortunately it does not seem logically possible to associate the two studies in any form but mere juxtaposition.' He argues (p. 132) that there is a 'logical gulf fixed between positive and normative studies,' between what is and what ought to be, and that no good purpose can be served by not keeping separate two studies which are different in kind. Now we may be thankful for small mercies: Professor Robbins points out that his procedure 'simply empties out of economics any "economic" presumption that the valuations of the market place are ethically respectable.' In other words, because factors get in competition the reward of their marginal net product, there is no ethical presumption that they ought to get these rewards—which are the result of a dog fight or of charging what the traffic will bear. All this is excellent. It frees economists from any possibility that they will ever again

be charged with having a vested interest in Capitalism—for the reason that for over a hundred years they have been studying nothing else!

On the broad controversy, however, Professor Robbins is obscurantist. Of course it is essential for clear thinking to keep Ethics and Economics distinct. But this methodological distinction in no way detracts from the importance of bringing the two sets of considerations into relation with one another. Professor Robbins would seem to consider that Economics and Ethics are as unlike as chalk and cheese, and to leave it at that. But Economics and Ethics are in fact like man and wife, and Ethics is as fit to be the man's wife as the fork is to the knife. Professor Robbins' conclusion that 'it is difficult to see what possible good can be served by not keeping them separate,' may now be re-written with the simple omission of the word 'not.' Economics is no misogynist. A marriage should be arranged.

Professor Robbins takes a perverse delight in amassing a huge array of limitations to economics, as so many methodological necessities. In its nature, Economics 'provides no norms which are binding in practice. It is incapable of deciding as between the desirability of different ends. It is fundamentally distinct from Ethics. Wherein, then, does its unquestionable significance consist?' Exactly! It is hard to see what is left. But do not be premature in introducing that word 'unquestionable,' Professor Robbins! The last five out of the one hundred and forty pages of the book are devoted to a study of 'Significance.' It is found in the fact that this great structure of analysis 'makes it possible for us to select a system of ends which are mutually consistent with each other.' It would be pathetic if the function of the science founded by Adam Smith is to be reduced to this and this alone. We are safe in predicting that Economics will never follow the Robbins' road. 'In the last analysis Economics does depend if not for its existence at least for its significance on an ultimate valuation, the affirmation that rationality and ability to choose with knowledge is desirable.' A high-sounding phrase expressing a certain truth: but how much light does it throw on the significance of a great science?

The truth of the matter was given once and for all by J. S. Mill when he said: 'No man will make a good economist

who is nothing else.' Now Robbins does at least concede that outside interests are not proscribed! But he is such an honest intellectualist that all trace of them has to be excluded from his economic writings. It is only in what Professor Pigou has described as his 'unofficial capacity as a human being' that the economist is to show signs of outside interests—only in private not in public life.

Professor Robbins considers the difficulty to be that 'we all talk about the same things, but we have not yet agreed what it is we are talking about' (p. 1). But this is *not* the *root* difficulty, which is rather that, while we all know what it is we are talking about, we are not agreed on the *way* in which to talk about it: that we all adopt different points of view—that different writers adopt an ethical, a psychological, an economic, a political, or finally a synthetic or 'sociological,' point of view, in thinking about exactly the same things, whether it be the crisis, or socialism, or the place of agriculture in national life. Now the significant fact for our present purpose is that economists have not agreed as to the point of view they themselves are to adopt. When Professor Robbins and members of his school pronounce on public policy—swallowing their logical argument that economic science does not by itself represent the basis for such pronouncements—we find them arguing in favour of the *Restoration of the Market*, a proposal which no political party of the 20th century can be found to support. Economics as he defines it 'has most utility in the exchange economy. It is debarred from any but the simplest generalizations by the very *raison d'être* of a communist society' (p. 18). At a time when society appears to be moving ever faster towards the goal of communism is not this rather a serious flaw? We find in a passage in which Professor Robbins is exploding the already exploded idea—'prevalent among the more neurotic critics of Economic Science' that the economist assumes an 'Economic Man' who is actuated by a peculiarly 'low' set of motives, that he holds the view that the 'fundamental concept of economic analysis is an idea of a scale of relative valuations,' which he takes as 'given data.' Thus, he argues, 'our economic subjects can be pure egoists, pure altruists, pure ascetics, pure sensualists or what is more likely mixed bundles of all these impulses' (pp. 24, 87). So far so good. But as we proceed we find that for Equilibrium Analysis it is necessary to *assume a social order*, a legal framework of

economic activity. 'Economic analysis may be conceived to assume the whole structure of "historico-relative" psychology and institutions' (p. 94).

Professor Robbins' whole thesis is in fact an *apologia* for the view that the economist's field of vision is limited. He is bold in stating the implications of his own doctrines, he is less successful in persuasion as to their soundness. There would seem to be little significance left in a science which *assumes* social institutions and psychology, since these two features are the most significant features of the real world, within (to slip into common usage of the term) the 'economic' field itself. In practice such assumptions mean that Professor Robbins is bound to view the organization of Trade Unions—a factor influencing the wage level, and the system of Unemployment benefits (misnamed 'insurance') as causes of *frictions* in the economic machine. And yet, as any realist economist knows, it is futile from the point of view of practice, and therefore of any theory worth having, to treat these social institutions as frictions: they must, as Mr. G. C. Allen has argued, be accepted as 'institutional facts.' The fundamental weakness of Professor Robbins' whole system of analysis is the remoteness from reality which follows from the unqualified assumption of free competition and from taking as 'given' all the key factors in the situation—even the idea of Social Justice. It is Professor Robbins' weakness that, while he is quite ready to test the facts of the world by the assumptions of his theory, he is not prepared to give as well as to take in the way of modifying his assumptions to bring the theory into relation with the facts. The only advantage that can be claimed for this method is that it simplifies the assumptions of the science. But if Economics goes the Robbins' road the supreme disaster of last century will be repeated: Economics will be misunderstood and misinterpreted by practical-minded people and politicians, so that, as far as public policy is concerned, future historians will say 'it would have been better if economics had never been born.'

The great need is to adapt Economics to fruit bearing. The first essential is the construction of an economic science which, in Marshall's words, 'shall have that delicacy and sensitiveness of touch which are required to enable it to adapt itself closely to the real phenomena of the world.' This will mean evolution in the direction of the analysis which is being worked out in Cambridge

by Mr. Shove, whose assumptions are chosen so that the theory may become a mirror of fact. The only difficulty here is that the string of assumptions which Mr. Shove conscientiously adopts have all to be fitted into enormous formulæ, and the practical politician can hardly be expected to cope with these! But, even so, Mr. Shove's way is for Economics the only way of escape from its futile pre-occupation, which over-simplified assumptions make inevitable, with the giving of unreal answers to unreal questions.

Beyond the need for a Shovian economics stands the supreme need of the social sciences to-day, the development of a true Political Economy, a return to Adam Smith as some would call it. Economics and 'Politics' (social ethics) must be brought together to produce a body of doctrine capable of providing a direct guide for public policy. The gap which has to be bridged is between the economists on the one hand, who in theory do not claim to provide any guide for public policy, and thinkers in Politics, who at present ignore economics to a surprising extent. In the modern world, where Politics and Economics are in fact inseparable, the time has come for a fresh alignment of intellectual forces, and for the construction of a *Political Economy* worthy of the name: to end this pathetic farce, this giving of unreal answers to unreal questions; and to replace an 'Economics' which by definition is inapplicable to a communist society.

DONALD K. KITCHIN.

Mr. Kitchin's article was, with his permission, shown to Mr. H. E. Batson whose reply is printed below. Mr. Kitchin has had no opportunity of rejoinder.

MR. KITCHIN ON THE INSIGNIFICANCE OF ECONOMICS

Nature and Significance of Economic Science, Lionel Robbins, Professor of Economics in the University of London, pp. xii and 141 (Macmillan, 1932, 7/6d. net).

Will Economics follow the Robbins Road? Donald K. Kitchin.

The Economics of Imperfect Competition, Joan Robinson, pp. xii and 352 (Macmillan, 1933, 18/- net).

AS Mr. Kitchin so justly remarks, methodological studies are not exempt from the Law of Diminishing Returns. But, this being so, how much the more obviously subject to this law must criticisms of such studies be ; how hopelessly dominated by it, replies to such criticisms! It is clear that to meet Mr. Kitchin's objections point by point would hardly be an economic enterprise.

This is all the clearer since some of Mr. Kitchin's objections—that illustrated by his Dancer's Dilemma, for instance—seem to rest on no firmer foundation than a disagreement about the meaning of certain words and phrases. *Non ragionam di lor!* Others, again, reveal themselves as veritable sheep in wolves' clothing ; they make their appearance, rampant as any March lion, but their departure is ovine in its deprecating peaceableness. Such seems the nature of Mr. Kitchin's argument on the economics of prostitution, in which he even makes an economist of Bernard Shaw to support a contention that could much more handily have been based upon the teaching of Professor Robbins himself. But, such harmless strictures apart, it seems that Mr. Kitchin has three real quarrels with Professor Robbin's book, even if he is not consistently aware of them ; and perhaps the best way of trying to meet his numerous difficulties will be to concentrate on these major issues.