

**ECONOMIC RESEARCH REPORTS**

LIONEL ROBBINS' NATURE AND SIGNIFICANCE,  
FIFTY YEARS LATER

by

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R.R. # 82-12

May, 1982

**C. V. STARR CENTER  
FOR APPLIED ECONOMICS**



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LIONEL ROBBINS' NATURE AND SIGNIFICANCE, FIFTY YEARS LATER

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Paper to be presented at the annual meeting of the  
History of Economics Society, held at Duke University,  
May 25, 1982



Time is likely to lend helpful perspective to the appreciation of any classic work. The passage of years is likely to have produced more sensitive understanding of the currents of thought that led up to the work in question; and, again, that passage of time permits the identification of currents of ideas to which the work in question may have itself made decisive contribution. All this seems particularly relevant to the consideration of Lord Robbins' An Essay on the Nature and Significance of Economic Science, a remarkable book that has been a classic, now, for a full half century since its first edition was published in 1932. I shall argue in this paper that Robbins' book occupies a less-than-fully understood place in the history of twentieth century economic thought.<sup>1</sup> This reappraisal, it turns out, could hardly have been possible without insights provided by recent developments in economic discussion. These developments, we shall maintain, permit us to understand more adequately in what Robbins' contribution consisted, and how that contribution impinged upon the course of ideas in this century. In particular, we can now perceive (a) how the Robbinsian contribution of 1932<sup>2</sup> represented a turning point in the history of modern economics; (b) how this contribution consisted of the injection, into English-language economics, of insights central to the Austrian tradition stemming from Menger, but also how (c) the specific

turn subsequently taken by economics came, as a result of the particular formulation embraced by Robbins, to proceed in a direction not at all consistent with that toward which the Mengerian tradition was itself to lead. Let us see how this rather confusing sequence of intellectual events came to pass. The clue is to be found in what must strike many as a puzzling aspect of some extremely sharp, early criticisms which Robbins' book had to encounter.

#### Robbins, the Austrians, and Positivism

In May 1933 R.W.Souter published a bitter attack on Robbins' book in a lengthy article in the Quarterly Journal of Economics.<sup>3</sup> Souter began his critique by drawing attention to the book's Austrian character and to the novelty of this character to English-speaking economics. The work, Souter wrote, "provides English and American students with an able, scholarly and succinct account of the main tenets of 'the Austrian School' (it is Professor Robbins' credo as an adherent of that school)." That Souter is correct in this judgment of the extent of Austrian influence is hardly subject to dispute. Robbins' book is simply studded with references to and quotations from Austrian writers, especially Menger, Mayer, Mises, Strigl and Hayek - as well as to that "British Austrian", Philip Wicksteed. And in the 1932 Preface, the only two sources of influence to be identified are "Professor Ludwig von Mises and... the late Philip Wicksteed", to whose

works "especial indebtedness" is acknowledged.

But then, having thus identified the Austrian background of Robbins' work, Souter proceeded to attack its major propositions in terms both vehement and bitter. It will be useful to refer to Talcott Parsons' report of Souter's attack: "The principal terms of opprobrium which Souter freely applies to Robbins and his ilk are 'atomism', 'exclusionist positivism', and 'static formalism'. In these are implied five interrelated concepts... The one of most general bearing and hence the natural starting point is 'positivism'."<sup>4</sup> It should be observed that, while Parsons couched his own critique of Robbins in terms far less intemperate than those employed by Souter, he nonetheless concurs with Souter in finding Robbins "continually being pressed into a radically positivistic position",<sup>5</sup> and points out further that by opening "the door wide open...to radical rationalistic positivism" Robbins is in effect rendering the "subjective aspect" of actions merely an "epiphenomenon".

Here surely the present-day reader must feel inclined to rub his eyes. In the same breath, it seems, the work of Robbins is being identified as Austrian and is being criticized for radical positivism and for insufficient appreciation for the subjective character of economic phenomena! For most economists, surely, the Austrian School, (and especially Ludwig von

Mises, through whose work the school evidently influenced Robbins most decisively) are best known for the thoroughgoing extent of their subjectivist approach; and many economists are surely aware of Mises' lifelong crusade against the influence of "positivists" (of all kinds) upon economics. The spectacle of Robbins, the acknowledged Austrian, being pilloried for insufficient subjectivism and for "radical positivism", seems, at first glance, to be puzzling indeed.

Souter (and to a lesser extent Parsons) built their case in regard to their allegations of Robbinsian positivism principally on three bases. They found positivism (a) in Robbins' belief that it is possible (and a scientific desideratum) to construct a positive science of economics without introducing normative considerations; (b) in Robbins' insistence on the general, abstract, and analytically independent character of economic reasoning, neither permitting nor requiring any organic integration with other social sciences; (c) in Robbins' conception of individual economic activity -- a conception upon which he depends for his analytical definition of the nature and scope of economic science. In this paper we will not be concerned at all with the first of these three aspects of Robbins' work. Most of our discussion will relate to the third (with certain implications, in passing, also for the second).

Ends, Means, and Economizing

Robbins' conception of individual economic activity, and his definition of economics in terms of such individual allocation in the face of scarcity, is well-known. "Economics", Robbins declares, "is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses."<sup>6</sup>

The feature of human behavior called into being by this relationship, is that of choice. "When time and the means for achieving ends are limited and capable of alternative application, and the ends are capable of being distinguished in order of importance, then behaviour necessarily assumes the form of choice...It has an economic aspect."<sup>7</sup> Even in the "simplest case" considered by Robbins, that of "isolated man dividing his time between the production of real income and the enjoyment of leisure," there is an economic aspect to the situation. This aspect consists in the circumstance that, given the scarcity of means, their alternative applicability and his differential valuation of real income and leisure, this isolated man "has to choose. He has to economise. The disposition of his time and his resources has a relationship to his system of wants. It has an economic aspect."<sup>8</sup>

Economic activity, as conceived in these terms occurs, Robbins



emphasizes, also in the context of the "isolated economy" of Crusoe, and in the communist economy. But in these contexts economic analysis has little to offer. From "the point of view of isolated man, economic analysis is unnecessary."<sup>9</sup> By "the very raison-d'être of a strictly communist society" economic analysis is "debarred from any but the simplest generalizations."<sup>10</sup> The usefulness of economic analysis arises in the context of the exchange economy, the phenomena of which "can only be explained by...invoking the operation of those laws of choice which are best seen when contemplating the behaviour of the isolated individual."<sup>11</sup>

Here, then, we have Robbins' conception of the scope and function of economic science. Economic science has the function of explaining the phenomena of the market economy by tracing these phenomena back to the choices of the individual market participants. There can be no doubt that this conception of economics has had profound influence on the course of twentieth century economic thought. This can be seen most clearly, perhaps, by noticing how commonplace this view (at least insofar as microeconomics is concerned, or insofar as the need is recognized, on the part of macroeconomics, for an understanding of its "microfoundations") must seem to the modern student. Yet when Robbins wrote, his conception of economics was far from being a commonplace. Robbins found it necessary to explain, gently but firmly, that it is inaccurate and unhelpful to

define economics in terms of the "causes of material welfare". This latter definition, Robbins observed, was explicit or implicit in the works of the leading neoclassical economists of the era, particularly in the works of Cannan, Marshall, Pareto and J.B.Clark.<sup>12</sup> Robbins was not tilting at windmills when he found it necessary to explain, a bare fifty years ago, that "it is not the materiality of even material means of gratification which gives them their status as economic goods; it is their relation to valuations."<sup>13</sup> (Indeed Robbins' own teacher, Edwin Cannan, whom Robbins had taken as his principal target, gladly took up the cudgels -- in his review of Robbins' book -- in defense of the material-welfare criterion.<sup>14</sup>)

If, then, a modern economic textbook devotes an entire (brief) chapter to credit Robbins' Nature and Significance with the breakthrough leading up to the contemporary view that "the core of pure economic science is the general theory of choice",<sup>15</sup> this is by no means an exaggeration of Robbins' influence. What is now a commonplace was, in 1932, something of a revolutionary idea; since then this idea has decisively altered the direction of mainstream economic thought. During the heyday of Keynesian influence this decisive Robbinsian influence was perhaps easier to overlook. But since the resurgence of neoclassical microeconomics this influence has become more and more apparent to the historically-minded observer.

As mentioned, this influence represented the absorption of modes of economic thinking that had been developed by the Austrian School from Menger to Mises and his circle. Yet we must emphasize that anyone familiar with the work of the present day "Austrian" followers of Mises, will immediately recognize the profound differences separating the modern Austrian view of economics, from that embedded in the currently resurgent neoclassical microeconomics. We shall see that the basis for this paradox in the history of ideas lay in what Souter and Parsons identified as Robbins' "positivism". We shall argue that this "positivism" of Robbins constituted neither an accurate transmission of the subjectivist Menger-Mises tradition, nor, on the other hand, a crude distortion of it. Rather the Robbinsian statement represented an unself-conscious simplification of the Austrian subjectivist tradition -- a simplification that certainly seems, from at least one perspective, as entirely excusable, but to which must, at the same time, be partly attributed many of the "un-Austrian" aspects of modern neoclassical microeconomics.

#### Subjectivism and Subjectivism

From its very beginning, of course, the Austrian School was identified as being "subjective". Whereas the classical theory of value had sought explanations in terms of the objective conditions surrounding

production, the Austrians emphasized the market processes initiated by the actions of valuing consumers. Robbins' work is certainly not inconsistent with this aspect of Austrian subjectivism (although it was apparently not relevant to the book's principal purposes to emphasize the subjectivist roots of its general perspective.) A conception of economics as the science of choice, in Robbins' sense, is certainly asserting that observed phenomena become explicable only in terms of the preferences subjectively held by the independently choosing individual market participants. But explorations of subjectivism in recent years have drawn our attention to several quite different levels of subjectivism at which individual choice may be discussed. From the perspective of the more profound (or "extreme") insights into subjectivism, discussions pitched at less profound levels must indeed appear as being almost "positivistic". Robbins' characterization of economic choice does, in fact, seem to suppress the more profound insights into the subjectivism of human action. And here, we submit, is the clue to the puzzle cited earlier: Robbins' being simultaneously cited and criticized as Austrian and as being "positivistic". Let us see what all this means.

From several recent discussions of subjectivism there has emerged a sharp distinction between two distinct levels of discourse. One terminology identifies the two levels as static subjectivism and dynamic

subjectivism respectively.<sup>16</sup> (After Professor Machlup's delightful survey of the numerous different uses made in economic terminology of the static-dynamic distinction, it is of course wholly unnecessary to spell out which of these two levels is the more profound.<sup>17</sup>) There are some differences between different formulations of the distinction. But a useful criterion for such a classification is supplied by the well-known contributions of G.L.S.Shackle to the analysis of human decision making. In a stream of fascinating, persuasive, and by now justly famous books over the course of some two decades,<sup>18</sup> Shackle has been concerned to emphasize the radical creativity and indeterminacy of the human decision. Each decision is a spontaneous new beginning, not at all the inexorable outcome of some previously given configuration of preferences and obstacles. Social history is a fabric woven out of the continual emergence of such mutually interacting new beginnings. These decisions are made in the face of the need to speculate on the course of future events, when the future is shrouded in ineradicable uncertainty. Moreover the essential unpredictability of the future is itself partly the consequence of our complete certainty that the future will be shaped, in large part, by intrinsically unpredictable future human decisions. From this Shacklean perspective, a "dynamically" subjectivist view of social history sees it as being governed by forces that must be traced back to choices being made, at each and every moment, by individual market participants whose decisions can in no manner or form be treated as flowing inexorably out of the

objective circumstances prevailing at the instant prior to these respective decisions.

This view of the subjective character of human choice is contrasted sharply with that other ("static") level of subjectivist analysis in which the creativity and inherent indeterminacy of decisionmaking is, at least tacitly, suppressed. The "statically subjectivist" view portrays the decision as indeed expressing the subjective preferences of the decision-maker, but makes it appear as if these preferences are somehow separate from (and even, in some versions, chronologically prior to) the decision itself, and as if these preferences then "determine" the specific decision taken. The course of social history is then seen as the "inexorable" flow of events emerging from these interacting decisions (it being understood that such "inexorability" is strictly relative, of course, to the independent, "subjective" preferences of potential decisionmakers.)

As Shackle and others have pointed out, the human decision envisaged in such a "statically" subjectivist view, hardly constitutes a genuine choice at all.<sup>19</sup> The very circumstance that the "chosen" course of action is seen as already inexorably implied in the given configuration of preferences and constraints, of ends and means, makes the choice "mechanical" or "automatic" -- and thus not a true choice at all.

True choice surely requires the realistic possibility of more than one alternative; but for the statically subjectivist view the rejected alternative is already, before (or at least apart from) the moment of decision, an option declared to be a sub-optimal (and thus a quite unthinkable) alternative. The circumstance that, in this statically subjectivist view, the scales of individual preference, or the relevant indifference maps, are declared to be the expression of independent subjective likes and dislikes, does not suffice to invest this "mechanical" model of decisionmaking with the characteristics of genuine choice.

Yet it is by now well-known that the sense in which modern neoclassical economics is a "science of choice" is none other than that which confines choice itself merely to the calculation of the optimal courses of action marked out by the relevant, given sets of preference rankings and constraints. For this microeconomics the phenomena of the market are, for the greater part, simply required to be such as to permit all such constrained optimization calculations to be simultaneously successfully carried out. There is nothing in the way in which such choices are envisaged, to suggest that it is the purposeful, alert decisions of market participants which independently generate the market processes which, at each moment, precipitate the market phenomena we observe. In other words it is by now well recognized that those features of neoclassical price theory to which Austrians demur, turn out to be derived precisely

from those aspects of the neoclassical theory that express its unconcern with "dynamically" subjectivist considerations. It remains for us to show that, for all its Austrian credentials, the view of the economizing, allocative decision expressed in Robbins' Nature and Significance appears to suppress, or at least abstract from, such "dynamically" subjectivist considerations.

#### Robbinsian Choice

We have referred earlier to the criticisms of Souter and Parsons directed against what they saw as Robbins' "positivism". At least part of these criticisms can be understood as expressions of dismay at Robbins' failure to recognize the "dynamic" subjectivism involved in human action. And, in the light of the careful analysis of the full subjectivism of human action more recently supplied by Mises and Shackle there can be little doubt of the validity, in this respect at least, of these early criticisms by Souter and Parsons.

The outcome of a Robbinsian act of choice, it appears, is inescapably implied in the given pattern of ends and of means the relationship between which is the prerequisite for Robbinsian choice. This outcome emerges, it seems to be asserted, in a manner almost beyond the control of the decisionmaker -- it is instead "the resultant of conflicting psychological



pulls acting within an environment of given material and technical possibilities."<sup>20</sup> To be sure the ends themselves, while given, are not fixed for all time. Ends can and do change: "sybarites become ascetics".<sup>21</sup> But the replacement of one set of given ends by a second set occurs before (or at least outside) Robbinsian choice itself. Whatever the process through which Robbinsian man chooses the system of ends with respect to which he must allocate his finite array of given means, this process not only lies wholly outside the scope of economic science, it lies outside the realm of economic choice itself. Economic choice, for Robbins, is circumscribed entirely by the framework of given ends and given means that makes systematic allocative behavior necessary. As Parsons points out, this unfortunate mechanical picture of choice is a consequence of the way in which Robbins treats ends as given, suppressing the futurity of the very notion of a human purpose.

There can be no objection, Parsons explains, to the treatment of means as given. "The 'conditions' of the situation in which a person acts, the means to his end are to be sure 'given' independently of his ends or desires. In this respect they are strictly analogous to the 'observations' of the scientist. But the same cannot be true of 'ends'. To be sure an 'end' may refer to a state of affairs which can be observed by the actor himself...after it has been accomplished. But at the time of inception of the action...such is not the case. Then it is 'subjective' to the

actor."<sup>22</sup> An end is "the anticipation of a future state of affairs." To abstract from this essential feature of an end is to "denature" it, through the assimilation of ends to the category of "given data" for the actor.<sup>23</sup> The consequence of this treatment of ends as "given" to the decisionmaker must, Parsons continues, citing Sauter, be to deny that action is a process of rational choice. The scale of valuation of different ends is now not itself a factor in action "but is merely a resultant, a reflection of the relative strengths"<sup>24</sup> of Robbins' "conflicting psychological pulls."

Human action is the expression of human purposefulness. In expressing his purposes man must choose between alternative imagined future scenarios. His imagination of these alternative futures is very much an intrinsic element of choice. At the moment of choice ends are not at all "given"; they are nailed down only through the act of choice itself. Whatever it is that accounts for the particular ends that are thus chosen to be aimed at, it cannot be the solution of a problem in constrained maximization for which these ends themselves are data.<sup>25</sup> A fully subjectivist treatment of choice could not, as Robbins does, avoid discussion of these matters. A fully subjectivist treatment of choice must grapple with the way the decisionmaker, with all his spontaneous creativity in the face of a radically uncertain world, chooses which of the infinite possible pictures of the future he adopts as the basis for the alternative

scenarios among which he undertakes the path he is to pursue. Despite all its virtues, all its Austrian credentials, Robbinsian choice is portrayed in abstraction from (if not in complete denial of) the insights of truly dynamic subjectivism.

Let us sum up. We have seen that the Robbinsian contribution played a decisive and revolutionary role in diverting mainstream economics toward its modern neoclassical microeconomic form. We have seen that Robbins' contribution was made under the strong influence of the Austrian tradition. But we have seen again that the specific direction taken by modern neoclassical microeconomics is not at all that to which the Austrian tradition itself was pointing. Moreover we have seen that the source of contemporary Austrian dissatisfaction with neoclassical microeconomics consists precisely in that neoclassical failure to recognize the full subjectivism of human choice that we have now found to characterize Robbins' own formulation. Now then are we to understand Robbins' failure, in his transmission of the fundamental tenets of the Austrian tradition to the Anglo-American mainstream, to be sensitive to these subjectivist insights that, we can now see, are so crucial to the Austrian view as it has developed in this century? It might appear that only two possibilities lie before us: either the Austrian tradition as it had developed up until 1932 had itself failed to incorporate the subjectivist insights which later Austrians have learned from Mises and Shackle;

or else Robbins, in bringing the Austrian message to his 1932 English readers, failed to grasp the full significance of Austrian subjectivism and was thus guilty of injecting only a garbled version of it into subsequent Anglo-American economic thought. In the remainder of this paper I shall argue that if one confines oneself to these two possibilities, then the first of them is closer to the truth, but that in fact there exists yet a third, and a more persuasive, possibility. This is that the Mengerian tradition was at heart fully subjectivist -- so that Robbins indeed failed to transmit important aspects of that tradition; but that for many purposes these fully subjectivist aspects of the Austrian approach did not need to be invoked. What Robbins gave us in 1932 was not then a distortion of the Austrian view, but in fact a (possibly legitimate) simplification of that view. (It is for our purposes altogether unimportant whether Robbins himself was fully or even partly aware that he was giving anything other than a completely sensitive statement of the Austrian views. As Parsons indicated in 1934, any criticisms of Robbins for "positivism" must be directed not so much at what Robbins himself wrote, as at the logical implications of his formulation. The "positivistic" consequences implied by Robbins' work "can scarcely be said to constitute a statement of his position itself. The just criticism of him...is that, remaining on the surface, he fails to see and meet the very serious problems lurking underneath..."<sup>26</sup> Our position is that Robbins may, whether he so intended it or not, at least have had legitimate reason to remain on the surface.) Nonetheless, as historians of economic thought we should not fail to recognize that,

whatever the justifications for and legitimacy of Robbins' simplified treatment, the extraordinary influence of that treatment has, as a result of this simplification, helped propel modern economics along a course quite different from the direction to which the Austrian tradition itself had pointed.

#### Choice and Choice

It is of course true that an Austrian, explicitly and "dynamically" subjectivist, treatment of the nature of human action did not appear until Mises presented his fully developed ideas in the 1940s.<sup>27</sup> So that a superficially persuasive case could perhaps be made that the Austrian insights that Robbins had absorbed in the late 'twenties did not yet include the kinds of Mises-Shackle considerations that we have identified as unfortunately missing from Nature and Significance. But, on the other hand, it is not difficult to show that from the time of Menger onwards, there were frequent indications that the full subjectivist character <sup>of</sup> choice never went wholly unrecognized.<sup>28</sup> And it is difficult to believe that Mises of the late 'twenties (whose writings of the time on the epistemological character of economics came to be published as a collection of essays in 1933,<sup>29</sup> clearly anticipating his more developed work of the following decade) failed to convey to Robbins his own powerful insights into the intrinsic purposefulness and into the essentially entrepreneurial

character of individual human action.<sup>30</sup>

The truth appears to be that while the post-World War I Austrians were indeed steeped in a thoroughly subjectivist understanding of human choice, it did not seem to them of crucial importance to emphasize every single subjectivist insight for each and every analytical purpose. As Richard Ebeling has recently documented<sup>31</sup>, several of the Austrians cited by Robbins had themselves offered during the 'twenties statements regarding economic choice that turn out to resemble Robbins' own later formulation in most important respects. What Robbins was then doing in 1932 was to follow the Austrians themselves in abstracting from certain subjectivist aspects of choice, because, apparently, these aspects were held to be of limited relevance to the purposes at hand.

But of course the circumstance that Robbins was merely employing a simplification already employed by the Austrians from whom he drew, does not, of itself, absolve either Robbins or the Austrians themselves of the charge of "positivistic" distortion. The kind of abstraction and simplification, it may be objected, is by no means obviously possible. Either one perceives the essentially spontaneous, undetermined, "dynamically" subjective, character of human decisionmaking, or one does not. If the Austrians indeed held a fully subjectivist view of choice, a critic may surely be permitted to inquire, then how can any "simplified" version of it, along Robbinsian lines, fail to constitute a "positivistic" distortion?

The answer to this question requires (a) that we examine more fully the relation between the Robbinsian abstraction and the fully-subjectivist understanding of human choice; (b) that we recognize the state of mainstream economics at the time Robbins offered his book to the profession.

Let us recapitulate the interrelated and overlapping features of Robbinsian economizing-allocative decisionmaking that render it a grossly imperfect portrayal of individual choice: The Robbinsian view of decisionmaking (i) sees ends as somehow given prior to (or separately from) the act of choice (failing to show how the choice of a system of ends to replace an earlier cherished system must itself be understood in terms of economic choice); (ii) suppresses the futurity surrounding the character of an end as perceived by the agent immediately prior to action; (iii) is therefore able to abstract from the anticipation of radical uncertainty that, in real life, pervades each choice act; (iv) permits it to appear as if human choice was nothing but the mechanical resultant of conflicting psychological pulls, a conflict to which the chooser is little more than an interested observer. What we wish now to point out is that the features of human action that the Robbinsian formulation excludes (i.e. the selection of ends themselves, the futurity of ends, the uncertainty surrounding action, and the independent sovereignty of the individual over his acts of choice) represent features that, while

never wholly absent from human action, yet influence different actions in quite different degrees. The truth surely is that for many decisions, the system of ends being consulted is (while never entirely beyond reexamination) taken as already well settled; that the context of action is often such that radical uncertainty is held to be of relatively tolerable proportions, and that the futurity of goals is of rather little moment; that the principal responsibility of the decisionmaker is in fact sometimes not much more than to ensure the correct computation of the solution "mechanically" implicit in the given framework of required outputs and resource constraints. It is true that the act of choice must always, for Austrians, be recognized as involving more (in many cases, much, much more) than such mechanical computation. But the analyst of action may surely be excused for perceiving, within the haze of the uncertainty surrounding the inevitable futurity involved in choice, beneath the sparkle of the imaginativeness and the creativity pervading the human decision, that same stable pattern of allocative-maximizing computation that can never be absent from any decision, no matter how limited the imagined scope for uncertainty or for creativity. The very same human purposiveness that assures us that individual choice is always made with one's antennae alertly switched on to notice opportunities (that already "exist", or that may be created) worth pursuing even through the mists of an uncertain future -- also assures us that each such choice at least implicitly embodies, as well, the kind of constrained maximization computation (no matter how sketchily performed) to which, in a world of complete certainty, choice would necessarily be



entirely reduced. If it is thought useful to focus analytical attention upon this purely allocative element in human choice, it must surely be excusable to identify it in terms of a description of choice in which futurity and uncertainty have been abstracted from. But, of course, this part of our discussion raises immediately the question: "Is it useful (or was it useful in 1932) to focus analytical attention upon the purely allocative element in human choice?"

Here we must be wary of permitting our historical hindsight such a free rein as to compel us immediately to reach an unambiguously harsh judgment concerning Robbins' procedure. We have already observed how Robbins' work can now be seen to have made decisive contributions to those unfortunate modern neoclassical developments that, from the modern Austrian perspective, have led to something of a crisis in contemporary economics.<sup>32</sup> It may seem difficult, therefore, to treat Robbins' formulation of the Austrian position as anything other than a deplorable aberration that has had predictably deplorable consequences.

A more sympathetic appreciation of the task faced by Robbins and the Austrians around 1930 in bringing a changed perspective to the mainstream English-language economics of the time, may perhaps soften our judgment. As Robbins himself explains, the conception of economic understanding as being constructed out of building blocks analyzing individual acts of choice was far indeed from mainstream thinking. The possibility

of disentangling purely economic aspects of processes of social interaction from its attendant dense thickets of particular political, sociological, psychological phenomena, was not seen to extend beyond the Marshall-Pigou device of the measuring-rod of money. Inevitably such failure to distil the purely economic processes at work beneath the masses of particular phenomena meant a clouding of the very possibility of pure theory in economics, and a tendency to succumb to the temptations of historicism. The need of the moment as it must have appeared to Austrians and to Robbins around 1930 was to reaffirm the legitimacy of economic theory, and to trace its possibility to the systematic analysis of the individual choices from which economic processes proceed. For this task, it may well have appeared, the full exposition of all the subjective subtleties of individual choice was by no means necessary. It was sufficient to emphasize the paramency of individual choice, to stress its relationship to the scarcity of means with respect to the ends of the moment and to point out the way in which this relationship is common to and thus transcends the myriad specific situations in which it may be concretely expressed. Robbins' presentation of the Austrian position, it may thus be argued, was a useful and legitimate simplification of the full subjectivist understanding of human choice. This simplification was legitimate, in this judgment, because, while it abstracted from the more profound subjectivist insights, it did focus on a meaningful and significant aspect of choice. This simplification was useful, because it permitted the essential Austrian message -- essential for the immediate and

important doctrinal purposes of the moment -- to be conveyed without need to pay distracting attention to less immediately relevant features of the Austrian position.<sup>33</sup>

### The Irony of History

A half-century after the appearance of Robbins' classic work, we see it then as having been responsible for a supremely ironical historical episode. For its purposes of 1932 it presented the Austrian position in a form that (with some justice) evoked criticisms (from these deeply disturbed by the Austrian insistence upon the validity and possibility of a purely economic theory) of "positivism". These criticisms, it now seems, while in one sense entirely valid, seem less serious when viewed from the perspective of the overall Austrian purposes of the moment (with which of course the early critics themselves had little sympathy!) Nonetheless, we can now see, with the benefit of a half-century's hindsight,<sup>that</sup> the "positivism" in Robbins has indeed exercised powerful (and, to Austrians, regrettable) influence upon the course of twentieth century neoclassical microeconomics -- along with its benignly successful influence toward the transformation of a science of material welfare into a science of human action.

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NOTES

1. In preparing this paper the writer has had the benefit of having before him drafts of work by two authors, that relate to the theme of this paper. While certain fairly important differences separate the treatment here from that of each of these authors, I wish to acknowledge most gratefully the opportunity to learn much from each of these two works: (a) Mark Addleson, "Robbins's Essay after Fifty Years: The decline and Possible Rehabilitation of an 'Economics of Choice'" (1981, mimeo.); (b) Richard M. Ebeling, "The Marginalist Revolution: A Tale of Two Traditions", (chapter in a dissertation-in-progress at University College, Cork, Ireland, entitled Action Analysis and Economic Science, The Economic Contributions of Ludwig von Mises.)
2. Because today it is the second edition (London: MacMillan and Co. Ltd., 1935) which is widely used, all page references here are to this edition.
3. "'The Nature and Significance of Economic Science' in Recent Discussion", pp. 377-413.
4. T. Parsons, "Some Reflections on 'The Nature and Significance of Economics'", Quarterly Journal of Economics, May 1934, p. 512.
5. Ibid. p. 514.
6. Nature and Significance p. 16.
7. Ibid. p. 14.

8. Ibid. p. 12.
9. Ibid. p. 18.
10. Ibid. p. 19.
11. Ibid. p. 20.
12. Ibid. p. 4.
13. Ibid. p. 22.
14. E. Cannan, review of L. Robbins, Nature and Significance, Economic Journal, September 1932, pp. 424-427.
15. V. C. Walsh, Introduction to Contemporary Microeconomics (McGraw-Hill, 1970), p. 17.
16. See J.M. Buchanan, "The Domain of Subjective Economics: Between Predictive Science and Moral Philosophy", in I.M. Kirzner (ed.) Method, Process, and Austrian Economics: Essays in Honor of Ludwig von Mises (forthcoming, Lexington Books, 1982); G.P. O'Driscoll and M.J. Rizzo, as yet untitled book, (forthcoming, Basil Blackwell, 1983), chapters two and three; R.M. Ebeling, op. cit. See also L.M. Lachmann, "From Mises to Shackle: An Essay", Journal of Economic Literature 14 (March 1976), a brilliant and important paper which, however sees the modern development of subjectivism in a manner different from that expressed in the present paper.

17. F. Machlup, "Statics and Dynamics: Kaleidoscopic Words", Southern Economic Journal (October 1959), reprinted in Machlup, Essays in Economic Semantics (Prentice-Hall, 1963).
18. Among the most important of these are G.L.S.Shackle, Decision, Order and Time in Human Affairs (Cambridge, 1969), and Epistemics and Economics: A Critique of Economic Doctrines (Cambridge, 1972).
19. See Shackle, Epistemics and Economics, passim; Kirzner, Perception, Opportunity and Profit (University of Chicago Press, 1979) chapter 13.
20. Robbins, Nature and Significance, p. 35.
- 21.. Ibid. p. 26.
22. Parsons, op. cit. pp. 513f.
23. Ibid. p. 514.
24. Ibid. p. 516.
25. On the relationship between Robbinsian choice and the maximization of utility, see Robbins, op. cit. p. 15n.
26. Parsons, op. cit. p. 515.
27. L. Mises, Nationalökonomie: Theorie des Handelns und Wirtschaftens (Geneva: Editions Union, 1940); Human Action (New Haven: Yale University

Press, 1949).

28. On this see R. M. Ebeling, op. cit.

29. L. Mises, Grundprobleme der Nationalökonomie (1933), also translated as Epistemological Problems of Economics (New York University Press, 1981).

30. L. Mises, Human Action, p. 253.

31. R. M. Ebeling, op. cit.

32. See Israel M. Kirzner, "The 'Austrian' Perspective", in D. Bell and I. Kristol (eds.) The Crisis in Economic Theory (New York: Basic Books, 1981).

33. The explanation suggested in the text may throw light on a circumstance that some have found difficult to understand: that several prominent Austrian economists (who were active participants in the Mises "Private Seminar" of the 'twenties) came to believe that by the early 'thirties the main insights of the Austrian tradition had become successfully absorbed into the neoclassical mainstream, so that there was therefore little further need for the distinctive Austrian tradition. While in retrospect it seems clear (as argued in the present paper) that the long-run need for a distinctive Austrian tradition became, if anything, more acute as a result of the absorption of Austrian influence via Robbins,

we can at least understand how, from the perspective of the early thirties, it did indeed appear that the Austrians had succeeded in redirecting mainstream economics in the Mengerian direction.

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