



# The nature and significance of Lionel Robbins' methodological individualism

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## Abstract

Lionel Robbins' definition of economics helped to buttress the centrality that individual choice acquired after the Second World War. This, however, was an unintended consequence of his seminal work. Underlying his definition of economics, a novel approach to methodological individualism is advanced, in which the isolated individual plays the role of a temporary device useful for analysing more complex social phenomena. The paper outlines three types of methodological individualism, and argues that Robbins' approach cannot be classified under any of them; we thus propose a different category, that of 'first-step individualism'. Robbins' rationale for focusing on the isolated individual is not that social phenomena can be reduced to individual behaviour, but rather that this is the best starting point for economics, if it is to progress and be able to deal with more complex phenomena in the future.

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## 1. Introduction

Robbins' *An Essay on the Nature and Significance of Economic Science* (henceforth *Essay*) defines economics as "the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" (Robbins, 1969 [1935], p. 16). The book was much appreciated among his circle of friends (e.g., Harold Laski, Jacob Viner, F. A. Hayek, Wilhelm Röpke and Ludwig Von Mises), but outside of this group its reception was not very favourable, as can be seen in a series of critical articles written in the eighteen months following its publication, which led Robbins to publish a second edition in 1935 (Howson, 2011).<sup>1</sup> Despite Robbins' attempt to respond to criticism, the book would continue to be frowned upon for decades to come. As Backhouse and Medema (2009a) have shown,

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<sup>1</sup> Robbins spent his holidays in Austria in 1933 and was visited by Haberler and Machlup for a couple of days. These conversations would "bear fruit in the second edition of Robbins's *Essay*" (Howson, 2011, p. 240). In a letter to Machlup commenting on the modifications he made to the Peer review under responsibility of National Association of Postgraduate Centers in Economics, ANPEC.

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Robbins' definition was widely criticised until the 1960s, and it would only gain widespread acceptance in the 1970s. Although the extent to which Robbins' definition influenced economics is a moot point, it surely played a role in laying the foundations for its contemporary theoretical edifice.

Backhouse and Medema (2009b, p. 487) argue that “there are important connections between the rise of axiomatic methods in economics and the acceptance of Robbins definition of economics”. The gist of their argument is that, if economics was to be based on the axiomatic method, as favoured by members of the Cowles Commission, then a definition which narrowed its subject matter was in order. The definition proposed by Robbins, in their view, was consistent with such a project. This is not to say the subsequent development of economics would have been different were it not for Robbins, but rather that “an analytical definition of economics that defined the subject in terms of *relationships*, playing down the importance of the empirical element” was necessary “for axiomatic methods to be seen as central to the subject” (p. 496). In the same vein, Giocoli (2003, p. 85) argues that “the most important achievement of the *Essay* was to shift the definition of economics from the *object* to the *form* of economic behaviour”, allowing one to cast economic problems in terms of formal statements.

Zeidan and Resende (2007, p. 270), likewise, stress that “the main transforming ideas put forward in the *Essay* accomplish a great deal to mould modern economics”. To them, even more important than Robbins' definition of economics were, “first, the differentiation between positive and normative economics, and second, the idea that economics can be expressed as a system of logical deductions from axiomatic principles”. Colander (2009) believes that Robbins' definition was not the central message of his *Essay*, but rather simply a description of what he thought economists were doing. His most important point was the prescriptive message that economic science and political economy should be distinguished, following the classical economists' distinction between the science and the art of economics.<sup>2</sup> In hindsight, however, while his prescriptive message was virtually ignored, his definition of economics has “been central in shaping economists' image of what it is that they do” (p. 437). To Lipsey (2009), even though it is hard to quantify the impact of Robbins' *Essay*, one may safely say that it was “an important link” in transmitting his ideas “to modern economists, both where he was initiator and where he was such a superb popularizer that he helped to make many of them the conventional wisdom of economics for generations to come” (Lipsey, 2009, p. 846).

The origins of Robbins' *Essay* have also been widely debated, and any attempt to affiliate his ideas to a specific school of thought risks losing sight of their eclecticism.<sup>3</sup> Robbins' influences were an amalgamation of different traditions, including the methodological precepts advanced by J.S. Mill, J.E. Cairnes, J.N Keynes, the Austrian and the Lausanne Schools, and a number of other economists such as Wicksteed, Weber, and Knight. As argued by Giocoli (2003, p. 90), “Robbins' reconstruction of the epistemological status of the key economic principles”, conflating English verificationism and Austrian deductivism, “offered an effective *methodological compromise* between the competing approaches to the ‘true’ nature of economic theory”. To Cowell and Witztum (2007, p. iii), “the economics he defined, and which still lives in contemporary textbooks, was new and brave and suggested yet another school of thought (the LSE School)”.

Sugden (2009, p. 869) argues that Von Mises' praxeology was an important influence on Robbins,<sup>4</sup> and that the *Essay* “would perhaps have been more coherent if it had taken such an approach wholeheartedly”. In a similar vein, Hands (2009, p. 831) identifies “certain philosophical tensions” in Robbins' *Essay* “that are difficult to reconcile with other positions within the text, and/or with any well-established philosophical positions”. In his view, however, had the *Essay* not contained such tensions, “it would not have been as influential as it was,” for they allowed Robbins to

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fourth chapter, he said “he owe[d] much more to conversations with you and Haberler on this matter than to anything that has been published in any journal” (quoted by Howson, 2011, p. 271).

<sup>2</sup> This distinction was already clear to Robbins as an undergraduate student, when he wrote that political science “not only attempts to explain *how* certain things are what they are: it also attempts to discover whether certain things are what they ought to be [...] people have confused these two departments of the science, and involved themselves in unutterable confusion” (quoted in Howson, 2011, p. 98).

<sup>3</sup> His eclecticism extended beyond his economic views. As a schoolboy, his goal in life was to be a poet, and in 1915 he entered University College, London to read for an Arts Degree, choosing as subjects English and English History, Latin and Roman History, and French. When the time came to decide on what to specialise for his BsC (Econ), he chose the History of Political Ideas under Harold Laski's supervision. After graduating, he wanted to teach for a couple of years, but afterwards he intended to become a lawyer. Later in his life, he would spend 21 years working as a trustee of the National Gallery. He was also director of the Royal Opera House Covent Garden for almost three decades, and took the chairmanship of the Committee on Higher Education (Howson, 2011).

<sup>4</sup> Backhouse and Medema (2009b, p. 486) note that Murray Rothbard, who had no sympathy for mathematical economics, saw Robbins as “a fellow praxeologist”.

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