

The status and relevance of Robbins's *An Essay on the Nature and Significance of Economic Science* after seventy five years

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This paper seeks to re-examine some of the core themes and ideas of Lionel Robbins' *An Essay on the Nature and Significance of Economic Science* and addresses its impact on the subsequent development of mainstream economics. It is shown that Robbins' 'new' definition of economics based on the concept of scarcity bore the hallmarks of the Austrian school and aimed at challenging the alternative 'materialist' definition of earlier writers such as A. Marshall. Robbins was concerned in particular to refute the pain cost doctrine of W.S. Jevons and Marshall and to affirm the importance of the Austrian theory of opportunity cost. As is well known, several of Robbins' propositions had an important influence on mainstream economic analysis during the twentieth century: these included the separation of 'normative' and 'positive' economics, the rejection of cardinal utility, and the focus on deductive reasoning (other ideas, such as Robbins' scepticism towards the use of mathematics and statistical techniques in economics, were not taken on board). However, the paper argues that mainstream economics has recently developed in a way that is antithetical to the approach and ideas of Robbins. The emergence and flourishing of behavioural economics in recent years, to take one notable contemporary example, has seen the revival of a theory of choice based on psychological concepts. There is thus rejection of the view supported by Robbins that economics should be kept separate from psychology. Other recent developments like the new 'economics of happiness' have also challenged the view of Robbins that preferences are non-measurable and non-comparable. The contemporary move against behaviourism in mainstream economics marks an important departure from Robbins. The paper reflects on the nature and scope of modern mainstream economics, from the vantage point of Robbins's *Essay*.

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