

Efficiency or a “Fair” Game? John Rawls Contra Lionel Robbins

Abstract

In this paper, we examine two normative approaches to economics, that of Lionel Robbins in comparison with that of Frank Knight. We locate two additional giants in intellectual history: James Buchanan and John Rawls. Buchanan and Rawls are closer to the normative view of Frank Knight, in which the normative force of economics comes from the participants’ agreement that they are part of a fair game, than the utilitarian conception of Lionel Robbins.

Though widely accepted as the standard methodological statement regarding economics, Lionel Robbins’ view of economics as the study of the allocation of scarce resources to competing ends has been the occasion of some controversy. James Buchanan in particular has been outspoken in comparing the Robbins’ efficiency view unfavorably with an exchange-based view (Buchanan 1963, 2007). We locate Buchanan’s criticism of the scarcity approach in the larger Knightian tradition in which efficiency is less interesting as a norm than the means by which the “social game” is regarded as “fair” by its participants. In this way, we are able to consider what the profession gave up by adopting the scarcity approach to economic theorizing.

John Rawls embraced the Knightian approach when he constructed his celebrated theory of justice as fairness. Rawls viewed Robbins’ utilitarianism as the best form of utilitarianism. In addition to Rawls’ few published comments on Robbins and Knight, we have obtained his detailed annotated copies of both *Nature and Significance of Economic Science* and *Ethics of Competition*. We are thus able to bring new evidence to bear on the alternative approaches to normative economics. It is no surprise to us that Buchanan, who in many ways was close ideologically to Lord Robbins, also has an affinity – which we explore – with Rawls on the nature of economic science.

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