

Scarce Means, Competing Ends: Lord Robbins and the Foundations of Contextual Economics

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Abstract

This paper analyses the role of Lord Robbins' definition of economics (RDE) emphasizing scarcity and choice, as well as its usefulness for clarifying the foundations of contextual economics. The reasons for RDE's appeal and some strategic benefits of its flexibility/openness are discussed, along with a brief analysis of some of the criticism which has been raised with respect to the methodological and epistemological background, notably the status of empirics, of introspective knowledge, of motifs and of value judgments. RDE is found to impose restrictions regarding contextual interdependences related to endogeneities of contract enforcement, of preferences, and of technologies. Following David Hume, scarcity moreover will be considered as a contingent contextual condition of the environment rather than an aprioristic starting point of economic analysis.

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1. The Common Sense of Economics?

In his essay on *The Nature and Significance of Economic Science*, Lord Robbins (1932) famously claimed that economics is “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” The Robbins definition of economics (RDE, for short) highlights the importance of *choice* for economics, notably choice involving trade-offs and opportunity costs. But it does more than this. What it does is an intricate part of progress in 20th century economics – and it teaches us something about contextual economics. Or so I will argue in this paper.

The definition of economics for which Robbins coined the most succinct formula did not come out of the blue. It aptly addressed certain challenges and needs of the discipline in its development, notably in the second and third quarter of the 20th century. In the present paper I am going to argue that RDE may,

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