

Dr. H. G. PEARCE'S

CRITICISM of

"The Economic Pattern"

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[p3] The metaphysics of economy in the means-end relationship is reserved for the next chapter. Here we are told that economics is a study of the economising aspect of human behaviour, which is like saying that logic is the study of the logical aspect of human behaviour. At any rate we see that economising is some kind of human act. Now action is essentially relative to its object. Hence it is specified or takes its nature from its formal object. So the act of economising has no meaning until we are told what it is that men are economising! But we are not told. On the contrary the authors ring the changes and after telling us that they are going to answer the question, "What is the economising aspect of human behaviour?" they end up [p8] by telling us that the question they set out to answer is "What is the choosing aspect of human behaviour?"

As we have seen, economy is an adequation of means to ends. Hence the economist studies some human adequation of means to ends. Indeed as economics is by common consent one of the social sciences it must study some social hence natural adequation of means to end. Now there are many ways of economising human activity (i.e. adequating effort expended to results intended). Thus logic economises mental power, technique economises the mental and physical powers of man the producer, a good legal system economises human efforts, and even human lives, in the settling of personal disputes and so forth. But as we have seen the economist knows nothing about such economy for he properly studies that social economy of human effort which is both the cause (finis causans) and the result (finis effectus) of the exchange of products. And, as we have also seen, through the study of his formal object, products as priced, the economist is gradually led to see that natural marvel called the body economic, i.e. the natural co-ordination of diverse producers, and the natural or social adequation between human efforts and human satisfactions, i.e. between the efficient cause and the final cause of our socialised production. This is the economic economy or system. The economist studies that social economy of effort which arises in exchange of products and the resultant natural economy which is our concrete common good which flows from the natural pursuit of the economy of effort through exchange which, as we saw, is the abstract common good which all men seek.

But instead of descending from the metaphysics of ends through the psychology of human ends down to the economics of one specific human end—economy of effort through exchange—the authors wander off into a psychological treatise on choosing. And, as is always the case, economists who know little economics know less about psychology. And we are immediately told that this choosing aspect of human behaviour helps to shape the whole world in which we live. Hence economics logically becomes a study of the whole world in which we live. Which is absurd! Incidentally it becomes a choice science and not a natural science. Which is absurd! Thus the poor high-school pupil is introduced to an "analysis" of what goes on in Tom Brown's mind.

This transmutation is effected through the sentence: "Spending is choosing." Now to the psychologist spending is a question of choosing, so are all human acts. But to the economist spending is seen strictly as spending i.e. as the completion of a deferred exchange. I have produced something and presented it to the market for which service I have received money, a certificate of social service [see note] which allows me to defer the other half of the exchange, (i.e. Society's return to me) until such time as I find in the market what I consider an equivalent of what I previously supplied to the market. So long as I hold the money I retain my option, my freedom, my command over the efforts (i.e. products) of others. Thus money is an instrument of freedom and those who do violence to a community's money are enemies of freedom.

N.B. Money is well named a certificate of social service. This covers the usual and natural use of money. But it is important to remember that our economy is a mixture of what is from nature, what is from art, and above all what is from that fundamental violence called our land and revenue system. So money has not only the physiological function of a common medium of exchange but also the pathological function of common medium of ransom from personally uncontracted debt.

The essential definition of money is—That of all exchangeable things which is the most readily exchangeable.

We are only giving a definition from properties or functions when we say it is the common medium of exchange, measure of value, the common measurer of value, a store

of value, the common bearer of options, the common medium of calculation, or the concrete manifestation of the abstract principle which unifies the exchange-economy.

Legally money is also the legal tender for debt.

Pathologically money is also the common medium of ransom.

To resume. If analysis of Tom Brown's mind is needed as an introduction to economics then it should be a much more profound and accurate analysis that is exhibited here. Choice is not the taking of one thing and the rejection of other things—election and rejection. For these are a two which have been in some way compared or united. They are contingent alternatives which are not self-explanatory but become alternatives only in view of some one end. Every contingent supposes a necessary. If I am free to buy a plane-ticket or a boat-ticket to New Zealand—free to choose the one or the other—this is unintelligible unless I already intend to go to New Zealand. If I am not fixed about the end then I am not free about the means i.e. I cannot choose. Hence choice is psychologically defined as a power elective of means with a view to the end, or the act of election is defined as an act of will towards a good as by means ordered to an end. Now what is Tom Brown's end? Here we land in the depths of natural philosophy. Surely such an "approach" to economics is only a running away from economics, i.e. escapism. But without any psychological analysis a logician's apprentice could see that choice could not be defined as election and rejection i.e. as choice and non-choice! This is choice logic!

Finally, even if choice were the rejection of one thing and election of another, this would not be what the authors need for explaining Tom Brown's choice. For Tom did not choose one thing but one combination of many things. And not of themselves are diverse things united but there must be some cause of their union. And what is the principle which, even in this illustration, unifies all the combinations whether Tom chooses one. Clearly it is the two shillings which were "assumed." What a pity that these assumptionist economics would not obey their own rule and keep their "assumptions" clear. Thus by neglect of their own rule they fall into the trap of discussing Tom's choices (which is psychology) instead of discussing Tom's two shillings (which is certainly an economic matter).

Such an approach to economics (despite all its complexity for the master and all its traps for the beginner) would at least be an economic approach to economics, whereas to approach it through choices is non-economic. It is to approach economics through a concept which, as we have seen, the economist as an economist is not competent to define.

(To be continued)