

On Economists and Economizers

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G. V. S. de Silva is one of the most thought provoking economists of Sri Lanka. He has taught economics at the University of Ceylon and was one of the chief forces behind the first Land Reform Act—the Paddy Lands Act of 1958. His 'Some Heretical Thoughts on Economic Development' published in 1973 evoked wide comment. He participated in a seminar held at Bangkok earlier this year relating to new pathways in economic thinking. In the following article Mr. Silva makes a fundamental reassessment of the position of Economics as a Science. Readers familiar with recent discussions in the field of psychology will find echoes of G. V. S. de Silva's devastating critique in Thomas S. Szasz's critique on psychiatric medicine.

What a terrible confusion the English language is responsible for. Ever since Professor Lionel Robbins succumbed to this linguistic ambiguity and defined economics as the science of economizing, generations of his followers have faithfully echoed this definition which equates economics with good house-keeping, until it has now become enshrined as one of the dogmas of our age.

This limitlessly wide definitional umbrella encompasses and shelters a motley crowd of people who in their different fields of activity are confronted with the universal problem of economizing scarce resources, and who therefore have come to believe that in every rational and calculated choice they make they are behaving like economists. From the simple housewife struggling to make the ends of her budget meet to the sophisticated macro-economic programmer engaged in the allocation of national resources and the determination of investment priorities, lies one continuous chain of 'economists' the links of which include industrial

economists, agricultural economists, fishery economists, transport economists, marketing economists, project economists, financial economists and even engineering economists! What all these diverse individuals are supposed to have in common is that they are all engaged in husbanding scarce resources and maximizing or optimizing something or other. It is as if physics was thought to be the science of physique, and every gymnast, acrobat and weight lifter strutted about imagining himself to be some kind of specialist physicist. For, there is as little connection between economics and economizing as there is between physics and physique, other than the purely linguistic affinity due to the aberrations of the English language.

Political Economy

The older classical economists probably had an inkling of this possible terminological confusion, and they chose to call their science not economics but Political Economy. To them, political economy was one of the social sciences which were primarily concerned with society and

social relations. Its special field of inquiry was the relations that exist between men in the sphere of production (i.e. the production relations in Society), and the cause and direction of changes in these relations over time. The more discerning of them saw these production relations as the basis of all other social relations, and therefore regarded the science of political economy as the foundation of all the other social sciences. They unravelled the essential differences in the production relations in different forms of society, the cause of changes in these relations, and on the basis of such a profound understanding of social forces were able to indicate the possible direction of social and economic development. What a far cry it is from that wide canvas on which the political economists set out to depict in bold strokes the very basis of the social fabric, to the petty little maximizing and optimizing calculations of today's economizers.

The economizers have not only transformed economics from a science of society to a science of scarcity, but they have even gone further and drained out every atom of social content from that science which not so long ago was regarded as the Queen of the social sciences. For according to them, the problem of scarcity is a universal and perennial one that has confronted all societies in all ages. Hence in studying this problem it is necessary to abstract and ignore the specific types of social formation, in order to arrive at conclusions which are universally valid not only for all societies but even for isolated individuals like Robinson Crusoe who though alone on his desert island would, according to Lionel Robbins, still have had to contend with the 'economic' problem of dividing his time between work and leisure. Thus has a living social science been mutilated beyond recognition and conver-

ted into an empty shell of dead universal formulae.

Rationality and Irrationality

The irrationalities of everyday life are a constant source of irritation to rational men. The economizers too who take great pride in their rationality are no exception. They are frequently annoyed with the economic reality around them, and their one endeavour is to squeeze it into their logical mould. Having conceptually removed the problem of economic development from the turbulent and volatile arena of social conflict and placed it in the placid and air-conditioned environment of rational choice and efficient management, they have become infatuated with the super-rationality embodied in a variety of sophisticated techniques (in themselves quite fascinating and instructive exercises) that have been designed to bring some order into this disorderly world of ours. They view national economic problems through the narrow prisms of the market place and the petty parochial world of the individual business enterprise, and make the most pedestrian pronouncements about the solutions to these problems. When these solutions naturally fail, they look for a scapegoat and conveniently find one in the poor politician whom they regard as the source of all irrationality in economic life. He is the man who puts the spanner in the works. If only he would keep his meddling hands off, or shed his political clothes and join together with other similarly declodded politicians to look at problems from a rational and not a political view point, then we would have the precondition for the economic development of a country. All that remains to be done is for such an a-political cabinet of able men to be surrounded, supported and sometimes even submerged by a brains trust of systems analysts, project evaluators, progress controllers, financial consultants, management accountants, technocrats and such other supermen who would provide rational solutions to all economic problems.

Surface Phenomena

The trouble with the economizers is that they only see (in fact they are only equipped to see) the illogicalities and irrationalities on the surface of phenomena and not the contradictions that lie at their very roots. They are somewhat like the old classical physicists who shouted 'chaos' and 'anarchy' when they found that an electron, when diffracted, not only strayed from the straight and narrow path that Newtonian mechanics had chalked out for it but did not even have a definite trajectory. But then the quantum physicists came along and discovered a deeper and an incredibly complex rationality in electron behaviour. They found that the electron (and in fact all matter) is a contradictory entity which is both particle and wave. It is this intrinsic duality inherent in the essence of all phenomena that often manifests itself externally as irrationalities which seem thoroughly illogical in terms of formal logic. Unlike the economizer who tilts at the windmills of surface irrationality, the economist must probe deeper and understand the essential duality lying at the heart of economic phenomena in order to be able to resolve the contradictions it gives rise to. This is true economic rationalism, and the conceptual and technical apparatus so laboriously assembled by the economizers is not of much help here.

Mystification

Let us illustrate by taking the question of marketing as an example of how an economic problem could be mystified and misunderstood by looking only at the superficial relations between things and not probing the underlying economic relations between people. Our economizers are justifiably appalled by the primitive internal marketing arrangements in our country, particularly in respect of rural commodities. Surely, they exclaim, it is not beyond the ingenuity of rational men to devise a modern marketing system. So they organize marketing seminars, summon foreign consultants and plan grandiose super markets

modelled on what they have seen in foreign countries. But the problem is elsewhere, and lies in the basic conflict between production capital and commercial capital. It appears to be superficially contradictory but is yet essentially true, that the organized development of commerce requires the subordination of commercial capital to production capital. For, so long as commercial capital is the dominant element in this conflict, the producers' interest in organized marketing is made subservient to the big traders' interest in speculative and disorderly marketing which is the source of windfall profits to them. It is instructive to recall from history that the decline of the commercial supremacy of Holland and the rise of England as the ruling trading nation of the world was inseparably linked with the victory of industrial capital over commercial capital in the course of the early development of capitalism in England. The development of marketing, then, is not a system and management problem to be solved by training managers and building supermarkets, but the rather complex social problem of subordinating trade to production and the trader to the producer. This can only be resolved through a process of social conflict, and it is only then that the entire superstructure of a modern marketing system can and will come into existence.

It is indeed a pity that even socialist economic thinking has been considerably blunted by the deadening influence of the economizers. Many socialist economists have been deluded by the claims to universal validity made by the economizers for their concepts and techniques, and have come to believe that they could carry this intellectual baggage along with them into a socialist environment. Their emphasis, accordingly, is more on the techniques for the rational allocation and efficient management of resources in a socialist economy than on the contradictions in production and social relations, which they assume to be basically resolved with the nationalisation of the means of production.

Contradictions and Conflicts

The problems of socialist economics unfortunately are infinitely more complex than this. There are numerous economic contradictions and tremendous social conflicts in a pre-socialist society which are not resolved by the nationalisation of the means of production. At the core of many of these conflicts lies the division of labour which the economizers regard as the well-spring of economic efficiency. It is this division of labour that has generated and perpetuated the conflicts between the town and the countryside, manual and mental activity, managers and the managed, workers and peasants. It is the prime cause of the social subordination of women, the domination of living labour by dead labour (of man by machine), the suppression of the creativity of millions of ordinary people and of bureaucracy, technocracy and all other types of elitism in society. It is inconceivable that the destruction of this perverse and pernicious division of labour is not as essential for socialist society as the "smashing of the bourgeois state apparatus," even though the economizers may shout a thousand protests that it would lead to inefficiency and chaos and would undermine the very foundations of the mighty edifice of modern urban industrialism — (the Trojan horse bequeathed by Capitalism?).

Economism versus Development

There are many fundamental issues of this nature that economists must

give their minds to without being inhibited or intimidated by the narrow 'economism' preached by the economizers. These issues primarily concern the direction and strategy of economic development and social evolution, particularly in the developing countries of the world. The energy and economic crises have exposed the fragile, narrow and unstable base on which an alluring superstructure of conspicuous consumption has been built by the so-called developed countries of the West. It would be foolish for the developing countries to try to emulate this model of development which, far from economizing scarce resources, has been responsible for the most wanton waste and destruction of natural resources that the world has ever known. For the developing countries the objective of development is no longer one of providing for the artificially stimulated multiplicity of wants of the few, but of satisfying the basic needs and improving the quality of life of the many. This change of direction, however, is not easy to accomplish. It is in fact the central problem of economic and social development in our age. It is impeded and frustrated at every turn by the existing production relations. To attempt to achieve this shift of direction by merely superimposing any egalitarian system of distribution on the existing mode of production would be self-defeating, in that it would only lead to a curtailment of production and hence to less being available for distribution. The relations of production and the system

of distribution constitute an inseparable unity which cannot be artificially severed. To change the latter it is necessary to change the former.

Necessary Pre-conditions

The direction of economic development is not an arbitrary one to be chosen at the will and caprice of economizers, but of necessity lies along the path that will successfully resolve the economic contradictions and social conflicts that impede the growth of the productive forces of society. The economic, social and institutional changes that will resolve these conflicts are the necessary pre-condition for development, and they must be carried through to the end even though the economizers may howl that such measures are 'uneconomic' and contrary to what they ideally consider to be the most rational allocation and efficient management of resources. The detailed study of production relations, their contradictions, the social conflicts they generate and the manner of their resolution is therefore the special field of inquiry of the economist. If the science of economics were to free itself from the barren and debilitating embrace of the economizers and become re-invigorated along these lines in keeping with the best traditions of the old political economy, then only would it once again have something useful and sensible to contribute towards the understanding, if not the solution, of social and economic problems.