

PROLEGOMENA TO RELATIVITY ECONOMICS

An Elementary Study in the Mechanics and Organics
of
An Expanding Economic Universe

BY

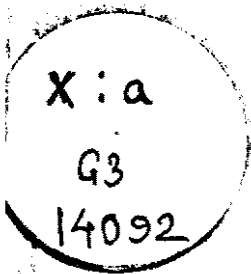
RALPH WILLIAM SOUTER, M. A.

Lecturer in Economics in Columbia University

"The element of Time . . . is the centre of the chief difficulty of almost every economic problem."—*Alfred Marshall.*

"Time, which is—Heaven knows what!"—*A. S. Eddington.*

SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
IN THE
FACULTY OF POLITICAL SCIENCE
COLUMBIA UNIVERSITY



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"The next fifty years will make my poor *Principles*, with a lot
of poor comrades, into waste paper."

ALFRED MARSHALL
in 1920

TO ALL THOSE
WHO
GUILLESSLY BELIEVE THEMSELVES
TO HAVE RENDERED THIS SERVICE
DURING
THE DECADE 1910-1930
THIS BOOK
IS
SOLICITOUSLY DEDICATED

PREFACE

THE form of the following essay is in large part to be explained by the fact that almost all of it has now been in existence for nearly two years as one section of a much larger work the scope and arrangement of which have been several times revised, and the remaining sections of which are still not ready for publication. In its latest design, this larger work contained two other main sections, to which the present essay, under the title "On Moving General Economic Equilibrium", was to have been introductory. The first of these other sections takes up the complementary concept of "Maximum Net Social Satisfaction through Time"; and, by way of an immanent criticism of certain prominent concepts of current normative economics, seeks to display some important implications for economics of the elementary philosophical truism that purely positive quantitative concepts cannot of themselves be made to yield a rational social *norm*—though such a norm of course may (or rather must) have elaborate quantitative aspects. The last of these unpublished sections seeks to apply the methodological results thus reached to certain important recent developments in the search for a *normative* "dynamics" of monetary or credit control.

The justification (if any be needed) for embarking on so comprehensive an investigation rests partly on the belief that the whole field is capable of unification by means of a single methodological concept; partly on the very strong conviction that, in these days of alarmingly complicated "specialisation", a broad methodological study of the kind described might, despite (or because of) its generality, render worthwhile service in a number of special fields—particularly in

the field of monetary theory, where portentous activity, not lacking in rather severe friction, has now been going forward for a number of years.

The misgivings I should have had in withholding still longer the publication of the present essay until these other sections had attained to somewhat more satisfactory form, would have been even greater than those I now have in publishing it separately. Some of the more elementary reasons for believing that the time has now come for economic science to realise, as never before, that the Mecca of the economist lies in economic philosophy even more than in economic biology, and that economics should today regard an exclusionist Positivism as the most dangerous of all foes within its own household, are briefly and incompletely stated in an article entitled " ' The Nature and Significance of Economic Science ' in Recent Discussion ", appearing in the May 1933 issue of *The Quarterly Journal of Economics*. The possible applications of these considerations to the search for a normative monetary " dynamics " must await a more auspicious occasion.

In this first attempt to present, even in bald outline, one segment of much of my own thinking up to the present, I desire to make some intellectual acknowledgments of a personal kind. By far my most profound intellectual debt is to my father, to whose early and authoritative inculcation of the paramount duty to question all mere authority (including his own) and think for oneself, I undoubtedly owe a deplorably hearty (though I trust discriminating) appetite for " orthodoxy ". My sense of grateful obligation grows continually to my first teachers—to the late Dr. Francis Wallace Dunlop, formerly professor of mental and moral philosophy in the University of Otago, Dunedin, New Zealand, who taught me to beware of " gnosticism " in philosophy, and

therefore, by implication, in everything else; and to the late Archdeacon Robert Augustus Woodthorpe, formerly professor of economics in the University of Otago, who was accustomed to boast with genial humour, as "the proudest in his life", the day when he—"an Anglican priest!"—became the occupant of a chair in "a Scottish university!", and to whose noble catholicity of scholarship I owe an invaluable and ineradicable inferiority complex. Both alike, despite some difference of opinion concerning the exact significance of Hegel's philosophy in the historical development of the human mind, laboured with astounding patience, with unflinching goodhumour, and with enviable discrimination, to instil into the egregious youth of a young community some perception of the ineffable distinction between the best and the merely second best. To Professor Wesley C. Mitchell, who, if I have ever been tempted to forget in economics the lesson I learned in philosophy, has helped to keep me on the right track by means of that most potent of all educational instruments—the force of a distinguished personal example—I owe a deep and lasting intellectual debt.

I am profoundly indebted, in many and various ways, to former teachers and present colleagues at Columbia University. My especial thanks are due, not only to Professor Mitchell, but also to Professor James W. Angell and to Professor J. M. Clark, for helpful discussion and criticism on various points. For the general scheme of thought and interpretation which I have sought to outline in the following pages, mine is the sole responsibility.

CONTENTS

I

	PAGE
Introductory. A broad methodological examination will be made of the concepts of economic statics, economic dynamics, and economic biology, as an aid to an understanding of the notion of "moving general economic equilibrium". Methodological investigations of this kind may be powerful instruments of constructive work in "mature" sciences	1-3

II

Stationary general equilibrium has no "ideal" or normative implications. It requires to be carefully distinguished from the (conceptually unsatisfactory) notion of "perfect competition". It does not imply absence of "error". It is merely a balance of equal and opposite <i>dynamic</i> (or organic) forces	4-10
--	------

III

The "element of Time" cannot be excluded from Statics. A stationary general equilibrium, if realistically conceived, is not identical from moment to moment: it is a "cycle", occupying Time. And it may contain waste and unemployment	11-13
---	-------

IV

The notion of constructing a self-subsistent comprehensive Statics as a prelude to Dynamics is a delusion. There is no radical difference between a "statical hypothesis" and "the" Stationary State. And there is no unique or "absolute" conception of "the" Stationary State. Moreover, to eliminate the "arbitrary" element from stationary <i>general</i> equilibrium would require prior exhaustion of Dynamics; and, if it were possible, would be <i>identical</i> with valid prediction, based on exhaustive knowledge, of the inevitable historical emergence of such a state	14-20
---	-------

V

- The distinction between "static adjustment" and "dynamic change" is purely relative to the standpoint and assumptions of the scientific observer; and depends on his frame of reference. The Marshallian long period supply curve is not empirical but theoretical; and, so far from being *inappropriately* "dynamic", it is, when "theoretically perfect", the basic *static*, because general equilibrium, curve. Even when "theoretically perfect", it may be negatively inclined for a time. And, in a dynamic economy, a "theoretically perfect" long period curve is a contradiction in terms. The Marshallian method is essentially a flexible organon for the analysis of an economic "space-time" (price-quantity-time) *continuum* 21-32

VI

- Attempts to dichotomise economic mechanics (statics and dynamics) from economic biology are also misconceived. The concrete economic process is one of organic evolution, of which economic mechanics is simply the abstract *kinetics*. The progressive scientific elaboration of this abstract apparatus is the *fruit* of progressive realistic exploration—psychological, sociological, technological. The Marshallian graphical apparatus is in essence a dynamic mechanics of organic evolution 33-39

VII

- Marshall's principle of the relativity of the distinction between "elasticity" and "shift" in the case of Supply is applied to Demand analysis. The *irrelevance* of the "psychological principle" of "diminishing utility" to the long period (basic *static*) Demand curve is shown, and the Empty Demand Boxes are revealed. The long period *Law of Increasing Utility* is briefly discussed; and the internal and external economies of Supply analysis are found to have their Demand counterparts in internal and external *emerging benefits*. The diffused operation of "increasing returns" in a "closed" system is of course a technical "supply" phenomenon; but *Total Wanting* is a variable and may expand absolutely. Absolute "expansion" of a "closed" economy is a diffused organic property of the Whole—not a mechanical resultant of the interaction of falsely reified

CONTENTS

xiii

PAGE

elements. And the same is true of stationary general equilibrium. The real weakness of traditional demand analysis, frequently alleged to be "hedonistic", is its disintegrating mechanical atomism, which really vitiates the pseudo-"statics" of which it is the cherished bulwark 40-64

VIII

The problem of the *short period* Demand curve. Difficulties of the deceptive phrase "absence of change in character and tastes". The "instantaneous static" demand curve, defined with "precision", proves to be a "theoretically perfect" *long period* curve. An alternately expanding and contracting psychic Universe—a plaything for the Austrian School. Functional differentiation of the Short Demand Period a task for Economic Psychology. The Pursuit of Precision and the Non-Conformist Conscience 65-79

IX

General formulation of the theory of the thorough-going relativity of the distinction between "elasticity" and "shift" 80-91

X

"Marshall's theory of economic equilibrium" has *not*, even yet, been "absorbed". The pathological character of the recent Static Reaction in Economic Theory, and the profound and far-reaching implications for twentieth century economics of the doctrine that "the Mecca of the economist lies in economic biology rather than in economic dynamics", are inadequately indicated by means of brief illustrations of the trend of methodology in Psychology, in Biology, in Physics, and in Mathematics 92-131

XI

The "holistic" character of economic change. New inventions and their utilisation. "Maximum Net Advantage" as universal social gravity. Social and political "interference". Freedom and Determinism in economics. The discussion is elementary and provisional: it anticipates systematic investigation of Maximum Net Social Satisfaction through Time 132-148

XII

The expression "moving general economic equilibrium" may perhaps be given various connotations. It naturally suggests some implications and problems whose systematic treatment properly belongs to the study of Maximum Net Social Satisfaction through Time. Employed with reference to the concepts of positivistic, mechanistic "statics", the term "moving general equilibrium" should mean simply the actual historical continuum. Disguised and unavowed attempts to give normative significance to the concept are sentimental. Even when the cruder blunders of sentimental Liberalism are avoided, the concept remains treacherous: it offers subtle temptations to misconceive the problem of "social control", and to ignore or underrate the practical difficulties and social costs of realising vague and unexamined "norms" by means of devices of manipulative mechanics. The "purely positive" study, to which this Essay has been confined, requires for *its own* completion a complementary investigation of the concept of Maximum Net Social Satisfaction through Time .. 149-171