

Classical Economic Man

Oskar Kurer*

Allen Oakley. *Classical Economic Man. Human Agency and Methodology in the Political Economy of Adam Smith and J.S. Mill*, Edward Elgar, 1994, ISBN 1 85278 708 2.

This monograph is informed by what Oakley believes is the appropriate methodology of human science, and he argues that this approach has been evident in such writers as Smith and Mill, but unfortunately has been discarded at various times by the dominant schools of thought in economics. Oakley stresses the point that an appropriate methodology ought to be based on the nature of the subject, in the case of human sciences the need explicitly to represent the choices, decisions and actions of self-conscious human agents which are constantly influenced by their cumulative biographies and current situations. The nature of the subject of economics, the argument continues, calls for a methodology which is different from that of the empiricism of physical sciences:

"All philosophers of the period had ultimately to confront the insoluble dilemma that the mental phenomena of other human agents are not accessible by any process that can legitimately be called observation. They were then, and remain today, transcendental and beyond access to experience" (19).

At this stage, of course, the argument becomes contentious. Those who believe in methodological monism may well remain unconvinced by Oakley's thesis. Oakley does not enter this theoretical debate in any substantive way, however, and proceeds to find evidence that classical economists shared his view of an appropriate methodology. Thus he finds that Smith was conscious that he was dealing with a scientific inquiry that had certain particular and distinguishing characteristics compared to physical sciences. However, Oakley admits that Smith never explicitly recognised that these characteristics had the methodological ramifications that Oakley draws from them.

His claim that Mill came close to repudiating the unity of science doctrine of which he was an avowed advocate is of greater interest. Indeed, he shows that Mill came to realise that the phenomena generated by human actions could not be uniquely and definitely linked to the evidence of observation for the familiar reason that the only observable aspect of the operations of the mind is its behavioural manifestations, but probing backwards is prevented by the inability to bridge the void between these manifestations and their origins in the mind. In Mill's framework this is a consequence of the incompleteness of the associationist psychology and the failure to develop ethology or social psychology. All these difficulties, however, do not necessarily imply that methodological monism has to be abandoned, and indeed there is no evidence that Mill shared Oakley's conclusions.

A second strand of thought running through Oakley's monograph is a sustained attack on the economic man. It is a second strand because even an adherent of methodological monism finds much to sympathise with his argument. Oakley does draw a link between the two strands, however. The rise to dominance of the "economic man" as the exclusive representation of human action is

seen to be the result of the intention of some writers, particularly James Mill, to promote political economy as equivalent to physical sciences. The adoption of a physical science methodology then is closely associated with the adoption of the "economic man," the behavioural assumption most suited to this procedure.

Again, Oakley shows that neither Smith nor Mill limited the scope of human action to the pursuit of narrow self-interest. Oakley follows the now dominant interpretation of Smith's writings which believes that the self-interested human agents of the *Wealth of Nations* are the same ones who have all the potential for sympathetically motivated virtuous conduct of the *Theory of Moral Sentiments*. Oakley is right in saying that Smith would not have found a general application of the economic man a congenial representation of human agents, but it remains true that Smith did employ the offensive assumption, and thus one might well locate the "original sin" with Smith, and the subsequent narrowing of the behavioural assumptions as the development of the dominant behavioural assumption of the *Wealth of Nations*.

Oakley shows Mill as an exponent of the view that a satisfactory methodological state of the human sciences requires that its generalisations are corollaries from universal laws of human nature on which they rest, and not 'approximate generalisations' about human agency such as the economic man. In the absence of such laws, Mill is thrown back on the self-interest assumption and to 'add back' the consequences of the 'disturbing causes' which interfere with the conclusions of deductive reasoning, and to elicit features of human character and conduct, more or less ad hoc, in response to the demands of the various issues he considers. The result was a mix of styles of analyses ranging from the abstract-deductive to the empirico-descriptive. Thus Mill's departure from the assumption of the "economic man" meant that the methodological nature of his argument could not be contained within the bounds of a rigorous abstract-deductive logic.

Oakley argues that the 'Jevonian' revolution did much the same to the more intellectually innovative methodology of Mill's *Principles* as the 'Ricardian' had done to that of Adam Smith. Thus the need explicitly to represent the choices, decisions and actions of human agents, and to adjust methodological ambitions accordingly, did not become part of the lore of economics.

Oakley's monograph constitutes a valuable contribution to the discussion of the methodology of classical economics and contains a number of interesting insights. In a field very much dominated by Popperian approaches to science it constitutes a minority view that certainly deserves to be heard.

* School of Economics and Public Policy, Queensland University of Technology, Brisbane, QLD 4001.