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Knowledge And Freedom In Economic Theory: Part I

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Part I: Theory

by

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Prospectus

I shall argue here that there has been a deep misunderstanding in economics of the scope and significance of positivism. This has arisen from a mistake over the concept of knowledge and a confusion over the scope of human reason. In turn it has led to misdescriptions of individual thought and action, and a misunderstanding of the notion of individual freedom in economics.

These are tall and wide claims to make and I shall try to describe them carefully and defend them as clearly and concisely as I can. The subject inevitably calls for excursions into epistemology and ontology, which I shall keep as short as possible. The philosopher on whom I shall rely most heavily is Renford Bambrough of Cambridge University, who, in turn, has relied most heavily on the philosophical works of Aristotle, the later Wittgenstein and John Wisdom. I believe Bambrough's arguments are (i) substantially correct and (ii) of great relevance to certain questions at the foundations of economics. However, I expect many philosophers may not accept the first opinion and many economists may not accept the second.

Part I of the paper is epistemological, procedural or theoretical. The alleged mistakes of positivism are described; the reasons why they are mistakes are given; and that they are shared by positivist economists is shown. Part II of the paper is broadly substantive, applying the thesis of Part I to (a) elucidate the relationship between Positive and Normative Economics, (b) provide an objective defence

of individual freedom, and (c) show that the significance of social-choice theory has been greatly misconstrued.

Part I

1. Concepts and Family-Resemblances [Objects]

In many if not all departments of enquiry, a perplexing and recurring problem has been that of describing the relationship of the concepts used in the department to instances of things falling under these concepts. In economics, we use concepts like "household", "firm", "government", "equilibrium", "utility", "commodity", "income", "poverty", "money", Capital - "uncertainty", "unemployment", "rational agent", and we are constantly called upon to elucidate how these general terms relate to their particular instances. Psychologists ~~have always been~~ are concerned with the appropriate use of concepts like "intelligence", "giftedness", "retardation", "neurosis"; ~~as have been~~ moral philosophers, with ~~such concepts as~~ "right", "good", "evil", "justice", ~~"courage"~~; ~~as have been~~ anthropologists, with ~~such concepts~~ as "caste", "class", "worker", "Hindu", "black", "white", even "man". ~~I daresay~~ biologists must share an analogous concern (think of "vertebrate", "mutation", "species"), as must chemists ("molecule", "isotope", "element"), and physicists too ("wave", "particle", "force"). Indeed, I should think it a problem even for mathematicians. For when we say

"Let x_1, x_2, x_3,..., x_n be elements of set S
and y_1, y_2, y_3,..., y_m be elements of set T"

or when we draw
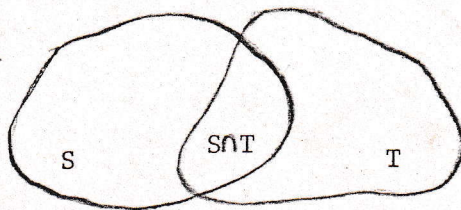
we may have defined x_1, x_2,... as things falling under the general term

S and y_1, y_2,... as things falling under T, but we have not said why

any of them does so, or what qualifies any of them to be an instance

of a thing falling under this term and not that or of both terms and

not one.

This has been, as I understand it, what philosophers have had in

mind when they have discussed the problem of universals:

> What, if anything, must there be in common between
> all instances of a concept, other than that they
> are all instances of the concept?
> *Called* .

It is strongly tempting to think that there must be something common to all

and in virtue of which...

households, all firms, all equilibria, all gifted children, all good deeds,

all molecules or all particles, other than that they are all, respectively, *Called*

households, firms, equilibria, gifted children, good deeds, molecules or

nominal

particles. Once one has succumbed to this, one may then be prompted to

the essence .

search for the common ingredient which one supposes to be binding all

realist

the instances of a concept to one another, in the hope that when it is

isolated it will permit a classification or definition of things depending

on whether or not it is possessed by them. We have the idea that we must

identify relationships like "All A is B", whence to know that "x is A" will

guarantee that "x is B". In monetary theory, for instance, we say

> "Any object which is a medium of exchange, a store
> of value and a unit of account is a money" (All A
> is B);

So when we find an object, like a dollar-bill, which is such (x is A), it

follows it is a money (x is B). But that cannot be the end of the matter,

as this definition itself depends on others, like

> "Any object which does not give utility directly but
> is nevertheless accepted by sellers in exchange for
> goods is a medium of exchange"

and

> "Any object which has a price that is expected
> to be positive is a store of value"

which in turn must depend on other definitions of "utility", "direct

utility", "expected price", etc., which in turn depend on yet other

definitions, and so on ad infinitum. *Dubious*

The problem is not one merely for concepts in supposedly 'technical'

disciplines like economics or monetary theory, where a specialised jargon

is for some reason to be countenanced, but one shared by everyday language

too. Take a simple concept like "chair", and start with the O.E.D. definition:

> "...a movable four-legged seat with a rest for the back
> which constitutes, in many forms of rudeness or elegance,
> an ordinary article of household furniture... ."

But then there are tripods and bar-stools, recliners, sofas, rocking-chairs

and couches, desk-chairs, deck-chairs, immovable chairs and wheel-chairs,

sedan-chairs, one-horse chairs and chair-car compartments in trains. (If

you think "seat" would have been a fairer example, think of sitting on a

or in Parliament or a seat...

rock or a tree-stump or a bed or a table or a lap or...). And just when

we have chopped and changed our definition to account for the multi-

farous kinds of "chair", we shall be stumped altogether when we realize

we have still to account for "chair" as the head of department or as a

professorship or as the person guiding the board-meeting.

Even though we know what a chair is and what a money is, even though

a child in any culture is soon able to distinguish what is a chair from

what is not and what is a money from what is not, the project of ultimately   *Paradoxica*

defining "chair" or "money" seems hopeless.   *Rests on a particular
definition of 'to define'! (what does O.E.)*

And indeed it is. Not only for "chair" and "money" but also for

"money-supply", "government", "capital", "utility", "uncertainty",

"rational agent", "intelligence", "right", "wrong", "virtue", "black",

"white", and - I daresay - "vertebrate", "isotope" and "particle." Or so would be the answer of Aristotle and Wittgenstein which Bambrough has often endorsed and which I now wish to endorse. *Yech*

> "The characterisation of the concept may be in the form
> of a definition, but it will not in that case be in its
> fundamental form. For a definition is a formulation of
> the structure of the use of a term, and the formulation
> is correct or incorrect according to whether it accurately
> or inaccurately presents the structure. A common failing
> among definitions is to oversimplify for the sake of
> memorability and orderliness. But whether a definition is
> accurate or inaccurate, tidy or untidy, the test of its
> validity is an examination of the instances to which the
> defined term is applicable. An instance can show that
> a definition is mistaken, but a definition cannot show
> that an instance does not fall under the term unless
> there is a way of showing that it does not fall under
> the term that does not depend on the definition."[1]

That is to say, if I should define all chairs as being four-legged, the existence of a three-legged table does not show me mistaken, but if you produced a three-legged chair what I may not say without begging the question is that it is not a chair because all chairs have been defined to be four-legged. If I should define all unemployment as being voluntary (so anyone who wished to work at the going wage was working) and you produced a case of involuntary unemployment (where someone was willing to work at the going wage but could not find a job), what I may not say without begging the question is that this cannot be a case of unemployment as all unemployment is voluntary by definition. If I should define all expectations as being rational (i.e., there are not systematic errors in prediction) and you produced a case where they are not, what I may not say without begging the question is that the case is not a case because all expectations have been defined to be rational. As John Wisdom put it:

Change to an economic example...

> "Examples are the final food of thought. Principles
> and laws may serve us well. They can help us to bring
> to bear on what is now in question what is not now in
> question. They help us to connect one thing with
> another and another and another. But at the bar of
> reason, always the final appeal is to cases."[2]

Extreme 2-way? 7.

The attempt to establish the primacy of the counter-example over the rule or definition, of the instance over the concept, of the particular case over the general theory, of the concrete over the abstract, has been a principal feature in the philosophies of Bambrough and Wisdom, drawing their inspiration as they have from Wittgenstein's earlier attempts to curb in us "the craving for generality" and "the contemptuous attitude toward the particular case".

This is not to say definitions, concepts, theories, principles and laws are not worthy of respect but that they should receive no more and no less than due respect. A concept which is not univocal or unambiguous (applied to all the things it is applied to in a unique sense) is not thereby necessarily equivocal or ambiguous (applied to all the things it is applied to in wholly unrelated senses). There is the alternative that it may be an analogical concept (in Aristotle's term) or a family-resemblance concept (in Wittgenstein's term): i.e., it may be a concept which

> "...is not used in exactly the same way in all
> the cases where it is properly used, but where the
> differences between the various uses are not such
> as to make us say or justify us in saying that
> there is no connection between the various uses..."[3]

Suppose there were five objects a, b, c, d, e, and five properties A, B, C, D, E, whose presence or absence decide the classification of the objects. Let it so happen each object has four of the properties but not a fifth and that the missing property is different in each case:

objects:	a	b	c	d	e
properties:	BCDE	ACDE	ABDE	ABCE	ABCD

Disjunctive prop. ?

There is no property common to all the objects, yet the similarities
between them may be sufficient to justify their placement under a single
concept, and the differences between them may be insufficient to justify
their placement under different concepts. A concept may not be univocal
and yet not be equivocal. It may be analogical, which is to say all the
instances to which it is applied are individually unique yet resemble
one another in the way the individually different members of a family
resemble one another:

> "...we see a complicated network of similarities
> overlapping and criss-crossing: sometimes overall
> similarities, sometimes similarities of detail.
>   I can think of no better expression to characterise
> these similarities than "family resemblances"; for
> the various resemblances between members of a family:
> build, features, colour of eyes, gait, temperament,
> etc., etc., overlap and criss-cross in the same way ..."[4]

"Chair" and "money" are analogical or family-resemblance concepts. There
are similarities as well as differences between a rocking-chair, a wheel-
chair, a dining chair, the Speaker's Chair, and the Drummond Chair of
Political Economy at Oxford. Their similarities suffice to place them
"do not suffice ?"
under a single concept ~~and~~ their differences do not suffice to place
them under wholly different concepts. Exactly so with "money". There
may be media of exchange which are not stores of value (cigarettes in a
damp prisoner-of-war camp), there may be stores of value which are not
units of account (durable goods like houses, automobiles and Old Masters),
there may be units of account which are not media of exchange (Special
Drawing Rights with the International Monetary Fund). There is inside-
money and outside-money, near-money, dear money and cheap money, fiat-
money, paper-money and gold, grain, sable fur, salt, cattle, shells,
nails and hides, credit-cards, charge-accounts and deposit-accounts.

"Money" is a family-resemblance concept not open to unique, ultimate characterisation. From which it follows, incidentally, that if unique definitions of a "monetary economy", "the demand for money", and "the money-supply" must logically depend on a unique definition of "money", there are none, but rather that these are family-resemblance concepts too. I daresay there are numerous other analogical or family-resemblance concepts among the concepts used in economics (think of "uncertainty", "rational agent", "firm", "equilibrium", "self-interest", "capital"), as there are in psychology, in moral philosophy and in science. I expect too that countless seemingly irreconcilable professional disputes have occurred in these and other fields, where

> "...one theory is in secret and mistaken agreement
> with another, where because they both agree on a
> false disjunction each of them sacrifices a truth
> that the other strenuously guards, and embraces
> the paradox that it is the primary function of
> the other to controvert...";[5]

and where the false disjunction shared by the disputants has been that if a concept has not been defined univocally it must be merely equivocal, leading inevitably to a clash of rival univocal definitions - when the concept may have all along been an analogical one, displaying family - resemblances in its multifarous uses.

2. Kinds of Knowledge

The answer to the problem of universals I wish to endorse then is that it is not necessary that all instances of things falling under a concept should have some feature in common in order for them to be instances of things falling under the concept. This is an a priori, epistemological proposition, and not a contingent or etymological pro-

position about the history of usage of any particular concept. It is

independent of and unaffected by the fact that there may be some one

or more concepts all of whose instances happened to have something in

common.

Armed with it, I am able to make another _a priori_, epistemological

remark:

> (A) The concept of "knowledge", like other concepts, does
> not have to be either univocal or equivocal. It can
> be analogical, which is to say, there does not have
> to be any feature common to all instances or kinds
> of knowledge in order for them to be instances
> or kinds of knowledge.

From which it follows, again as an _a priori_ proposition:

> (A') Any epistemological thesis which denies "knowledge"
> can be an analogical concept - i.e., which asserts
> "knowledge" must either be univocal or be merely
> equivocal - is partial and mistaken.

Whence, the briefest and most decisive argument against _positivism_ follows:

> (B) Positivism is an epistemological thesis which
>
> > (a) asserts "knowledge" is unambiguously of two and only
> > two kinds, namely, mathematical and physical
> > (or scientific)
> >
> > (b) thereby denies "knowledge" can be analogical.

Why (b)? Analogy can be internal to math K. or physical K.

✓ _i.e: kinds of math. knowledge or physical know._

Therefore,

> (C) Positivism is a mistaken and partial thesis.

A man may know he is married, he is 35, his income is $30,000, the

minimum wage is $4 an hour, he would like a sports car, Mr. Reagan is

President, Russia is large, Napoleon lost, i.e., he can know of _facts_,

each of whose contrary could have been the case but is not the case. A

man may know that three angles of a triangle make two angles of a square,

that 3+4 = 2 in modulo 5, that the thirteenth day after Christmas is

January 7th; i.e., he can know of truths in <u>logic</u>, each of which is

<u>a priori</u> and necessary. A man may know his child is unwell, his wife is

pensive, his friend is unhappy and the dog is hungry. Knowledge of other

minds is logically not of the same kind as knowledge of one's own, but

it is a kind of knowledge nonetheless. A man may know — in the sense

of <u>remember</u> — he has paid his bills last month; he may know too — in the

sense of <u>expect</u> — he will be alive and working tomorrow. Knowledge of

the past or of the future is logically not of the same kind as knowledge

of the present, but it is a kind of knowledge nonetheless.

Men can know of history, of botany, of medicine, of mathematics,

of computers, of poetry, of physics, of probability, of economics, of ethics,

of psychology, of literature, of jurisprudence. There can be and there is

<u>enormous</u> diversity in the fields of human enquiry and hence in the kinds

of human knowledge, just as there can be and there is great internal

variety within any single field of enquiry, such as physics or medicine

or mathematics or literature.

What the positivist thesis does is to decree an intellectual hierarchy

according to which mathematics and physics, being supposedly paradigms of

the concept "knowledge", are in the most noble caste, chemistry and biology

in the next most noble caste, down through genetics and paleontology —

until ethics, literature, theology and aesthetics are the untouchable

outcastes, just a shade above witchcraft and astrology. A medieval theolo-

gian might well have held the same thesis — except his chosen paradigm

would have been different, so his preferred hierarchy would have been

the other way around to the positivist's, with himself at the top and

the alchemists and astronomers somewhere down below — if not in the dun-

geons. In short, if you insist on treating "knowledge" as being univocal,

as being open to one and only one sense, you are seeing a coarse uniformity where there is a fine diversity. The positivist and the theologian share the same error of supposing "knowledge" must have a unique sense but differ on which sense that is, and so force themselves into equal and opposite dogmas. If, on the other hand, the view I am endorsing is correct, that "knowledge" is neither a univocal nor an equivocal but an analogical concept, it would follow there are no heirarchies which are not merely arbitrary among the multifarous kinds and instances of knowledge that there are.

3.   The Scope of Reason

Positivism may be a mistaken thesis but it is not one without merits nor one whose mistakes are incorrigible. For when the positivist says

> "There is knowledge only in mathematics and
> science - all else is on a par with witchcraft"

what he means is

> "Logic and Fact are all that we can reason about".

What he says is mistaken yet what he means is correct. He is right in his ontological premise but wrong in his epistemological conclusion. Logic and Fact do exhaust the ontological kinds over which we may exercise our reason in argument. Either a question is such that a true or valid answer to it is logically necessary and a false answer self-contradictory or it is such that there are several possible answers to it only one of which is true or correct. The former kind may be called a priori or logical, the latter kind contingent or factual. That the thirteenth day after Christmas is January 7th, or that three angles of a triangle equal two angles of a square, or that 3+4=2 in modulo 5 is each true a priori. That the sun and not

the earth is at the centre of the solar system, or that Napoleon lost or that Mr. Reagan is President, is each a _fact_, the contrary of which could have been the case but is not. Thus, the author of the _Tractatus_ could declare:

"The world is the totality of _facts_, not of _things_."[6] (italics added)

This history of the world is unique at any instant in the sense that of the countless possible histories the world could have had only one in fact occurred.

Moreover, logical propositions and factual propositions are mutually independent of one another — in the following sense. If the truth of p and q are sufficient reasons for the truth of r, and if p and q are true then it follows as an _a priori_ matter of logic that r is true. Whether or not p and q _are_ true is an empirical matter of fact. The _a priori_ argument

"If all A is B and x is A, then x is B"

is independent of both:

"All chairs are four-legged; this is a chair; therefore, this is four-legged"

and

"All chairs are three-legged; this is a chair; therefore, this is three-legged".

Each of the empirical propositions contains the same internally valid logical inference, but at most one of them can be factually correct. To put it another way, the validity or invalidity of an _a priori_ argument is unaffected by the factual or empirical truth or falsity of its premises and conclusions. Plainly, deductive reasoning is and should be used in empirical enquiry, but its use is only to test for the validity or internal consistency of the argument. The premises of any empirical enquiry must be one or more factual propositions and not one or more _a priori_ ones, and the conclusions

of any empirical enquiry must again be one or more factual propositions and
not one or more _a priori_ ones. Logic cannot be used in factual enquiry
to do any more than this and it ought not be used to do any less.

Anti-Platonists may note here that such a view does not entail an
espousal of Platonic transcendentalism in any way. The destruction of
all red things would mean there are no red things left in fact but would
not mean we cannot conceive of redness, which in turn does not entail
there are transcendental entities one of which is called 'Red'. We can
believe, as Plato did, that questions of logic and questions of fact are
objectively resoluble, without having to believe, as Plato did, that
there are any absolute or any transcendental answers to be had.[7]

We are not compelled to accept such a sparse and straightforward ontology
as this, and indeed many orthodox Hindus, Determinists, Transcendentalists
and absolute sceptics probably do not. It does seem to me, however, that
many others, and certainly most scientists and economists, do accept it
implicitly or explicitly, when they contrast "theory" with "evidence", or
"hypothesis" with "testing", or "conjecture" with "refutation", or
"theoretical research" with "empirical research", and so on. Indeed,
when Karl Popper defined a proposition to be "empirical" or "scientific"
if and only if it is capable of refutation or "falsification", no more was
being said than that the conclusion of a scientific enquiry (the "conjecture"
to which the scientist wishes to publicly put his name) should be a claim
to fact: something whose contrary might have been the case but is being
alleged by the scientist as being not the case, it being left open to
the world to show him to be mistaken, if he is.[8] When Milton Friedman
proposed to evaluate an economic enquiry by the accuracy of its "predictions",
no more was being said than that the conclusions of such an enquiry should

be tested for their factual veracity. The other prong in Friedman's philosophy, that the veracity of "assumptions" is irrelevant, we must be less sanguine about, because plainly there are cases where factually true conclusions can follow by valid reasoning from factually false premises, ("All mammals have wings, Birds are mammals, therefore, Birds have wings") and while these false premises may themselves have followed validly as conclusions of other arguments, they cannot have followed validly as conclusions of other arguments whose premises are factually true. You cannot validly derive a factually false conclusion from premises which are factually true, and the deduction of such a conclusion signals either you have made a factually false premise or you have reasoned invalidly or both. The nonchalance recommended by Friedman towards the factual truth or falsity of "assumptions" is misleading to the extent it permits and permits the maintenance of some error somewhere in one's argument.[9]

I suggest, then, that the significance of Positivism lies in its emphasis of reason and its attempt to rightly establish the objectivity of enquiry. If Logic and Fact are, ontologically, all that we can argue over, and so all that we can agree or disagree about, then you may in argument charge a man (including yourself) either with reasoning illogically, invalidly, incorrectly or with saying something is in fact the case when it is not or with both at once. There are no other possibilities. You may think he has got his emotions or his self-interest involved in the dispute, or that he is being wilfully stubborn, perverse, impatient or just plain stupid, and he may think the same of you, and none or one or both of you might be right to think so, and these may be facts which bear upon how the dispute proceeds, but the resolution of the dispute — the correct answer to the question to which you and he are presently giving different answers — is independent of and unaffected by all these.

It is due to the importance of what the positivist is right about that it may be so difficult to recognise what he is wrong about. It is because his thesis contains major merits that it may so easily be obscured that his errors are profound errors.

Broadly, the positivist is to be applauded for emphasising the importance of reason and criticised for arbitrarily limiting the scope of reason. Logic and Fact are all that we can reason about, but the scope of logical reasoning is not exhausted by mathematical enquiry nor is the scope for the adducement of factual evidence exhausted by physical enquiry. Logic can be used in fields other than mathematics and fact can be adduced in fields other than science — which is something that not only does not occur to the positivist but which, if he is true to his dogma, he must explicitly rule out. Logic and Fact can be and ought to be constituents of moral, political, aesthetic, literary, jurisprudential and theological arguments no less than of mathematical or scientific ones. The objectivity it is possible for us to achieve or aspire to in any of these fields is undiminished by the involvement (if any) of the emotions or self-interest of the disputants just as it is in mathematics or science. You can charge a man with being unreasonable in his moral, political, literary or legal beliefs just as you can charge him with being unreasonable in his scientific or medical beliefs.

Indeed, if Logic and Fact do exhaust the ontological kinds, as the positivist agrees they do, then while there can be logical questions that are purely logical in character, and factual questions that are purely factual in character, there are no other pure categories. In any field of enquiry — in politics, economics or ethics just as much as in mathematics, science or medicine — it is not possible for us to be in disagreement without

being in disagreement over the answer to some question of logic and/or some question of fact. In particular, if these are the only two ontological kinds, there is not a third kind called "Value". There can be no pure questions of value, as there can be pure questions of logic and pure questions of fact. There can be no differences over answers to questions like "Is this good?" or "What is the right thing to do?" which are independent of differences over answers to logical or factual questions. The resolution of political or moral or aesthetic disagreements depends no less on reasoning and evidence than does the resolution of disagreements in science or medicine or engineering.

4. "Is" and "Ought"

The ideas given above are not mine in origin but Bambrough's, who is, however, virtually alone in modern English-language philosophy to have argued for the equal application of reason and the equal demand of objectivity in the moral sciences just as in the natural.[10] He shows especially how the consequences of the "is-ought" distinction have been widely misconstrued, and how a fuller understanding of them shows the distinction is no more destructive of objectivity and supportive of subjectivity in Ethics than it is in Science or Logic. It is here, I believe, that Bambrough's philosophy contains a major lesson for economists, because the "is-ought" distinction is the parent of the "positive-normative" distinction in economics, and a fuller understanding of the former gives pari passu a fuller understanding of the latter.

The "is-ought" difference is stressed by those wishing to contrast fact with value, i.e., those wishing to assert

> "...that from no amount of factual evidence does any
> evaluative proposition logically follow; that no set
> of premises about what is the case, unless they are
> combined with at least one premise about what is good
> or what ought to be the case, can yield any conclusion
> about what is good or what ought to be the case..."[11]

Certainly, this has been the position of R. M. Hare, who claims the distinction

originates with David Hume, and goes to the extent of naming it "Hume's Law".

The relevant passage in Hume is this:

> "After every circumstance, every relation is
> known, the understanding has no further room
> to operate, nor any object on which it could
> employ itslef. The approbation or blame which
> then ensues, cannot be the work of the judgement,
> but of the heart; and is not a speculative
> judgement or affirmation but an active feeling
> or sentiment."[12]

What Hume's remarks amount to — or at least what they have been understood

to mean by Hare, whose interpretation has been accepted by Amartya Sen,

who in turn has much influenced thinking by economists on the issue — is

that there are some matters which can be singled out as being purely

'moral' or 'ethical', and on the opinion someone comes to hold on these

matters, logic and fact can ultimately have no bearing.[13] Any amount

of rational argument can precede the final opinion, but the opinion

finally converged upon is not open to rational public argument (or,

presumably, to rational private argument in the person's own mind

either). Instead, such purely moral matters are the subjects only of

the feelings and passions of the person which are deeply distinctive

to the individual constitution, although more than one person can have

similar feelings towards an issue and so they come to hold similar

moral opinions about it. Hare gives as an illustration the fanatical

Nazi who believes Jews to be "an abomination" so consistently that he

promises to exterminate himself and his family if it transpired they were in fact of Jewish origin. This is, in Sen's term, the Nazi's "basic" value judgement, which is no longer open to rational question or argument. Hare contents himself saying that "fortunately", few Nazis will in fact be found holding such an "extreme" position; leaving it unsaid that if it "unfortunately" transpired that a majority of them were found, and if the majority opinion was to rule, Heaven help (in this case) the Jews, but still we may not be certain — according to Hume and Hare — that genocide is an evil, since there is merely opinion in ethics and moral knowledge is ex hypothesi impossible![14]

Such a drastic and incorrigible conclusion is of the kind one commits oneself to by believing that reasoning and factual evidence can never suffice for evaluation, that an "ought" cannot follow except from a prior "ought", that normative conclusions cannot follow except from normative premises and cannot stand on merely positive grounds. From what I have said previously, the ontology one attaches oneself to by holding such a view is one which says that "pure" moral disagreements are possible even after there is full agreement on logic and fact. Bambrough says he has not come across a single example in Hume's writings or anyone else's of the existence of a dispute in which the disputants were agreed on every point of logic and fact and were separated only by emotions or brute passions. Nor have I done so in the writings and disputations of economists.

Even so, it is astounding how uncritically, even blindly, economists have accepted "Hume's Law". For, combine it with the auxiliary premises:

(1) For a subject to be a science, it must be concerned only with "is"-statements

(2) Economics is a scientific subject

and you have the view-point of the positivist:

(3)   Economic science is concerned only with "is"-statements.

This does not mean there is no room for "ought"-statements in economics,

just that they must be relegated to their proper, inferior, sub-scientific

status in "ethics" or "political economy" or "normative economics".   Thus,

Lionel Robbins, the doyen of positivist economists, wrote in 1932:

> "Propositions involving 'ought' are on an entirely different
> plane from propositions involving 'is'...Economics is neutral
> as between ends.   Economics cannot pronounce on the validity
> of ultimate judgements of value...it does not seem possible
> to associate the two studies (Ethics and Economics) in any
> form but mere juxtaposition.   Economics deals with ascer-
> tainable facts;   Ethics with values and obligations.   The
> two fields of enquiry are not on the same plane of discourse.
> Between the generalisations of positive and normative studies
> there is a logical gulf fixed which no ingenuity can disguise
> and no juxtaposition in space or time can bridge over...If we
> disagree about ends it is a case of thy blood or mine - or
> live and let live according to the importance of the difference
> or the relative strength of our opponents.   But if we disagree
> on means, then scientific analysis can often help us to resolve
> our differences.   If we disagree about the morality of the
> taking of interest (and we understand what we are talking
> about), then there is no room for argument."15 (my italics)

Thus too, Paul Samuelson followed in 1947:

> "It is fashionable for the modern economist to insist that
> ethical value judgements have no place in scientific
> analysis, and today it is customary to make a distinction
> between the pure analysis of Robbins qua economist and his
> propaganda, condemnations and policy recommendations qua
> citizen....in essence Robbins is undoubtedly correct.
> Wishful thinking is a powerful deterrent of good analysis
> and description, and ethical conclusions cannot be verified
> in the same way that scientific hypotheses are inferred or
> verified."

Aristotelian Point.

(Nevertheless)

> "It is a legitimate exercise of economic analysis to
> examine the consequences of various value judgements,
> whether or not they are shared by the theorist, just
> as the study of comparative ethics is itself a science
> like any other branch of anthropology."16

Thus too, Milton Friedman wrote in 1949:

> "...differences about economic policy among disinterested
> citizens derive predominantly from different predictions
> about the economic consequences of taking action - differences
> that in principle can be eliminated by the progress of
> positive economics - rather than from differences in basic
> values, differences about which men can ultimately only
> fight...Economics as a positive science is a body of
> tentatively accepted generalisations about economic
> phenomena that can be used to predict the consequences
> of changes in circumstances...The importance of its
> subject matter to daily life and to major issues
> of public policy impedes objectivity and promotes
> confusion between scientific analysis and normative
> judgement..."[17] (my italics)

Thus too, Frank Hahn and Martin Hollis report in 1979 that positivism is

thriving and well in economics, and may be summarised as the doctrine that:

> "...progress comes by testing hypotheses against experience...
> a natural law is a regularity in nature holding in specifiable
> conditions; we have detected one when we have a well enough
> confirmed theory; a theory is a set of logically-linked
> high-order generalisations; the only test of a theory is
> the success of its predictions; prediction and explanation
> are two sides of the same and only coin, in that explaining
> a fact is finding another from which it could have been
> predicted. Also, in keeping with the Positivist per-
> spective, sciences are thought of as differing in subject-
> matter, not in method of validation, and there is a
> thorough distinction of 'is' from 'ought' (positive
> from normative)".[18] (my italics)

Or, if we wanted a textbook writer, to know what our undergraduates take

home with them, here is James Quirk:

> "Like positive economics, normative economics is based
> on a system of axioms, but these axioms concern ethics.
> Neither the axioms of normative economics nor the pro-
> positions derived from them are verifiable through
> empirical observations. Anyone is free to accept
> or reject the conclusions of normative economics as
> he wishes, simply by accepting or rejecting the
> axiom system — there are no scientific issues
> involved."[19]

crude

All the distinguished economists I have quoted above, as well as the very

many other economists who may agree with them, either commit themselves to

a metaphysical doctrine to which I do not think they would wish to commit themselves if they realised its full implications <u>or</u> are convicted of self-contradiction. For, in any sense that it is true that

(i) a <u>moral</u> conclusion cannot follow without a moral premise being made,

it is equally true that

(ii) a <u>logical</u> conclusion cannot follow without a logical premise being made,

(iii) a <u>physical</u> or <u>scientific</u> conclusion (about the external world) cannot follow without a physical or scientific premise being made,

(iv) a conclusion about the <u>past</u> cannot follow without a premise about the past being made,

(v) a conclusion about the <u>future</u> cannot follow without a premise about the future being made,

(vi) a conclusion about <u>other</u> <u>minds</u> cannot follow without a premise about other minds being made.

If you accept or reject any one of the above, then your reasons for doing so suffice for you to accept or reject all of the above. This, in sparsest outline, is the argument of Wisdom and Bambrough.

Let me show how it works for case (ii), Logic, which is the context in which it may seem most unlikely to apply especially to my positivist friend, who is, above all, a man of reason.

Imagine a logician father is trying to teach his young son the rudiments of formal logic. He writes "All chairs are four-legged", "This is a chair", and he invites the boy to come to the appropriate conclusion: "This is four-legged." Son ponders a long while, then asks <u>why</u> he should accept that the conclusion follows from the premises. Exasperated, Father retorts:

"Whenever all A is B and x is A then x is B".

But to this, Son may make the following decisive riposte:

> "Tell me, Father, when you give this rule, do you
> or do you not include the instance over which we
> are debating as falling under it?"

Father's difficulty is now plain. The rule must necessarily _either_ exclude

_or_ include the instance. If the former, Son need not, indeed must not,

conclude that "This is four-legged" follows from "All chairs are four-

legged" and "This is a chair". If the latter, the question has been

begged against Son, as he is being asked to submit to a deductive con-

clusion _merely_ because there is a rule which decrees all deductive con-

clusions should be submitted to, this is a deductive conclusion, therefore,

this should be submitted to — which is itself a deductive argument! [20]

Son is denying a _logical_ conclusion can follow except from a logical

premise, just as my positivist friend denies a moral conclusion can follow

except from a moral premise.

Exactly analogous sceptical arguments as these against Logic and

Ethics may be made against Science (case iii), against History (case iv),

against Probability (case v), against Psychology (case vi). When we relate

propositions of a certain kind with other propositions of the same kind,

we concern ourselves with what Wisdom called the 'domestic' and not with the

'ultimate' grounds of that kind of proposition.

> "So long as the premises used in support of a proposition
> include any propositions of the same type as itself, a
> philosophical sceptic, or any other enquirer who is
> determined to seek the ultimate grounds, is properly dis-
> satisfied, since his question is about how propositions
> of that whole type are to be validated, and he cannot
> consistently permit any such proposition to be unpro-
> blematic when it occurs among the premises of an argu-
> ment whose conclusion is of the same type.

> ...the grounds offered for a proposition of kind k
> will necessarily be either of kind k or not of kind k;
> if they are of kind k they may be logically sufficient
> for the proposition that they are intended to support,
> but a further question will arise about the validation
> of the premises themselves; if on the other hand they
> are not of kind k than they necessarily cannot be
> logically sufficient for the truth of the proposition
> that they are intended to support."[21]

One alternative open to a positivist like Robbins or Samuelson or Friedman is then to embrace a wholly nihilistic metaphysics: that of <u>absolute</u> scepticism. They must say that <u>all</u> knowledge, not only moral knowledge but also knowledge in mathematics, science, history, probability, psychology, is impossible. They must say: We can know nothing, except (perhaps) the present state of our own minds. Close down the universities and laboratories. Expose every self-proclaimed 'expert' for the imposter he truly is, for there can be no such thing as 'expertise'.

Such a mad, nihilistic, metaphysics is the one I claimed my distinguished positivist friend would not wish to commit themselves if they realised its full implications. But the only alternative open to them is self-contradiction, which is worse. For otherwise they must give reason why they are willing not to be sceptics about mathematics and science while being sceptics about ethics or aesthetics or theology. They must answer how it is we can be certain that three angles of a triangle make two angles of a square or that the atomic weight of carbon is 12, and yet not be certain that genocide is an evil or that the <u>Ninth Symphony</u> is a master-piece or that the body is different from the soul. If they answer they know the former to be true as a matter of commonsense, they must answer how it is they do not know the latter to be true as a matter of commonsense as well, or it will be child's play to convict them of inconsistency and self-contradiction.

The "is-ought" distinction does not have the momentous consequences Hume and Hare and Robbins have claimed it to have. It merely reminds us that <u>description</u> and <u>evaluation</u> are different activities. To engage in either the human mind must be equally free and equally self-disciplined. Just as we must be free to describe what is the case, so we must be free to evaluate what is good or what ought to be done given that this is the case. Just as we are subject to the twin disciplines of logic and evidence in describing what is the case, so we are subject to exactly the same disciplines in describing what ought to be done. Analysis and description are no more activities exclusive to scientific argument than evaluation is one exclusive to ethical argument. Evaluation is no less an activity of Science (and, emphatically, one of Logic and Mathematics: consider C. S. Peirce's remark: "Logic is the ethics of the intellect", or Bambrough's remark: "Logical validity is a <u>value</u>") than it is one of Ethics.[22] Where the positivist merely sees this:

        Analysis and Description = Science
        Evaluation   = Ethics

the fuller and fairer picture I am recommending has analysis, description and evaluation all being constituents of rational human argument, of which the scientific and the ethical are but two kinds:

        Analysis and Description   Scientific

        Evaluation   Ethical
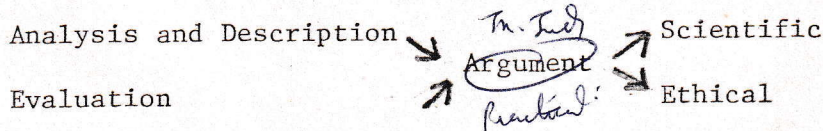
In Part II, we shall see some of the consequences for economics when we have freed her as I propose we do from the constrictions the positivists have, with good intention but to ill effect, imposed upon her for fifty years.

Notes and References

1. Renford Bambrough, <u>Moral Scepticism and Moral Knowledge</u>,
   (London: RKP) 1979, p. 101. I have also learnt much from
   "Universals and Family Resemblances" by Bambrough, <u>Proceedings</u>
   <u>of the Aristotelian Society</u>, Vol. LXI (1960-1961) pp. 207-222.

2. John Wisdom, "A Feature of Wittgenstein's Technique", in <u>Paradox and</u>
   <u>Discovery</u> (Berkeley: University of California Press) 1970, p. 102.

3. Renford Bambrough, "Aristotle on Justice: A Paradigm of Philosophy",
   in <u>New Essays on Plato and Aristotle</u>, ed. R. Bambrough (London:
   RKP) 1965, p. 169.

4. L. Wittgenstein, <u>Philosophical Investigations</u>, 2nd edn., ed. G.E.M.
   Anscombe (Oxford: Blackwell) 1958, 66-67, pp. 31e-32e.

5. Bambrough, <u>Moral Scepticism</u>, op. cit., p. 6.

6. L. Wittgenstein, <u>Tractatus Logico-Philosophicus</u>, trans. D.F. Pears
   and B.F. McGuinness (London: RKP), 1961, paragraph 1, p. 5.

7. R. Bambrough, "Objectivity and Objects", Meeting of the Aristotelian
   Society at 5/7 Tavistock Place, London, 22nd November 1971.

8. K. Popper, <u>The Logic of Scientific Discovery</u> (London: Hutchison)
   1959.

9. Milton Friedman, "The Methodology of Positive Economics", in <u>Essays</u>
   <u>in Positive Economics</u> (Chicago: Univ. of Chicago Press) 1953.

10. Bambrough, <u>Moral Scepticism</u>, op. cit., Chapter 2.

11. <u>Ibid</u>., p. 14.

12. David Hume, <u>Enquiries</u>, 2nd ed, ed. L. A. Selby-Bigge (Oxford: Clarendon
    Press) 1902, p. 290.

13. R. M. Hare, <u>The Language of Morals</u> (Oxford: Clarendon) 1961, p. 29;
    Amartya Sen, <u>Collective Choice and Social Welfare</u>, (San Francisco:
    Holden-Day) pp. 56-64.

14. R. M. Hare, <u>Freedom and Reason</u> (Oxford: Clarendon) 1963, pp. 157-185;
    Sen, <u>op cit</u> p. 59-61. In fairness to Sen, it should be said that
    he does not endorse Hare's philosophy, although he seems much
    influenced by it. Indeed, he concludes his discussion of moral
    reasoning saying, somewhat coyly,

    "It seems impossible to rule out the possibility of
    fruitful scientific discussion on value judgements" (p. 64)

    which may be supposed to mean:

"I think there can be reasonable discussion of
ethical or normative questions"

- a position which, of course, the present author endorses.

15. L. C. Robbins, _An Essay on the Nature and Significance of Economic Science_, 2nd ed. (London: Macmillan) 1935, pp. 142-150.

16. P. A. Samuelson, _Foundations of Economic Analysis_, (Harvard: Harvard Univ. Press), 1947, pp. 219-220.

17. M. Friedman, _op cit._, p. 5, pp. 30-40.

18. F. H. Hahn and M. Hollis, "Introduction" to _Philosophy and Economic Theory_, edited by them (Oxford: Oxford Univ. Press), 1979, pp. 1-2.

19. James Quirk, _Intermediate Microeconomics_ (Science Research Associates, Inc.) 1976, p. 8.

20. Bambrough, _Moral Scepticism_, _op. cit._, pp. 132-134.

21. _Ibid._, p. 128.

22. C. S. Peirce, _Values in a Universe of Chance_, ed. Philip P. Wiener (New York: Dover) 1958, p. 415. Bambrough, _Moral Scepticism_, _op. cit._, p. 105.