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'Value Freedom' and the Scope of Economic Inquiry:

I. Positivism's Standard View and the Political Economists

By LARRY DWYER*

ABSTRACT. According to what might well be regarded as the standard view among *economic methodologists*, the *economist* qua economist makes no *value judgments* concerning *policy* ends and their means of attainment. However, in restricting the proper aims of *economic inquiry* to *epistemic goals* only, the proponent of the standard view has neglected to ask why we seek to realize such goals; who needs *economic knowledge?*; for what?; what are people's fundamental needs, problems? In opposition to the standard view I argue that there is no good reason to exclude the promotion of human *welfare*, enhancement of the *quality of human life*, etc., *sociologically*, *psychologically* and *philosophically* defined, as well as analyzed from the viewpoint of *economics*, as legitimate goals of the economist in his professional capacity.

I

Introduction

ONE VERY OFTEN FINDS economists claiming that economic science is, in principle, 'value free.' In recent years, however, an increasing number of arguments have been put forward purporting to demonstrate that such a claim is untenable. The dispute between those who affirm that economics can, ideally, be 'value free,' and those who deny this claim, has revolved around the following sorts of questions: Can a sharp distinction be drawn between positive economics and normative economics? Is it possible to study economics without assuming, making or pronouncing upon judgments of moral value? Is there a legitimate place for value judgments in economic inquiry? Where, how and to what extent may the economist's value judgments exert their influence without compromising the objectivity of economic inquiry? Where must value judgments be eliminated from economics and how is this to be done?¹ and so on.

Although a survey of the history of economic thought reveals that this debate is not new,² perhaps at no time previously has there been such a volume of dissent from the very idea of a 'value free' economic science.

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Unfortunately there exists a great deal of confusion concerning the nature of the view under criticism, the sorts of arguments which have been put forward in support of that view, and the sorts of arguments which are likely to count against it. As a result very little headway has been made in the direction of providing informed answers to the above questions.³

For philosophers of science, at least, the interesting question is not whether values are essentially involved in scientific inquiry but is, rather, what *sorts* of values are involved. The main sorts of criticisms of the notion of 'value free' science have their basis in a recognition of the fact that, viewed as a whole, science is a 'moral enterprise' crucially connected with the individual scientist's personal values and those of the scientific and broader social communities to which he belongs. Thus we find that, in recent years, the traditional empiricist view⁴ has been subjected to sustained attack on the ground that, since a scientist's state of mind determines what he 'sees', one is not entitled to claim that 'facts' and 'what is the case' exist independently of the scientist's beliefs, wishes and values.

Over the last two decades, influenced by results in the so-called 'sociology of knowledge,' philosophers of science have increasingly come to appreciate the fact that, since all knowledge claims presuppose historically relative values, interests and classification schemes, science is done from what might be called a *Weltanschauung* or *Lebenswelt*. That is, from a conceptual perspective which shapes the interests of the scientist, determines the questions he asks and the problems that he attempts to solve. A perspective that decides the answers that he deems acceptable, the assumptions which underlie his theorizing, his perception of 'the facts.' A viewpoint that determines the hypotheses which he proposes to account for such facts, the standards by which he assesses the fruitfulness of competing theories, the language in which he formulates his results, the categories in terms of which his experiences are organized and so on.⁵

Appreciating the thrust of contemporary philosophy of science, critics of the very idea of a 'value free' economics have denied that any so-called 'positive' facts can be constructed independently of the economist's value judgments. Thus we find Joan Robinson asserting that "it is no good trying to pretend that we can think or speak about human questions without ethical questions coming in"⁶ while Heilbroner claims that

Value judgments partly of a sociological kind, partly with respect to behavior, have infused economics from its earliest statements to its latest and most sophisticated representations⁷.

Such critics recognize that, perhaps more so than the natural scientist, the

economist has various value commitments, reflecting not only the value pattern of his own 'community,' and of the social group and institutions of which he is a member, but also reflecting his personal value orientation. These values may shape his selection of the behavioral units of study, his view of the scope and method of economic analysis, the factual generalizations which he proposes to account for economic processes and the use of persuasive language, concepts and terminology in his preferred explanations of the workings of the economic universe. These values as well, may be responsible for bias in the selection and testing of economic hypotheses, bias in the selection of historical material cited as evidence, bias in the citing of causes and determinants of economic phenomena, and so on. Whether operating consciously or not, the economist's conceptual perspective, or ideological 'vision' of the economic system, embodying ethical, sociopolitical and cultural values, his expectations, prejudices, etc., may be taken to determine significantly both direction and content of economic theory.

These sorts of considerations point up the kind of qualifications that must accompany any claim to the effect that economics is 'value free.'⁸ Neither science in general nor any scientific subdiscipline can be regarded as a 'value free' process of inquiry. There remains, however, a view widely upheld by economists, one pertaining to economics as a process of inquiry, which is untouched by the above considerations. Because this view is so widely espoused I shall call it the standard view. While criticism of the notion of a 'value free' economics has centered by and large on the indefensibility of the traditional empiricist epistemology underlying economists' support for this notion, the standard view has received very little attention. Such neglect is to be deplored, however, for, as I shall argue, the standard view is untenable.

II

The Standard View

ACCORDING TO WHAT might be thought of as the standard view among economic methodologists, the economist *qua* economist has no ethical responsibilities to his fellow human beings; he properly makes no value judgments concerning policy ends or the means by which such ends may be attained. On the standard view any value judgments which the economist makes as regards policy ends are of 'extra scientific' import, made *ex cathedra* according to his lights as a human being rather than scientific investigator. Thus we find John Stuart Mill affirming that while one function of the economist is to provide information as to the suitability of different means

for attaining various policy ends, "whether the ends themselves are such as ought to be pursued and, if so, in what cases and to how great a length it is no part of his business as a cultivator of science to decide."⁹ Lionel Robbins upholds a similar view when he claims that since "there is nothing in scientific economics which warrants us passing these judgments" a concern with 'ends as such' falls outside the domain of economic inquiry.¹⁰ Similar views are espoused in Chapter One of almost any economics textbook.

Of course, while as a result of his advice the economist may materially contribute to a society's selection and revision of the economic and wider social goals to be pursued, nevertheless, on the standard view he cannot himself make pronouncements *qua* economist concerning which goals deserve priority. In such matters "he does not speak with the voice of his science".¹¹ Prohibited from value judgments, no matter the importance of particular knowledge for policy purposes, the economist must not demand that there be practical use for his knowledge beyond the satisfaction of his own intellectual curiosity. He is expected *qua* economist to be indifferent to the potential uses of his findings which are to be communicated dispassionately to policymakers who can use them as they see fit. It is not an extreme but the standard view that

if Hitler had decided in 1945 to bring about the final *Götterdämmerung*, the complete destruction of the German people and land, then the task of the economist *qua* economist, unmoved by extrinsic considerations, would have been to help in doing so most efficiently.¹²

If certain policies can be foreseen to affect the viability of extant economic systems such consequences are, on the standard view, 'extrinsic' to economic science and accordingly, no concern of the economist in his professional capacity. Although *qua* citizen, Mormon, party member, conservationist, etc., economists may espouse certain views as to the desirability of various economic goals and the means of attaining them, when it comes to tendering advice on such matters they "should bow and take their leave."¹³

III

The Alternative View

UNDERLYING THE CONVENTIONAL VIEW of the subject matter of economic inquiry is the assumption that the allocation process as carried out through the use of prices in markets disposes of all the ends and scarce means that the proper study of economics need embrace. In recent years, however, economists have become increasingly aware of the fact that the economist genuinely concerned to understand economic behavior cannot neglect non-price phe-

nomena, that his proper focus of concern ought to be not just market phenomena, but the economy as an overall allocative mechanism, where individuals as a collective body seek to cope with the problems of using scarce means to serve biologically and culturally determined wants or needs. While, for Robbins, the significance of economic science lies in the fact that "when we are faced with a choice between alternatives it enables us to choose with a full awareness of the implications of what we are choosing," as the political economist sees it, price is not the only measure of value, and a discipline concerned only with the problem of how resources are allocated in markets via prices can never permit 'full awareness' choices to be made.¹⁴

In opposition to the standard view political economists claim that the mere analysis of economic data, unaccompanied by value judgments concerning economic and wider social goals deprives economics of its potential significance and efficacy, prevents economics from constituting a useful field of knowledge. In the view of the political economist the conventional view as regards the proper subject matter of economics, whereby questions concerning the technical and social environment and ends as such are deemed to lie outside the economist's professional concern, prevents him from speaking to some of the most important economic problems of the day. While granting the necessity for making abstractions from the real world in order to construct theory, as these critics see it, the particular abstractions which economists make are such that just those sorts of problems which are assuming crucial importance in contemporary society, *e.g.* problems concerning unequal distribution of income, wealth and power; problems arising from economic growth, especially imbalances in the product mix between private and public goods, urban blight, the energy crisis, as well as the ineffectiveness of many government policies designed to correct such problems; questions as to the manner in which the economy develops, conveys, reacts to, and acts on, societal values, and so on, cannot be handled within the scope of the discipline. Political economists claim that a conception of economic theory which insulates that discipline from sociology, psychology, political science, ethical theory, etc., will, inevitably, fail to provide sufficient enlightenment concerning those forces affecting economic behavior.¹⁵

Perhaps the most prominent object of criticism has been the doctrine of consumer sovereignty. Consumer sovereignty is a direct consequence of the economists' eschewal of institutional analysis and concern with ends as such. The tools of economics are designed to show how resources can best be deployed to meet society's wants. Modern welfare economics, for example, has been deliberately restricted to the problem of defining and measuring

social welfare only in cases for which individual values are given data, and in which social welfare is restricted to the summation of these individual values. The economy is assumed to be, in effect, a transmission mechanism for expressing 'values' exogenously determined, as Klein notes. By defining economics so as to exclude concern with the formation of consumer preferences, by simply presupposing in this manner that the market mechanism is a want-satisfying mechanism, the doctrine of consumer sovereignty has been elevated to a basic tenet of conventional theory. Since the satisfaction of consumer wants is taken to define the purpose of all economic activity, the question then becomes one of how existing wants can be satisfied in the most efficient manner.

But this, in the view of critics, is to gloss over the question of whether the market mechanism is, in large part, a want-creating, rather than a want-satisfying mechanism, thus effectively stifling questions as to whose goals the economic system serves, and whose goals it fails to serve, as well as further questions about the ultimate purpose of economic activity. While "Institutionalists" such as Galbraith¹⁶ direct their attack on consumer sovereignty by pointing to the realities of contemporary capitalist society, where the corporate sector sets prices, selects and designs products and bombards the psyche with advertisements geared to persuade rather than inform, radical political economists have argued that a greater understanding of the factors conditioning consumer preferences can be gained by attending to those mechanisms of preference formation intrinsic to contemporary capitalist systems. On this view, consumer preferences are generated through the day-to-day experiences of individuals in such basic spheres of social activity as work, community, environment, culture, education and so on.¹⁷ These critics argue that the formation of consumer preferences, and, in particular, their consumer goods orientation, cannot be adequately understood without taking cognizance of the manner in which the social activity contexts of capitalist societies structure the individual's 'value complex', *viz.* that network of attributes, life goals and ethical precepts which has become an internalized part of his character as a member of such societies. But whether the criticism of consumer sovereignty is of the institutionalist or of the more radical sort, critics agree that, in assuming that the relevant social wants are based on the existing preferences of individuals, and that those preferences cannot be questioned, economists have not only failed to grasp the significance of power relations in explaining economic phenomena, but have erected a barrier against the use of economic analysis in some of the most important matters of public policy.

It should be emphasized that the attack on conventional economic theory

is not directed against price theory *per se*. The criticism, rather, stems from the conviction that the economic system is an essentially open system and that economic processes are part of a broader socio-cultural network of relationships. The claim is that exclusive attention to the price system tells us nothing about the value structure of society that lies behind the exchange ratios in the market place.

While in agreement with the proponent of the conventional view of the scope of economic inquiry who ". . . cannot believe that a change in the *form* of social organization will eliminate basic economic problems,"¹⁸ the political economist will remind him that the form of social organization crucially affects the sorts of problems most in need of solution. Drawing attention to what they see as an artificially created antinomy between the "economic" and the "social" aspects of real socioeconomic phenomena and processes, these critics regard conventional economic theory as having insufficient scope for providing adequate understanding of the complexities of modern socioeconomic systems and the manner in which they evolve over time.

It is recognition of the narrowness of the conventional view of the scope of economic inquiry which has led many to claim that the economist ought to make value judgments concerning economic objectives and the paths by which they may be attained. Thus, in opposition to the standard view, a number of political economists take themselves to have an obligation to call to public attention those issues of public policy which may have a significant effect on peoples' lives, and thus to provide the general public with those facts necessary to enable the citizen to participate intelligently in the solution of society's problems.

These critics attack what they see as the social irresponsibility of their colleagues who have remained silent while the quality of life of those in underdeveloped nations, as well as some in modern industrial societies, is, allegedly, being progressively eroded.¹⁹ Many note, for example, that although there is a connection between increasing Gross National Product and a deterioration in the quality of life, to challenge the legitimacy of increased growth, and in particular its composition, is ruled out on the standard view concerning the 'sanctity' of ends. In the view of these critics, economic systems must not be judged solely in terms of their efficiency in meeting the wants of consumers but should be appraised also in terms of the quality of life shared by their inhabitants, in terms of criteria such as economic justice, responsiveness of economic institutions to human needs, individual development, community development, harmony of man in his natural environ-

ment and so on²⁰ and that it is the economist's task to make such appraisals. The critics view their task as that of helping to better the human lot and hold themselves responsible for indicating when, and in which way, socio-economic processes may enhance or endanger human values and human lives.

Do these sorts of criticism show that the standard view is untenable? While sympathetic to the conclusion that the conventional view as to the subject matter of economics, with its eschewal of institutional analysis and a concern with "ends as such" from the domain of economic inquiry is an unduly narrow one, I do not believe that the criticisms *as they stand* vitiate the standard view. In the first place they do not address an argument which has been put forward time and again in defense of the standard view. This defense is based on the claim that there exists a strict dichotomy between the realm of "facts" and the realm of "values" such that any of the economists' value judgments concerning the ends of public policy lie outside the domain of statements capable of objective justification.

The alleged fact/value gap constitutes, then, a rationale for prohibiting the economist *qua* economist from making value judgments concerning any aspect of the "good life" or how best to achieve it. In the second place the criticisms as formulated leave unanswered the crucial question: what entitles the economist to take it upon himself to make value judgments concerning policy ends and means? In other words, what is his warrant *qua* economist for making judgments as to the sorts of socioeconomic goals which, if attained, are most conducive to human wellbeing? The proponent of the standard view will not deny the importance of evaluating the objectives of economic and social policy and those means instrumental to their attainment, but he will deny that the responsibility for such tasks falls upon the economist.

In a succeeding paper,²¹ I shall argue not only that the fact/value distinction is nowhere near as clearcut as many economists assume it to be, but also that there exists a set of premises which constitutes a particularly suitable basis upon which the economist can make policy recommendations. I shall then address the issue of what entitles the economist *qua* economist to make such value judgments. In so doing I hope to provide a further epistemological rationale for extending the scope of economic inquiry.

Notes

1. To call an assertion a judgment is to indicate that it is made as a result of weighing the reasons for and against whatever it is that is being asserted. To call it a *value* judgment is to indicate that the process was one of trying to decide upon the moral value or worth of the thing being judged, e.g., whether an object is good, an act is right or something ought to be done. The aim of the evaluation process is to judge whether an evaluation fulfills or fails to fulfill certain norms. Although there is no clearly demarcated class of words or statements which is

appropriate exclusively for the expression of value judgments, the term "value judgment" is usually intended to cover all judgments in which the words "good," "better," "best," "bad," "worse," "worst" are used as well as all other judgments equivalent to these. Nagel characterizes such judgments thus: ". . . 'value judgments' as commonly understood in moral philosophy are statements expressing a reasoned approval (or disapproval) of something by someone in the light of deliberation concerning what is desirable" (76) [E. Nagel in S. Hook, ed., *Human Values and Economic Policy* (New York: New York Univ. Press, 1967)]. Henceforth when I speak of a "value judgment" it is just such an ethical judgment of appraisal or evaluation which I shall have in mind.

2. In opposition to the time-honored tradition of ethical-social-political synthesis whereby the scientific investigator, in his quest to enable man to better understand his world, sought to find solutions to ethical problems to society and the State, the 19th century witnessed the conscious attempt to keep science separate from ethics. The position that the theorist should strive to separate off the "positive" propositions of the science of political economy from policy recommendations and ethical and sociopolitical postulates or doctrines underlying policy goals has represented methodological "orthodoxy" among economists since the time of Nassau Senior and John Stuart Mill. The most vigorous critics of the orthodox view have been the political economists, whether of Marxist or Institutionalist variety. For an insight into the various positions taken up in the debate see Terence Hutchison, *Positive Economics and Policy Recommendations* (London: Macmillan, 1964).

3. For example, the claim that economic science is, in principle, value free, is susceptible of two major interpretations depending upon what is meant by "economic science." Thus, on the one hand, "economic science" can be taken to refer to the set of statements constituting the corpus of economic theory, an abstract propositional structure, the finished product, the end result of economists' inquiries into the workings of economic systems. On the other hand, "economic science" can be taken to refer to the activity engaged in by economists, the process of economic inquiry, the set of procedures by which economists accumulate knowledge of economic phenomena. Taking economics to be a process of inquiry, moreover, I believe it is fruitful to distinguish between the so-called contexts of discovery, justification and application of theory. Once such distinctions are made it becomes evident that no scientific discipline can be "value free" in any strong sense. Clearly, any comprehensive analysis of the issue of whether economics is or is not, in principle, "value free," will need to take cognizance both of the product-process ambiguity as well as the nature and role of values at different stages in the process of inquiry. Both the proponents and critics of the idea of a 'value free' economics have, in general, failed to adopt such a procedure.

4. According to the traditional empiricist view the basic aim of science is to acquire knowledge of factual truths. Science is an exclusively cognitive enterprise concerned only with finding out what is the case in the regions of objective fact. The scientist, in his perceptual experiences, unaffected by his emotional state, attitudes, expectations, etc., attempts to discover more and more facts, both singular and general, about the world. That the scientist's subjective state of mind plays no part in determining the context and the acceptability of his scientific results, results which are to be certified by public, repeatable experiments, is taken to be necessary for the construction of objective knowledge concerning both the physical and social worlds. It is the traditional empiricist view which underlies the methodology of positive economics, cf. Martin Hollis and Edward Nell, *Rational Economic Man: A Philosophical Critique of Neoclassical Economics* (London: Cambridge Univ. Press, 1975.)

5. Cf. P. K. Feyerabend, *Against Method* (London: New Left Books, 1975); Thomas S. Kuhn, *The Structure of Scientific Revolutions* (Chicago: Univ. of Chicago Press, 1962); Frederick

Suppe, "The Search for Philosophic Understanding of Scientific Theories" in *The Structure of Scientific Theories*, Fredrick Suppe, ed. (Urbana: Univ. of Illinois Press, 1974).

6. Joan Robinson, *Economic Philosophy* (Harmondsworth, Middlesex: Penguin Books, Ltd., 1964), p. 14.

7. Robert Heilbroner, "Economics as a 'Value-Free' Science," *Social Research*, Vol. 40, No. 1 (Spring, 1973), p. 141.

8. It seems fair to say that statements such as "there are no value judgments in economics" (Milton Friedman, "Value Judgments in Economics" in Hook, *op. cit.*, p. 85) and "economics as a positive science is ethically—and therefore politically—neutral" (George Stigler, "The Politics of Political Economists," *Quarterly Journal of Economics* 73 (November, 1959, p. 522), if they are not to be rejected outright, must be severely qualified in light of recent criticisms of the very idea of 'value free' science.

9. John Stuart Mill, *A System of Logic* (London: Longmans, Green and Co., 1965), p. 620.

10. L. C. Robbins, *The Nature and Significance of Economic Science*, 2nd ed. (London: Macmillan & Co., 1935), p. 147. Many proponents of the standard view adopt Robbins' view of the scope of economic science, *viz.*, "The subject matter of economics is essentially a series of relationships—relationships between ends conceived as the possible objectives of conduct on the one hand and the technical and social environment on the other. Ends as such do not form part of this subject matter. Nor does the technical and social environment." *ibid.*, p. 38.

11. A. C. Pigou, ed., *Memorials of Alfred Marshall* (New York: Kelley & Millman, 1925). Cf. also Adolph Lowe: "In his capacity as a citizen or as a social philosopher the economist may certainly take an interest in the nature of a particular macro-goal but it does not concern him professionally." *On Economic Knowledge* (New York: Harper and Row, 1970), p. 312.

12. A. Lowe, "Economic Means and Social Ends: A Rejoinder" in R. L. Heilbroner, ed., *Economic Means and Social Ends* (Englewood Cliffs, N.J.: Prentice-Hall, 1969), p. 196.

13. L. C. Robbins, "Freedom and Order" in *Economics and Public Policy*, Brookings Lectures (Washington: Brookings Institution, 1954), p. 157.

14. Robbins, *ibid.*, p. 152; also cf. P. Klein, "Economics: Allocation or Valuation?" *Journal of Economic Issues*, No. 4 (December, 1974), pp. 785–811.

15. Cf. Klein, *op. cit.*; T. Behr, *et al.*, "Toward a Radical Political Economics," *Review of Radical Political Economics*, Vol. 3, No. 2, 1971, pp 17–42; J. Gurley, "The State of Political Economics," *American Economic Review*, Vol. 61 No. 2 (May, 1971) pp. 53–62; J. K. Galbraith, "Power and the Useful Economist," *American Economic Review*, Vol. 63, No. 1 (March, 1973), pp. 1–11. Much of the most important research being done by political economists concerns the attributes possessed by the basic economic agents. Although this issue is far from settled, such research is guided by the conviction that "homoeconomicus" is conceived far too narrowly; see e.g. F. Hahn and M. Hollis, *Philosophy and Economic Theory* (Oxford and New York: Oxford Univ. Press, 1979), especially the editors' introduction.

16. J. K. Galbraith, "Economics as a System of Belief," in *Economics, Peace and Laughter* (Boston: Houghton Mifflin Co., 1971).

17. Cf. H. Gintis, "A Radical Analysis of Welfare Economics and Individual Development," *Quarterly Journal of Economics*, 86 (November, 1972), pp. 572–99.

18. Stigler, *op. cit.*, p. 528.

19. Cf. Behr *et al.*, *op. cit.*, pp. 30–31; Gurley, *op. cit.*, p. 53; Galbraith *op. cit.*, p. 11; also P. Sweezy, "Toward a Critique of Economics," *Review of Radical Political Economics*, Vol. 3, No. 2, 1971, pp. 59–66.

20. Cf. Behr, *et al.*, *op. cit.*, pp. 32–33.

21. "'Value Freedom' and the Scope of Economic Inquiry: II. The Fact/Value Continuum and the Basis for Scientific and Humanistic Policy," forthcoming in this *Journal*.