

APPENDIX\*

ON ABSTRACT AND HISTORICAL HYPOTHESES  
AND ON VALUE JUDGEMENTS IN ECONOMIC SCIENCES.  
CONCLUSIONS

LUIGI EINAUDI

So is the conclusion negative? Is it the case that economists or, more generally, scientists do not pronounce value judgments? Are the latter the privilege of the whole man who, as a historian or philosopher, meditates on the problems of life and prescribes to himself the commandments of good and evil, selects the ends to be achieved and, given the ends, establishes which among the means are in conformity with morals, such means being the only ones that can be used? In other words, is there a dualism between two types of figures: on the one hand, a scientist who concerns himself only with the congruence and the adequacy of the means available to achieve the end and with the possibility of reaching the various different ends in relation to the existing means, versus, on the other hand, a philosopher who constructs a hierarchy among ends and the morally allowable means and then bans any means judged to be immoral, without concerning himself with their economicity?

I am merely raising doubts: far be it from me to claim I have a solution to the problem. If a scientist working in the field of the moral sciences set out only to solve abstract problems, there could be no dualism, properly speaking, since the studies would be conducted on different planes and there would be no necessary logical contact between them. It would be up to the scientist to deal with abstractions, the arbitrary section of a complex reality – in fact, one of the multiple aspects of reality; while the historian and the philosopher would have the task of dealing with reality taken as a whole. There would be no need for the two orders of research to meet.

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\* We re-publish here, courtesy of Routledge, the conclusions of Luigi Einaudi, *On Abstract and Historical Hypotheses and on Value judgments in Economic Sciences*, critical edition with an Introduction and Afterword by P. Silvestri, London – New York: Routledge: 2017: 87-91.

And yet, might it not be that the abstract method adopted in research determines the aim and content of the study rather than being a mere tool for conquest of the truth? And is this maybe a tool that economists, and other categories of scholars as well, utilize not so much because it is the only existing tool but simply because – given that immediate observation and analysis of the full extent of reality has been shown to be impossible – they have had to be content with tackling the study of reality cut up into segments, into sections, with successive attempts to grasp now one aspect, now another, of reality itself? This notwithstanding, since the aim of their research is one and one alone, namely knowledge of the full extent of the whole of reality, it is logically inconceivable to argue that there is a fundamental, irreducible dualism between the logical position of the scientist, who aspires to acquire knowledge on reality through abstractions that successively draw closer to reality, and the historian-philosopher who aims to engage with the world of the whole of reality. Accordingly, this scenario cannot be portrayed as a contrast, but should instead be seen as different modes of conquering truth. The mode adopted by a scientist is tentative, he proceeds by hypothetical propositions and by demonstrations contained within the limits of the hypotheses he has made; but the hypotheses are not the fruit of mere fantasy. *Hypotheses non fingo*, Newton said. Economists do not feign absurd hypotheses; the hypotheses are drawn from contemplation of reality and seek to aid in its interpretation. If a historian and a philosopher wish to know the whole range of realities and do not disdain any means to reach the desired knowledge, if a moralist, if a priest, if a prophet issue an order for observance of the good and condemn evil by starting from the supreme ends of life or from the word of God, then they too, basing their proclamation on the experience of the past, or on intuition or interpretation of reality along with awareness of mystery, are seeking to achieve the very same knowledge of truth.

Moreover, dualism cannot be founded on the contrast between the rational and the irrational. Dualism cannot validly be explained and legitimated by a trite appeal to the fact that men often do not behave rationally and that, on the contrary, they reject supposedly rational behavioral rules and espouse irrational rules, which appear inexplicable in the eyes of the scientist. For a scientist's aspiration is that men's behavior should be prompted uniquely by a procedure of reasoning.

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Here it is certainly the scientist who is in the wrong, inasmuch as he overlooks the limited character of the knowledge that can be acquired with his methods of research, which are necessarily abstract and therefore par-

tial. One might ask, is the irrational something different from those aspects or sections of reality that escape the scientist's observation? What multitude of things are unknown to scientists and perhaps will never be known to them! Therefore scientists are hesitant and prefer *if*-clauses and restrict the validity of their arguments and their conclusions to the validity and the scope of the simplified premises they have posited as the foundation of their research. But in no way do they claim, on such grounds, that their conclusions suffice to set rules for human action: they are well aware that above and beyond the premises they have posited there exist factors that are partly unknown, perhaps destined never to be known and measured, which nevertheless exert an influence on the actions of men.

If others – historians, philosophers, moralists – endeavor to go beyond the limit of knowledge attainable through reasoning, and if, by the study of history, intuition or contemplation of human nature, or by a flash of genius or a revelation from the beyond, others are induced to take a step forward in the knowledge of reality, to dictate the eternal rules of good and evil, to indicate the ways of life, then a move of this kind by no means genuinely gives rise to a dualism between science and philosophy, between science and history, between science and morals. There can be no dualism where the common aim is discovery of the truth. In the quest to achieve his aim, a scientist proceeds with reasoned arguments, calculations, experience; and the truth he discovers is certain within the limits set by the premises of his arguments, by the rigor of his calculations and the precision of experience. In the field of the moral sciences a scientist can determine only the laws that regulate rational human behavior, that is to say, behavior endowed with the rationality that consists in the presence of means appropriate for the ends that man endeavors and is able to achieve, given the means available. Can it be claimed that a philosopher or a moralist are using behavioral rules inspired by any other principles? Philosophers and moralists can say that among the ends of life, the accumulation of wealth has no place or has a secondary place, and is restricted to certain categories of men. And indeed, no economist has ever stated the contrary: – rather, economists restrict themselves to clarifying which laws can be regarded as prompting men to engage in rational behavior, to the extent to which men do indeed strive to accumulate wealth. A moralist can, sometimes at the risk of his life and often of his peace of mind and freedom, strongly condemn the existing distribution of wealth and its detrimental use by the rich; he can order the rapacious wealthy to return their ill-gotten gains. But his condemnation in no way contradicts the teachings of economists, whose statements are limited to demonstrating that since the distribution of wealth is what it is, the inevitable consequence is that the goods chosen by men are what they are and the costs and prices are this or that. The economist adds, however, that if

the pattern of wealth distribution were different, if for instance there were appropriate laws limiting monopolies, privileges and the natural or artificial favors which have the effect that some of the population grow rich while others become more and more impoverished, and if, insofar as possible, the purchasing power of the currency unit stayed constant, and if, furthermore, the new generations of the less fortunate were given extensive chances of elevating themselves through study and internships, then demand and production would obviously be directed towards a quite different range of consumption goods, and the economic structure of society would be different, the relative weight of the various industries would no longer be the same and production costs and the prices of goods would likewise be different.

Moralists can correctly teach that happiness, the moral standing of human behavior and the spiritual plenitude of life do not depend on the range of goods possessed; a moralist can point to the examples of Spinoza who built up his philosophical system while earning a living cleaning diamonds. And, again, the moralist finds no contradiction in an economist who restricts himself to observing that given the frailty of human nature, the overwhelming majority of men are not spurred to lift up their face from the rough earth towards the sky: they cannot be expected to elevate themselves to a higher level of spiritual and moral life if, in order to obtain the wherewithal for physical life, they are obliged to cope with grinding drudgery day by day and if, due to the paucity of their earnings, they are forced to live huddled in repulsive promiscuity in unsanitary hovels. Accordingly, the moralist finds no contradiction if, in such conditions, the economist points to technical progress as the most suitable tool both to reduce the daily toil suffered by men seeking to eke out a living and secure the goods they need for their existence, and also to make a greater amount of time available that would allow men to aspire to produce goods of a higher order, which elsewhere<sup>1</sup> I called leisure goods. Admittedly, the opportunities offered by technical advancement do not in themselves imply the certainty that man will devote his time – a factor that has thus become available to him – to procuring goods of a higher spiritual order; rather, it can well be said that the abundance of material wealth generates sloth and vices. But if attention turns to the squalid life imposed on the multitudes as a result of their utter destitution, as compared to the vicious life favored by the lucky, then the latter option seems less necessary and universal, and it is the task of moralists, politicians and ministers of the Church to provide guidance,

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<sup>1</sup> [Editor's note:] Here there is a note [*cf. supra*] which implicitly makes reference to the rewriting of L. EINAUDI, "Dell'uomo fine o mezzo, e dei beni d'ozio" (book review of L. BANDINI, *Uomo e valore*, Torino, Einaudi, 1942), *Rivista di storia economica*, 7 (3-4), Sept-Dec. 1942: 117-130.

through education and example, that will direct the opportunities arising from technical advancement towards pursuit of the good.

Thus it is not a question of contrast and dualism between science and philosophy, or between science and morals. Since philosophy, morals and religion are all likewise striving to find truth, they cannot spurn the chance to draw advantage from the rich content of arguments, experiences and calculations that science offers them. A philosophy based exclusively on intuition and on illumination springing from a spark of genius would seem stunted, for if philosophy is indeed justified in prying into the unknown, the irrational, or mystery, it must however rest on the solid ground of knowledge of reality. Only science offers this starting point, develops the investigative tools required for the discovery of truth, slowly but surely restricts the field of the irrational, albeit by successive achievements each of infinitesimally tiny value, and in so doing offers philosophers, moralists and politicians the opportunity to endow with richer and more persuasive content the rules they establish for human behavior. Learning how to use the power of reasoning, to contemplate the external world with open and discerning eyes, to replace mere intuition and wonderment with critical reasoning, and to move towards an attitude whereby impulsive – i.e. irrational – behavior gives way to a different behavioral mode in which human action is preceded by conscious specification of its aims: does not all this constitute the true value of science? By exerting influence over men in this manner, science acquires a content that is not exclusively abstract and formal. Rather, its content is substantial. It influences the teachings of philosophers and moralists, the action of politicians, historians' interpretation of the events of the past. Philosophers and moralists no longer set out the aims of life on the basis of intuition and illumination; instead, prompted by scientific advances, they take the precepts of reason into account. Science thereby contributes, within the limits of its nature, to building up the spiritual and moral edifice within which man lives, it helps to determine the value of human actions and to draw a line between good and evil. Thus even the very separation between the whole man and man as a scientist, between reality and abstraction, between concrete action and pure reasoning is shown to be an abstraction. The extremely close link between thought and action, between reasoning and behavior, between logic and morals, was already admirably stated in the words of Pascal: "L'homme est visiblement fait pour penser; c'est toute sa dignité et tout son mérite; et tout son devoir est de penser comme il faut".<sup>2</sup>

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<sup>2</sup> B. PASCAL, *Pensées*, d'après l'édition de M. Brunschwig, sec. 2, n. 146 [in French in the text] [English transl.: "Man is obviously made to think. It is his whole dignity and his whole merit; and his whole duty is to think as he ought" (B. PASCAL, *Pensées*, trans. W.F. Trotter, introduction by T.S. Elliot. Mineola, NY: Dover Publications: 45)].