

REVIEW OF RICARDO F. CRESPO, *THE NATURE AND METHOD OF ECONOMIC SCIENCES. EVIDENCE, CAUSALITY AND ENDS*, LONDON: ROUTLEDGE, 2020

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1. *The Nature and Method of Economic Sciences* is a timely, intriguing and original book. It comes out at an appropriate time, one of deep cultural crisis that is not merely economic, but also political and ethical. The book will be well received by all those who are open to new ideas and new venues of research, ready to go beyond “normal science” in T. Kuhn’s sense. This book is also intriguing since it challenges the economist to reconsider the robustness of the categories of thought stemming from the received view. Lastly, Crespo is to be credited for his methodological approach that allowed him to forge a narrative that usefully blends economics and philosophy, history of thought and sociology, anthropology and politics.

Recognizing that economic reality can be examined from a plurality of analytical levels – i.e., descriptive, explanatory, teleological, normative, applicatory – Crespo establishes a strict correspondence between those five levels and five types of investigation: statistics, economic history, positive economics, normative economics, and the “art of political economy”. To give substance to this position, Crespo starts from the subject matter of economic science, i.e., the economy, observing that it has different meanings and as a consequence must be examined from different angles. Hence the choice of the expression “economic sciences” to indicate the need to adopt a plurality of distinct, yet complementary, disciplines in order to properly understand the economic realm.

An important implication of this methodological stance is that all attempts to arrive at a univocal economic science, embracing all analytical levels, are doomed to failure. The reason is simply that if economic reality is – as it is – multidimensional, one cannot hope to capture it by adopting a

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reductionist approach. This book offers a rich account of the rise of mainstream economics during the 1970s, a phenomenon that has impoverished the discipline, diminishing its capacity to come to grips with the most delicate problems of present-day reality. In his courageous paper, G. Akerlof (“Sins of Omission and the Practice of Economics”, *Journal of Economic Literature*, 58, 2020, pp. 405-418) acknowledges that mainstream economics is suffering from narrow methodological biases. The prevalent practice of economics “gives rewards that are biased in favor of the ‘Hard’ and against the ‘Soft’. This bias leads to ‘sins of omission’: in which economic research ignores important topics and problems when they are difficult to approach in a ‘Hard’ way” (p. 405). The now widespread “certification phenomenon”, which defines good practices on the grounds of a compliance with well-defined standards is a major determinant of the emergence of a mainstream.

Many economists today share the feeling that a radical change is necessary if we want the discipline to advance in both scientific standing and social relevance. Crespo brings his wide-ranging scholarship in economics, philosophy of science, ethics and anthropology to suggest a viable course for overcoming the strictures of contemporary research. Instead of criticizing what is going on – far too easy a task! – he takes a constructive approach, starting from the recognition that the reality studied by the economist is not fixed like that of the natural sciences. Economic facts change according to time and place: problems which appear crucial in a certain period may be irrelevant in another and those that are considered important in one country can be completely ignored in another. Some time ago, K. Arrow amazed mainstream economists when raising doubts about the mechanistically inspired understanding of economic process: “Is economics a subject like physics, true for all time, or are its laws historically conditioned?” (“Economic History: a Necessary though not Sufficient Condition for an Economist”, *American Economic Review. Papers and Proceedings*, 75, 1985, p. 321). In view of the above, I have no hesitation in saying that reading the book is an exciting experience. Crespo’s narrative is very informative and inspiring. Above all, it helps the reader understand why the economic sciences must be integrated if one wants to capture economic phenomena in a non-distorted way. So, if statistics and economic history describe and provide the required information, positive economics explains economic causes and interprets the reasons underlying the phenomena. On the other hand, if normative economics prescribes the ends, the art of political economy designs policies to achieve those ends and implements them.

2. A point of critical relevance in Crespo's argument is his rejection of the celebrated "thesis of the great separation" between ends and means. Just because ends and means mutually interact, taking ends as given, as mainstream economics does, produces a truncated view of human action. Indeed, people use reason to decide, first, which ends to pursue and then to decide how to achieve them in the best possible way – as A. Sen insisted in several of his writings. Hence the call to abandon the instrumentalist orientation where means get all our attention and the ends virtually none. The discipline must return to being the study concerned with the good life and the good society, just as it was before the advent of Robbins's economics. "There are no economic ends, only economical means for achieving given ends... Economics deals with ascertainable facts; ethics with values and obligations. They are not at the same place of discourse" (L. Robbins, "Interpersonal Comparisons of Utility", *The Economic Journal*, 48, 1938, p. 635). George Stigler had the same idea when, fifty years later, he wrote that economists needed arithmetic, not ethics, to correct "social mistakes" (*Sic!*) (*The Economist as Preacher*, Chicago: University of Chicago Press, 1982, p. 8). The great A. Marshall took economics out of the moral sciences curriculum in Cambridge in 1903, convinced that "metaphysics" was putting good people off studying economics, since economics should be concerned purely with the efficiency of means.

A question naturally arises: when and where can we locate the origin of the great separation thesis? In his inaugural lecture for the new academic year at Oxford in October 1829, Richard Whately, the influential chair-person of political economy (and also bishop of the Anglican Church), states the NOMA principle (non-overlapping magisteria) (R.B. Emmett, "Economics and Theology after the Separation", in P. Oslington, ed., *Christianity and Economics*, Oxford: OUP, 2014). Whately's argument was that if economics was to aspire to the status of a proper science (in the positivistic sense), it should separate itself from both ethics and politics. He divided the tasks as follows: ethics, the sphere of values, has the task of defining the norms that guide human behavior; politics, the sphere of goals, has the task of establishing the ends that society wants to attain; economics, the sphere of means, has the task of finding the most efficient ways to achieve those ends, under the only constraint of respecting those values. Therefore, what need is there for economics to bother with the other two spheres? As a technician of means, the economist needs only the efficiency criterion. Despite the objections of many voices – that of J.S. Mill among them – all subsequent economic thought has more or less embraced this principle. The famous definition of economics given by L. Robbins in the 1930s is the clearest embodiment of the NOMA principle. Even today, the majority of the members of the profession continues to adhere to it.

One may wonder, as Crespo does: can we be sure that efficiency is such an objective criterion of choice to allow the economist to work undisturbed by ethical and political preoccupations? To provide an answer, it is necessary to consider the epistemological robustness of the rationality principle, which holds that rational action is a self-interested action. In other words, it is rational to act to pursue one's interests, whatever they are. Clearly, for such a principle to function as an effective regulator of economic relations among rational agents, it is necessary that such relations be embedded within shared practices regulated by specific norms. This implies that self-interest can function only if it is applied within a particular system of norms, such as the norm that imposes the respect of contracts. But if so, the further implication is that moral norms are necessary for the self-interest principle to apply – which is tantamount to saying that the authority of the self-interest principle derives from the authority of ethics. Indeed, assigning a sovereign role to the principle of self-interest would have catastrophic consequences in economic life, since that would mean that the respect of contracts (or other agreements) would itself be subordinate to the self-interest principle, which would destroy economic practices. Thus we can understand why rational behavior founded on self-interest presupposes the acceptance of a minimal set of moral obligations. This implies that the rationality of economic behavior is not as strong an explanation of economic facts as positive economics would have us believe. Self-interest does not stand alone as a criterion of economic rationality. (C. Bagnoli, *L'autorità della morale*, Milan: Feltrinelli, 2007).

3. Another major question that Crespo's book addresses with great competence is that concerning the well-known thesis of value neutrality as a criterion for defining scientific knowledge. Ethical cognitivism is the name given to those theories that recognize that value judgements are judgments of truth or, at least, they can be grounded, in some way, on truthful judgements. On the other hand, ethical non-cognitivism refers to those theories that deny that value judgements are truth judgements, since they are expressions of decisions, imperatives or subjective preferences. Non-cognitivism sustains the thesis of the division between knowing and evaluating, between being and having to be. This thesis is today the most widespread in contemporary culture, especially in areas such as economics, law and sociology. David Hume was the thinker who formulated it for the first time, but the XX century is the period when the non-cognitivist doctrine acquired dominance, thanks to the contributions of Max Weber, G.E. Moore, H. Kelsen and above all of neopositivism (Wittgenstein, Reichenbach, Hare). However, as this book indicates, recent developments in both epistemology and normative economics suggest that a reconsideration of

the role of reason in the foundation of values is under way. By distinguishing evaluative statements from value judgements proper, Crespo, after criticizing the strong version of the value neutrality position (according to which normative economics is illegitimate) and also rejecting the strong non-neutrality position (which holds that positive economics is totally value-impregnated), defends a weak non-neutrality position, whereby value judgements in economic inquiry are not always separable from judgements of fact. And this in no way jeopardizes the possibility of arriving at significant propositions, i.e., propositions which tell us something relevant about the world. What that position maintains is simply that value judgements cannot be *formally* demonstrated on the basis of truth judgements.

In this connection, it is of interest to recall what Hans Jonas wrote some time ago about the economist's responsibility in seeking criteria for selecting among different objectives: "The economic theorist continues to deny that economics can supply criteria of choice [for selecting objectives] and, consequently, has the authority to declare any stated goal 'right' or 'wrong' except for decisions regarding mere feasibility. Moreover, to the question of whether economic knowledge ... should be judged on the basis of its objectives or be considered a simple tool, the purist would respond by choosing the latter. This is the position of *scientific asceticism* which upholds the idea of the scientific purity of economics". (*The Imperative of Responsibility: in Search of an Ethics for the Technological Age*, Chicago: University of Chicago Press, 1984, p. 142). It should be noted that this self-censorship of economists – which borders on cynical defeatism – is based on nothing else but the adherence, often unconscious, to the idea of reason that posits value neutrality as a rule of good scientific endeavor. On the contrary, as this book clearly indicates, reason can be fruitfully used to select values, which shows that values and knowledge are not in conflict with each other. Indeed, as the double hermeneutic thesis teaches us, our beliefs about human nature help shape human nature itself, since what we think about ourselves and our possibilities determines what we aspire to become. In this sense, to maintain that the economic discipline is a morally neutral field of investigation is not just an intellectual makeshift; it is undermined by actual experience in the first place.

4. In a letter to his colleague and friend Maffeo Pantaleoni on July 30, 1896, Vilfredo Pareto wrote: "I am more and more convinced that no study is more useless than that of Political Economy. Tell me, had this science never been studied, would we be in a worse state than the present? All our Political Economy is a vaniloquium". Fortunately, Crespo did not follow Pareto's advice. *The Nature and Methods of Economic Sciences* offers us a great deal of food for thought. As its author admits ("In my opinion ...

this book remains incomplete and open to further discussions and elaborations”, p. 213), this book is a prolegomenon, a first step towards overcoming the crisis of foundations that has beset the economic discipline over the last half century. I would encourage Crespo to take a second step along the path he has begun.

“Some books are to be tasted, others to be swallowed, and some few to be chewed and digested” – wrote the famous empiricist Francis Bacon. [*Of Studies*, in the *Works of Francis Bacon*, Oxford: Oxford World Classics, 2008 (1597)]. The quotation continues: “That is, some books are to be read only in parts; others to be read, but not curiously; and some few to be read wholly, and with diligence and attention” (p. 439). Crespo’s book undoubtedly belongs to the last category.