

Hutchison and the possibility of a positive economics

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Abstract:

Hutchison argues that economists (from Mill and Senior to Robbins and Friedman) have too easily assumed that the positive-normative distinction was clear-cut so that, in Friedman's words, 'a positive economics is in principle independent of any particular ethical position or normative judgments'. Contrary to Friedman, Hutchison accepts the critics' views that ideology, value judgments and bias enter into economics. However, he analyses the various types and sources of these value judgments to show that, while fraught with difficulties, a positive economics – although of a different methodological kind – nevertheless remains a possibility and a goal worth striving for.

Key words: Hutchison, Robbins, positive-normative distinction, value judgments

JEL codes: B20; B40; B41

The standard view amongst most economists today is that 'economics is a positive, value-free science with no place for value judgments of any kind' (Boumans and Davis 2010, p. 169). According to Hands (2009, p. 18), economists generally consider the positive-normative distinction to be a strict dichotomy and support Robbins's (1932, 1935) view that 'the normative had no place in, and should be prohibited from, economic science'. The standard view likewise is in line with Friedman's (1953, p. 4) positivist statement that 'economics is, or can be, an "objective" science, in precisely the same sense as any of the physical sciences'.

There have been two long-standing criticisms of this orthodox view, both of which have failed to dislodge economists' perception of their subject as a value-neutral science. The motivation behind the first criticism is mainly political. Critics from the political left have viewed orthodox economics, not as a neutral science, but as an ideological justification for a, 'free-market', laissez-faire or capitalist, economy. Accordingly the Post-Autistic movement's criticisms have been viewed as no more than 'a stepping stone for a broader attack on the inadequacies of modern economics' (Colander 2005, p. 337). Associated with this political criticism is Myrdal's (1958, p. 1) well-known claim that 'a disinterested social science has never existed . . . our very concepts are value-loaded . . . they cannot be defined except in terms of political valuations'. The motivation behind the second criticism is mainly philosophical. Whereas positivist philosophy of science had viewed science as objective and value-free, Popper, Kuhn and Feyerabend subjected this notion to sustained criticism. Accordingly, mainstream economic methodologists (as opposed to economists), while supporting the quest for a 'positive economics' began to realize the difficulties involved

(Blaug 1980, pp. 129-56). Along with the meaning-meaningless, theory-observation, and analytic-synthetic distinctions, the fact-value distinction came to be viewed as another relic of the hegemony of positivist ideas. In this vein a leading economic methodologist has argued that it must be accepted that ‘the normative is involved (ethically and otherwise) in economic theorizing’ (Hands 2009, p. 18). Likewise Mongin (2006, p. 274) dismisses, what he terms the ‘strong neutrality’ claim of orthodox economics, since it implies that ‘the value neutrality problem is solved by Hume’s thesis about “is” and “ought”’.

In this paper I explore a third motivation for criticizing the orthodox view of economics as a positive, value-free science.¹ Since the criticism arises not from political or philosophical but from policy grounds, it is hoped that orthodox economists might be more receptive to the criticism. I argue that it was for practical policy reasons that Hutchison (1938, 1964) criticized not only the notion that economists can deliver neutral economic policy advice, but also the notion that ‘economic science’ itself is value-free. This is not to say that Hutchison eschewed philosophical questions, but that they remained secondary to his primary goal of furthering economics as a practically-fruitful, rather than a (philosophically light-bringing), discipline. I argue that it was this policy interest that motivated Hutchison’s 1938 essay. Against the background of the Great Depression, having in 1931 started a classics degree, he switched to economics in the hope that it could contribute to the practical solution of real world problems.

Hutchison began by pointing out that the orthodox claim of value neutrality rested on the assumption that a clear-cut distinction could be made between positive and normative statements.

The dichotomy between normative and positive propositions, and the assumption that it could and should be clearly and cleanly applied, was almost a basic tenet of the ‘orthodox’ methodology of economics for about a hundred years from Nassau Senior and J. S. Mill, through Cairnes, J. N. Keynes, Pareto and Max Weber, down to Robbins and Friedman (Hutchison 1964, p. 18).

While not disputing the orthodox tenet that the distinction *should* be upheld, Hutchison focused his attention on the assumption about the ease with which a clear-cut distinction *could* be made. The orthodox tradition, he complains,

has been rather facile in simply proclaiming a clear-cut distinction between normative and positive, with the apparent implication that the mere proclamation of the distinction guarantees that it is easy to maintain it, and to exclude from ‘economic science’, or ‘positive economics’, both value-judgments and bias (1964, pp. 49-50).

Hutchison (1964, p. 44) points out that Robbins (1935, p. 151n) claimed that the positive-normative distinction had in fact ‘been the practice of economists of the “orthodox” tradition ever since the emergence of scientific economics’ with Cantillon and Ricardo. His first main criticism, discussed in Section 3, involves examining the history of economic thought to show that, contrary to Robbins’s claim, in the practice of economics the distinction had often either not been made or, where attempts had been made, had been very difficult to uphold.²

Hutchison's second main criticism, discussed in Section 4, is concerned with showing that the possibility of a value-neutral 'economic science' involves wider issues which are not solved by the 'mere proclamation' of the positive-normative distinction. He proceeds to set out an analysis of the types and sources of value-judgments and bias in economics showing how these enter in three different stages of economic inquiry: the pre-scientific (or methodological) stage, the 'scientific' stage, and the post-scientific or policy stage.

Given that Hutchison (1938) is conventionally regarded as a positivist who introduced positivism into economics and that a key positivist tenet is that science is objective and denies even meaning to metaphysical propositions such as value judgments, many readers will regard with some degree of confusion the notion that Hutchison appears to so radically depart from this key positivist tenet. Contrary to this conventional view of Hutchison, I have argued that Hutchison neither supported nor introduced positivism into economics (Hart 2003, 2009, 2010, 2011). In light of this, Hutchison's analysis of the extent to which value judgments enter economic 'science' serves to provide further support for the view that he has been misrepresented as a positivist.

Since the paper is focused on explaining Hutchison's criticisms of the orthodox claim that economics is a positive, value-free science, I defer a discussion of the non-positivist nature of Hutchison's methodology to the end of the paper (Section 5). However, two methodological issues pertaining to Hutchison's position need first to be discussed since these will greatly aid appreciation of his two main criticisms. Accordingly Section 1 takes up the first methodological issue and argues that Hutchison's criticism of the orthodox value neutrality claim emerges as but one aspect of his sympathy with, what Cooter and Rappoport (1984) have termed, the 'material welfare school' of Marshall, Cannan and Pigou. The second methodological issue, discussed in Section 2, attempts to clarify Hutchison's criticism by relating it to Mongin's (2006) four-way classification of stances related to the value neutrality issue. Section 3 takes up Hutchison's first main criticism. Here Hutchison shows that a clear-cut positive-normative distinction has not been easily maintained and upheld in the history of economic thought. Section 4 takes up Hutchison's second main criticism. Here he distinguishes different types of value judgments and shows how these value judgments and bias enter economics. Section 5 attempts to show that Hutchison's criticism of the orthodox value neutrality claim emerges from his (non-positivist) methodology of economics.

Section 1 - The immediate background to Hutchison's criticism of the orthodox value-neutral claim: Robbins's radical changing of the subject matter of economics

Hutchison's motivating interest in economics as a 'fruit-producing' discipline is in sympathy with, what Cooter and Rappoport (1984, p. 512) have termed, the 'material welfare school' (MWS) of Marshall, Cannan and Pigou. According to Cooter and Rappoport (1984, p. 520), Robbins (1932, 1935) represented an 'attack' on the MWS. While Hutchison (1938) was primarily an attempt to respond to Robbins's (1932, 1935) 'ultra-deductivist' threat to the empirical tradition in economics, it is not too fanciful to suggest that it was also a response to this attack. Cooter and Rappoport describe the MWS in terms of three 'conceptual

framework' characteristics by contrasting it to the ordinal welfare economics (OWE) that developed in the 1930s in the wake of Robbins (1932, 1935).

The first characteristic concerns the definition of the subject matter of economics. The MWS saw this as being concerned with people's material welfare. Robbins viewed his scarcity definition as merely extending this subject matter to include non-material welfare. 'We do not say that the production of potatoes is economic activity and the production of philosophy is not' (Robbins 1935, p. 17). Yet, Cooter and Rappoport argue, his change of definition, adopted by OWE was 'instrumental in uprooting the existing body of knowledge' i.e. the MWS (1984, p. 521). This is because Robbins set out to provide a 'complete alternative' and a new 'research agenda' for economics (pp. 520, 527). This is certainly how Hutchison viewed Robbins's definition arguing that it excluded 'the entire possible factual material for the social scientist' (1938, p. 54).

The second characteristic concerns method. Whereas the MFS followed a broad empiricism, OWE adopted positivism. According to Cooter and Rappoport (1984), while 'empiricism' 'admitted common sense into social science', positivists interpreted 'observable events' in a more restrictive sense (p. 520). Positivists tended to argue that since subjective concepts such as 'happiness' cannot be observed, they fell outside the realm of science (p. 522). Aside from the issue of whether or not Robbins and the OWE adopted positivism, Hutchison's methodology follows the 'empiricism' of the MWS and not positivism as will be further argued in Section 5.

The third characteristic concerns different interpretations of 'utility'. For the MWS, "'utility" referred to the extent to which material needs were satisfied, which is observable' (p. 522). In terms of this conception of utility, goods had utility or use-value if they contributed to a person's physical well-being by satisfying material needs or deficiencies (rather than desires). For example, a hungry person has a more urgent need than someone deprived of entertainment. Accordingly, while measured against a norm (e.g. a physically fit individual), interpersonal comparisons of utility were observable and verifiable. This interpretation of utility seems to accord with that of Hutchison. This is evident in Hutchison's response to Robbins's prohibition of interpersonal comparisons of utility as a value judgment and therefore scientifically illegitimate.³ He argues that even though such propositions involve subjective valuation, they still have empirical content so that, provided that they are interpreted in terms of 'ordinary language', it is perfectly possible 'to define the concept of the comparison of the utilities of different individuals in a scientifically legitimate way' (1938, pp. 150-1).

Ordinarily, if one asks people how they know that a man gets utility out of a commodity, or how they know that one man gets more utility out a commodity than another . . . one will probably not receive the answer "I haven't the faintest idea, there are no conceivable means of knowing", but probably something to the effect that "This man regularly spends a greater percentage of his income on this commodity than the other" . . . That is what is called in ordinary language "one man getting more utility out a commodity than another . . . and herein lies the core of truth in the common-sense "comparison of utilities"' (1938, pp. 147-8).

Consequently Hutchison dismisses the proposition that no interpersonal comparisons of utility are possible because a rich person may ‘really’ get more utility from an extra dollar of income than a poor person, though this cannot be observed in any way. ‘Throwing the ball’ back at Robbins, he regards such a proposition as unscientific (in his sense) since it cannot conceivably be empirically falsified or verified (p. 149).

For OWE, ‘utility’ took on a very different meaning. Robbins adopted Jevons’s subjective interpretation of utility which referred to the subjective pleasures, desires, or preferences (Pareto’s concept of ophelimity) of different people (Cooter and Rappoport 1984, p. 522). The satisfactions enjoyed by different people could not be compared since they were unobservable. Hence interpersonal comparisons of ‘utility’ were held to be scientifically illegitimate. Where the MFS had traditionally concerned itself with the material well-being of different segments of the population, this practice had now been ‘defined out of economics’ by Robbins (p. 524).

These three characteristics of the MWS fit in closely with Hutchison’s methodology. Although value judgments are involved in interpersonal comparisons of utility, these have a measure of ‘objectivity’ since they are related to an ‘objective’ norm (a physically fit individual). This is why the MWS viewed themselves as practicing ‘positive’ economics. Economics ‘is a positive science of what is and what tends to be, not a normative science of what ought to be’ (Pigou 1932, p. 5). I argue in Section 5 that the MWS informed Hutchison’s perspective on the issue of value judgments in economics. It is in terms of the MWS stance, and not that of positivism, that Hutchison looked to the possibilities of economics as a ‘positive’ science.

Section 2 – Hutchison’s relation to Mongin’s four-way classification of stances on the value-neutrality issue

A further useful perspective on Hutchison’s criticism of the value-neutrality claim of orthodox (deductivist) economics is gained by relating it to Mongin’s (2006) four-way classification of theses about value neutrality in economics: strong neutrality, weak neutrality, strong non-neutrality and weak non-neutrality.

The strong neutrality thesis (that of orthodox economics and Robbins) is that economists can and should avoid making value judgments i.e. the view is of economics as an entirely neutral science. According to Mongin (2006, p. 274), it relies on Hume’s ‘is-ought’ thesis and the (crude) positivist outlawing of value judgments from science. He takes up Robbins’s claims that economics should be separate from ethics and that normative economics is illegitimate (p. 275). Mongin rejects this claim since it omits non-ethical evaluations, relying on a false dichotomy between economics and ‘ethics’. (‘Bizarrely, Robbins recognized that that an agent’s ordinary preferences were evaluations of a non-ethical sort’ p. 275).

The weak neutrality thesis (held by the new welfare economists) is that there are occasions when economists make value judgments, but that these value judgments are limited e.g. ‘that

[Pareto] optimization is an essential part of rationality' (p. 260). For the most part, however, the strong neutrality thesis is accepted.

The strong non-neutrality thesis (held by Myrdal (1958), neo-Marxist and heterodox economists) is that the social scientist cannot and should not avoid making value judgments. Economics is seen as a thoroughly normative discipline. Myrdal's main argument is that 'value judgments and judgments of facts cannot be separated logically' (p. 261). Mongin dismisses this argument by showing that this is not necessarily the case. The weak non-neutrality thesis (supported by Mongin) contradicts the strong neutrality thesis by arguing that occasions do in fact arise in which economists might make (or not make) value judgments depending on the circumstances. Contrary, however, to the weak neutrality thesis, it contends that value judgments 'are neither easy to spot, nor few in number, nor always separable – practically and even logically – from judgments of fact' (p. 261). In order to support his weak non-neutrality thesis, Mongin develops a philosophical analysis indicating the conditions under which judgments of facts can be separated from judgments of values. In the process he shows that the positive-normative distinction must be founded on an analysis of value judgments, not on Hume's 'is-ought' guillotine. That is to say, contrary to Robbins, the value neutrality problem was not solved by Hume (p. 274).

Mongin's (2006) framework provides a perspective from which we can see that Hutchison (1938, 1964) was criticizing two extreme positions, i.e. both the strong neutrality (Robbins) and non-neutrality (Myrdal) theses. Given this perspective, Hutchison's criticism would seem to fit in best with Mongin's weak non-neutrality thesis. However, this is the result of very different reasons. While Hutchison accepted the presence of value judgments in economics, unlike Mongin he does not lean towards the weak neutrality thesis and OWE. While Mongin's main motivation for criticizing the value neutrality claim appears to be philosophical, Hutchison's main motivation was to promote an economics that could contribute to the practical solution of real world problems. His 'solution' to the value neutrality problem was therefore 'practical' rather than 'philosophical'. Nevertheless Hutchison's (1964, pp. 64-73) analysis draws on 'philosophical' distinctions similar to those used by Mongin (2006, p. 278).

Section 3 – Hutchison's criticism of Robbins's claim that, in the actual practice of economics, the positive-normative dichotomy had been clear-cut and upheld

Contrary to Robbins's (1935, p. 151n) claim that since Cantillon and Ricardo economists had in fact upheld and maintained a clear distinction between positive and normative statements, Hutchison shows that historically this has not been the case.

Classical political economy

Hutchison accepts that Cantillon sought to exclude ethics and politics from economic analysis, but points out that this was not on any explicit methodological grounds (1964, p. 24). Hume's 'guillotine', the is-ought distinction, seemed to have little effect on contemporary political economists. The physiocrats and Adam Smith both worked within the

framework of natural law where ‘natural’ represented both ‘what is’ and ‘what ought to be’ (p. 24). Human intervention was unnecessary and undesirable (p. 25).

Instead, Hutchison points out, the ‘science-art’ distinction in political economy began only with Mill (1836) and Senior (1836) (p. 23). But the distinction was not clear, nor was it consistently upheld. For Mill (1836), science is distinct from art: it deals with truths and laws (what is) while art deals with rules and the means to an end (what ought to be) (p. 27). Yet in his *Principles* Mill (1848) reverted to Smith’s treatment, combining science and art (p. 29).

According to Hutchison, Cairnes (1873) regarded political economy as a science in the same sense as the natural sciences (1964, p. 33). While Sidgwick (1883) separated science from policy questions, Hutchison points out that he refused to confine the theory of political economy to economic science and entitled his final ‘book’ (Book III) of his *Principles* ‘The Art of Political Economy’ (1964, p. 35). Although Keynes (1890) criticized Sidgwick’s attempt to revive an art of political economy, he defined economics as not only a positive science and ‘a normative or regulative science’ but also as an art or ‘system of rules for the attainment of a given end’ (Deane 1998, p. 266). Hutchison points out that the Cairnes-Sidgwick-Keynes rule -- that ‘political economy or economics could and should be a positive science clearly separated from policy recommendations’ requiring value judgments -- brought widespread agreement (1964, p. 38). However, he questions the extent to which the rule was adhered to in practice, arguing that value judgments were not always removed but ‘driven underground or remained disguised, which could be much more dangerous and confusing than their uninhibited expression’ (p. 38).

Neoclassical and ‘early welfare’ economics

So far, Hutchison notes, the positive-normative distinction, although (contrary to Robbins) not clear-cut or consistently upheld, remained reasonably clear enough. However, the rise of utilitarianism added confusion to the distinction (p. 40). It was not that the desirability of the distinction was brought into question. Rather, with the developments in utility theory there seemed less need to actively uphold the distinction. The marginal utility theory of value with its emphasis on the subjectiveness of values encouraged the superficial view that the value judgments (social values or welfare) that constituted the ends of policy ‘were relative and subjective compared to the “objective”, “positive” propositions of economic science’ (p. 40). The development of consumer preference theory (with the new preference concept of utility) and welfare economics seemed to allow economists to dispense with, or reduce, the value judgments needed to make policy recommendations to one or two widely accepted value judgments ‘generally accepted by all reasonable men’ (pp. 40-1). However, Hutchison argues that these value judgments were not generally acceptable. In particular, welfare economics involved the controversial proposition (Marshall’s ‘the doctrine of maximum satisfaction’) that perfect competition maximised welfare (p. 41). Marshall traced this notion to the French orthodox tradition started by Bastiat (‘that most facile and most superficial of the expounders of laissez faire’, Viner 1991, p. 217) whose ‘positive analysis of a competitive economy was completely fused with the normative advocacy of free competition and even laissez-faire’ (p.

41). Likewise Mises (1960) fused ‘the science of political economy and the doctrines of free-market liberalism on the lines of Bastiat’ (p. 42). By adhering strictly to scientific procedure, ‘liberalism must appear as the only policy that can lead to lasting well-being’ (Mises 1960, p. 39).

Added to the above difficulties in maintaining the positive-normative distinction, Hutchison points out that in the case of the French, Austrian and German schools — again contrary to Robbins — the distinction hardly exists. Following in the tradition of Bastiat, Walras’s three elements of economics — pure (competitive model), applied (policy) and social (distribution) — all constituted ‘economic science’ for him with no distinction being made between the positive and normative aspects. While Pareto, given his ‘severely positivist methodology’, rejected Walras’s ‘metaphysics’ and called for the exclusion of value judgments from economic science, Hutchison points out that both the Austrian and German schools failed to uphold the positive-normative distinction (p. 42).

To sum up, Hutchison argued that, contrary to Robbins’s claim, the positive-normative distinction has in fact not been upheld and clearly maintained in the history of economic thought. It was not upheld by Smith nor the physiocrats who both worked within the natural law tradition. It was inconsistently upheld by Mill. Its clearest statement as a desirable principle was by Cairnes, Sidgwick and Keynes. Yet Hutchison questions the extent of adherence in practice to this rule and points out that value judgments may have remained or being driven underground. Nevertheless, up to this time, the positive-normative distinction itself was reasonably clear. However the development of marginal utility theory brought confusion to the distinction. In particular, the preference approach to utility made it appear that the propositions of economic science were positive and objective so that there seemed less need to actively uphold the positive-normative distinction. In the case of the French, German and Austrian schools the distinction hardly existed. As a first step in his criticism of the orthodox claim that economics is a positive, value-free science, Hutchison provided detailed evidence challenging Robbins’s claim that the positive-normative distinction had been clear-cut and actively upheld in the history of economic thought.

Section 4 - Hutchison’s analysis of the types and sources of value judgments that enter economics

While Hutchison is critical of the orthodox view (the strong neutrality position) that all value judgments can be excluded from economics, he is also critical of the opposite view (the strong non-neutrality position) that all economic concepts are so value loaded that no value judgments can be excluded.⁴ The trouble with such ‘sweeping pronouncements’, Hutchison (1964) points out, is that they often have not been supported by any serious analysis (p. 51). He therefore sets about examining whether or not value judgments enter into economics and if so, ‘exactly where and how the valuations creep in’ (p. 52). Hutchison distinguishes between ‘pre-scientific’ and ‘post-scientific’ value judgments. The former are inevitable in any science (whether natural or social) while the latter are logically necessary if policy recommendations are being made (p. 53).

The 'pre-scientific' or methodological stage

Concerning 'pre-scientific' value judgments there are two types.⁵ The first type concerns the choice of subject matter or problems to be studied (air defence, consumer tastes). This choice depends on a (personal) value judgment or prejudice about what it is important to conduct research on. It also depends on social or political pressure that might lead to whole areas of enquiry being either examined or neglected (p. 56). The second type concerns the choice of criteria of 'scientific' method or rules of procedure (e.g. laws of logic, willingness to test, avoidance of ambiguity) by which the subject matter or problems are to be studied and a scientific consensus reached. This involves a value judgment in favour of using such rules (p. 54). Although the rules of procedure have been widely disregarded, there is a difference between a game of football (disciplined 'scientific' study of economics) and a free-for-all (political propaganda) (p. 55).

Hutchison argues that the choices regarding subject matter and rules of procedure are not made as the result of a completely detached intellectual interest but are inevitably influenced by personal interests or subjective bias and frequently by political and ideological prejudice (p. 59). An economist may approach questions equipped with an ideology. 'Ideologies' may be regarded as 'large-scale comprehensive explanations of the economic, social or political universe' that fix a limited framework for research (p. 60). Alternatively, an economist may be equipped with a social or political philosophy or 'vision'. Quite a few economists, having adopted values such as 'freedom' or 'equality', seem to have attempted an economic justification of them. In these cases, their policy advice reflects no more than their political predilections (p. 61). Schumpeter uses the concept of ideology as the source of 'visions' of the economic system (which have been the starting point for Smith, Marx and Keynes). Analytic work, Schumpeter says, 'begins with the material provided by our vision of things' (1954, p. 41). This vision expresses the picture of things as we see them (and wish to see them). According to Hutchison, the most important classification of economists' visions concerns their views on the role of the state versus individualist enterprise and the market mechanism. Such views may shape the selection of facts about economic processes. For example, the planner and the free-marketeer tend to assert as empirically valid widely differing pictures of the economic world (p. 63).

While these ideologies and visions are to be found at the start of the scientific process – the pre-scientific stage – it remains to be examined why and how these ideological elements 'can and do survive the discipline of the scientific process, and how far their survival is inevitable' (p. 64).

The 'scientific' stage

Contrary to the claim of orthodox economic methodology that economics is a positive, value neutral science, Hutchison now proceeds to outline four main sources, or points of entry, of value judgments into the 'scientific' stage of economic enquiry.

A Persuasive language and value-loaded concepts

According to Myrdal (1958), ‘our very concepts are value-loaded . . . they cannot be defined except in terms of political valuations’.⁶ Streeten (1958) argues that these concepts ‘derive their meaning from a purpose, an interest, and involve choice and, therefore, valuation’ i.e. [value judgments]. Hutchison sets about examining these claims by distinguishing four different kinds of choice (p. 65). The first three concern choice of (1) language (German or mathematics), (2) definitions of imprecise everyday concepts (wages, savings), and (3) measurement of concepts (index of national income). Insofar as there is agreement that there is no single best choice in these cases, they may be said to represent ‘pre-scientific’ value judgments, e.g. in favour of clarity of communication.

However, the fourth kind of choice (4) involves a value judgment that cannot be said to be ‘pre-scientific’ or methodological. While ‘pre-scientific’ value judgments are persuasive in the sense that they suggest the concept (or what it refers to) is worth discussing, the fourth choice is made with the intention of using a concept in order to influence what is judged politically or ethically desirable – or suggesting that it is the single best choice or only legitimate concept, classification or definition (pp. 67-8). Exercising this fourth choice would break one of the rules of scientific procedure. Hutchison acknowledges that, not only this rule but, all of these rules are constantly broken by economists. Yet, if economics is worth practicing as a ‘scientific discipline’, there is an obligation to follow the rules (p. 69).

If Myrdal’s (1958) claim that ‘our very concepts are value-loaded’ means that economists often, though not inevitably, approach their problems, and proceed to conceptualize them, very heavily and intensively loaded with moral and political predilections, then Hutchison more or less agrees with him. But Myrdal’s claim might well be taken to imply significantly more than this, in which case Hutchison it must be rejected (p. 69). This is because, while some terms, e.g. welfare, carry too heavy a value load, the ‘unloading’ (via use of the positive-normative distinction) of most of the main economic concepts is quite practicable.⁷ Contrary to Myrdal’s claim, persuasive language and concepts do not represent some kind of inevitable all-pervasive value-loadedness in economics (Hutchison 1964, p. 72). In other words, while Hutchison rejects the orthodox strong neutrality thesis, he also rejects (Myrdal’s) strong non-neutrality thesis.

B. Bias in assessing empirical evidence due to the difficulty of testing hypotheses

For Hutchison, the ‘objectivity’ of scientific statements depends on the empirical testing of hypotheses. However Hutchison points out that testing is very difficult in economics, as explained by Friedman (1953). Much of economic theory remains untested or is practically untestable sufficiently to remove disagreement (Hutchison 1964, p. 75).⁸ Von Mering (1950) points out that many facts in the economic world are not known, or are controversial or debatable (p. 77). As a result of this three kinds of bias may enter.

Political bias may enter since an economist may attach quantitative significance to a fact which enables her to arrive at an ‘objective’ conclusion in line with her own political ideals. For example, while socialist economists tend to emphasise the growing quantitative significance of economies of scale (and thereby a trend towards monopoly), free marketeers

tend to reverse this significance (p. 79). Quite independently of political bias, a school of economists, may see and weigh the evidence, as they want to see and weigh it, out of a determination to uphold its particular theory. Alternatively, bias may result from a desire to come to some general conclusion, or from a tendency to selective simplification, or 'modellization' (p. 80).

Despite the forgoing, none of these kinds of bias need be held to (completely) destroy scientific objectivity. Empirical testing of hypotheses often (but not always) succeeds in eliminating these various kinds of bias.

C. Bias in assessing empirical evidence due to the subjectivity of the selection of causes and 'determinants'

Given the complex interdependence of economic, social and political phenomena, and the difficulties of testing, it appears the economist has to subjectively select and 'weigh' causes (p. 86). In this way 'political prejudices and valuations get into and can survive in the shaping of economic theories' (p. 88). As Lutz (1957) remarks, according to one's attitude in principle to state intervention, the theorist may (perhaps subconsciously) search for those causal chains which justify interventionist measures or the reverse i.e. emphasize frictions obstructing the movement to a new equilibrium (p. 86). Again, it is possible (and often seems to be the case) that an economist (subconsciously) uses a short-period treatment of causal processes because she favours state intervention, or a long-period treatment because she is opposed to it. The relation between selection of causes and political bias is especially close in mono-causal theories such as the labour theory of value and some versions of marginal utility theory stressing 'consumers' sovereignty' (p. 88).

D. Bias in assessing empirical evidence due to the subjectivity of economic predictions

The uncertainty and subjectivity of predictions and forecasts in economics leave a wide scope for the possible workings of bias and 'prejudice' (p. 101). Hutchison concludes that most social and economic prediction has to consist of forecasting on the basis of hunch, judgment, guesswork and insufficiently tested generalizations, which may be shaped by subjective optimism and pessimism stemming from political and ideological presuppositions (p. 101).

The post-scientific or policy stage

The orthodox view of economics as being value-free extends to the post-scientific stage i.e. to the application of 'economic science' to questions of public policy. According to the orthodox conception economists can, by distinguishing between means (instruments) and ends (objectives), provide value-free advice concerning economic policy (p. 108). That is, provided the ends are taken as given (i.e. decided by a political authority), the economist can provide neutral advice about the costs and benefits of the various policies (means) to achieve them (Blaug 1980, p. 149). In the policy field the idea is that the 'scientific' economist can remain neutral by not choosing between the value-laden ends and confining advice to the purely technical and positive means.

Hutchison (1964, pp. 108-16) describes three main problems concerning the misuse of the means-ends classificatory framework. First, like the positive-normative distinction, the means-ends distinction is not clear-cut. Huxley argues that the means employed determine the nature of the ends produced (1938, p. 9) while Smithies (1955, p. 3) points out that ‘the means chosen to achieve a particular end today may alter the ends of tomorrow’. Dahl and Lindblom (1953, p. 26) point out that the ends are often themselves means in a lengthy chain of means and ends (p. 114). And, as Stevenson (1944) has pointed out, a decrease in unemployment can be regarded as both an end in itself and also as a means to a better distribution of income (p. 114). Furthermore, ‘economic’ or material ends are not ultimate ends but only ‘instrumental goals’ (p. 114).

Second, apart from the means-ends distinction not being clear-cut, Hutchison takes up Myrdal’s (1958) ‘valid and important’ point that, although the idea is to attach values only to the ends, values attach also to the means which are not only instrumental (p. 110). Following Myrdal, he argues that the means are not neutral because they are not pure ‘means’ but have ‘intrinsic values attached to them apart from the ends they promote’ (p. 110). The ends are incompletely stated and spill over into the means so that it is only via a concealed value judgment that the means can be described as neutral (p. 110).⁹

In terms of Robbins’s (1935, p. 34) examples, it is implied that no value judgments are involved in recommending ‘means’ to achieve given ends (pp. 110-1). Here Robinson Crusoe has to choose between the ends of warmth and protection in allocating his scarce means – a quantity of timber. The timber may be used to make fires or to build fences. Here the means would seem to be neutral and interchangeable and to have no intrinsic value of their own apart from promoting the ends, provided that Crusoe’s preferences are unambiguously and completely given. Likewise, in the case of a housewife allocating her scarce means (pennies) between different household wants, the means would seem to be neutral. However, Robbins’s examples Hutchison points out:

are not problems of social or political economy, and it is highly dangerous to extend this use of the means-ends categories to questions of policies and institutions such as the choice between monetary and fiscal policies and the nationalization or denationalisation of the steel industry. The ‘means’ here are not neutral . . . since the choice between them affects the whole distribution of powers, and ways of life, of the community (1964, p. 111).

In the social world, the means-ends categories are confusing and dangerous to use because there are virtually *no* policies or institutions or arrangements that can be regarded as purely neutral ‘means’ (p. 113). Neither nationalisation or privatisation of industries nor fiscal and monetary policies can be treated as purely neutral means towards the ends of growth or economic stability without implicit political value judgments.

Third, in the means-ends framework, Hutchison criticises the end of ‘maximising welfare’ as an ‘empty formula’ about ‘what serves society best’. For example, it is misleading to announce that the single agreed end is to maximize welfare and to pretend that we differ only in our view of the best neutral means of attaining it. This is because ‘what we really differ

about is our ideas of the welfare of the community' (p. 113). In other words, the end of 'maximising welfare' obscures the fact that there *are* conflicts between different ends or values such as freedom and justice, progress and security, 'privateness' among libertarians and 'publicness' among socialists. 'The tragic element in decision-making arises often, not from the conflict of good with evil, but from the conflict of true values with each other' (Viner 1991, p. 219). For Hutchison, the purpose of economics is to clarify the choices society has to make between these conflicting ends. This being the case, Hutchison objects to the 'Utopian dogmatism' of some economists who argue that their system resolves these inherent conflicts and the need for choice because it leads to 'a maximum of *all* ends' (freedom and distributive justice, stability and growth) (p. 113).

These various criticisms of the means-ends framework, Hutchison argues, do not imply that the means-ends distinction cannot be drawn or that means-ends statements are *inevitably* value-loaded so that the economist must inevitably resort to value judgments in discussing policies (p. 114). Neither does it mean that the economist cannot separate positive statements about the means (consequences of various policies) from the value judgments about the desirability of policy objectives. What tend to get misclassified as 'means' are often differing political or social institutions (e.g. free markets or nationalised organisation of an industry) and this involves making implicit social and political value judgments (p. 115). But then by treating such institutions as simply 'means' the pretence seems to be made that politico-economic issues can be decided by purely economic expertise 'when in fact there is no well-tested or corroborated economic theory or generalization to support them' (p. 116). This confusion is fostered by packing all the variety of ends into the hold-all of 'maximum economic welfare'. It is not that the means-ends classification constitutes an inevitable source of value-loadedness in the discussion of economic policies. The real source of confusion is the difficulty of 'stating even reasonably fully and precisely the objectives of policies' (p. 116).

Section 5 - Relating Hutchison's criticism of the orthodox strong neutrality position to his methodology of economics

Hutchison (1938) was mainly a response to what he saw as a dangerous challenge to the empiricist tradition in economics in the form of Robbins's (1932, 1935) 'ultra-deductivism' and von Mises's (1933) radical apriorism. Hutchison (1998, p. 44) argues that Robbins's Essay represented a more extreme form of the earlier 'ultra-deductivist' rationalism of Ricardo, Senior and Cairnes as contrasted with the 'wiser' practice and principles of Smith, Marshall and J. N. Keynes.¹⁰ Because Hutchison not only criticized Robbins's deductivism, but also repeatedly cited logical positivists to support his criticism, it appeared that he had adopted positivism. As discussed earlier, I have argued that such a view is mistaken. When pressed by Knight (1940) for his philosophical position, he responded reluctantly by saying that, insofar as he had a position, it would follow in the tradition of Hume, Locke and Berkley (Hutchison 1941). Hutchison's position may possibly be described as following most closely to Marshall, who described himself as being 'midway' between J. N. Keynes and Schmoller (Marshall, quoted in Coase 1994, pp. 170-171).

One way of relating Hutchison's criticism of the orthodox value neutrality claim of is to distinguish three aspects of Hutchison's methodology: (1) his view of the aims and subject matter of economics; (2) his proposal that, given the subject matter, these aims are best tackled via an 'empirical-inductivist' approach (which differs significantly from a 'positivist' approach); (3) his belief that economic problems (being policy problems) were intimately bound up with institutional, historical, and political issues so that value judgments were unavoidable in economics. While these aspects led Hutchison to deny the strong neutrality claim, neither did they lead him to adopt the strong non-neutrality claim. Instead he held to a variation of the weak non-neutrality position. This was not due to philosophical reasons such as Mongin (2006). Instead he proposed his Principle of Testability as a practical measure that economists could use in the policy arena when confronted with arguments reflecting political bias and propaganda. Via his Principle of Testability a rough but vital rule could be effected (in addition to the 'positive-normative' distinction) and used to counter political bias and propaganda. It was a value judgment, that the Principle of Testability was worth upholding, that led to the possibility of a 'positive' economics.

Hutchison's view of the aims and subject matter of economics

Hutchison in 1931 started a classics degree at Cambridge, but in the midst of the Great Depression switched to economics in the expectation that here was a subject with practical significance for the widespread unemployment surrounding him. What was important to him about economics was the extent to which economics could contribute to the practical solution of real world problems: 'It doesn't matter whether it's a science or not. It's a matter of whether it [economics] can slightly reduce instability'. In this regard, macroeconomics is 'the great achievement of economists in the twentieth century' (see Hart 2002, p. 375). As an undergraduate at Cambridge, Hutchison was shocked by Robinson's (1932) call that economists should put aside their practical 'fruit-producing' search and instead concentrate on bringing philosophical 'light' by concentrating on refining formal techniques. Hutchison (1938, pp. 164-6) points out that scientists do not justify their work in terms of the certainty of the propositions they put forward, but rather in terms of its practical usefulness. According to Hutchison (1994, p. 27), the traditional aim of economics has been 'policy guidance'. Colander (1994, pp. 48-9) sees his methodological view as similar to that of Hutchison. For him, economists are mostly concerned with applied policy or J. N. Keynes's 'art of economics', i.e. with relating 'the insights learned in positive economics to the goals determined in normative economics' (p. 35).

While Hutchison points out that in the Cambridge of the 1930s Marshall was considered 'a back number', there seems little doubt that Hutchison aligned himself with the view of the Material Welfare School (MWS) of Cannan, Marshall and Pigou on the subject matter of economics. Given a scale, economic welfare would be on the material end, and non-economic welfare on the non-material end. For the MWS, "utility" referred to the extent to which material needs or deficiencies were satisfied, which is observable' (Cooter and Rappoport, p. 522). Thus, contrary to Robbins (1935, p. 17), the production of potatoes *is* a concern of economic welfare while the production of philosophy is not. Hutchison, in keeping with the

MWS, likewise seems to view economics as being concerned with material ends. ‘Many, or most, so-called “economic ends” are not, except for thoroughgoing materialists, at all ultimate “ends” but rather “instrumental goals”’ (1964, p. 114).

Hutchison’s empirical-inductive approach

Hutchison is conventionally regarded today as having introduced positivism into economics. However, I have argued that view is mistaken (Hart 2003). To begin with, Hutchison does not adopt, what Hands (2001) describes as an off-the-shelf approach to the philosophy of science. That is, he does not pick a philosophy of science (positivism) and attempt to directly apply it to economics. Instead he is explicit about rejecting the view that economists should rely on philosophers for their economic methodology, insisting that economists should decide on methodological (and philosophical) issues themselves (Hart 2002, p. 369). Indeed Hutchison’s ‘empirical-inductive’ methodology is usefully described by contrasting it to certain key tenets of positivism concerning the unity of science, scientific laws, the hypothetico-deductive method and scientific predictions.

A key tenet of positivism is the unity-of-science thesis, that is, that science is unified both in terms of being reducible to physics and in terms of method (i.e. the social sciences should use the same method as the natural sciences) (Kincaid 1998, p. 559). Friedman (1953, p. 4) reflected this (off-the-shelf-of-positivism) view when he claimed that ‘economics is, or can be, an “objective” science, in precisely the same sense as any of the physical sciences’. In contrast, Hutchison argues that the ‘generalizations of philosophers and others about “scientific method”’ are often unsatisfactory because the subject matter of the discipline is not taken into account (Hutchison 1988a, p. 175). ‘The relevance of the methodological principles must depend on the nature of the material with which a particular subject has to deal’ (Hutchison 1976, p. 189). For one thing, Hutchison notes that, unlike the natural sciences, the material with which economics has to deal ‘is not homogeneous through time’ (1981, p. 297). The material therefore cannot be treated in terms of the ahistorical approach of positivism. Against this background, Hutchison (1981, p. 273) criticized Friedman’s (1977) ‘positivist’ emphasis on the similarities between the natural and social sciences and insisted on the importance of crucial dissimilarities. In the light of these he argues that ‘it is unjustifiable to conclude’ that the methods of the natural sciences are necessarily the most appropriate for the social sciences’ (p. 274).

Another key tenet of positivism concerns the nature of scientific laws and the view that the hypothetico-deductive method is the only appropriate method for science. Logical positivists viewed scientific theories as embracing universal laws holding for all time and places (Braybrooke 1998, p. 840). The view that scientific explanation must be deduced from a universal law went hand in hand with use of the hypothetico-deductive method. In stark contrast to this, Hutchison (1938, p. 62) argued that many scientific laws are rightly regarded as the result of inductive inferences. He therefore points out that ‘the rejection or neglect of induction by strict hypothetical deductivists (like Popper and Hayek) also tends towards obscurantism by insisting on excluding a method not used in physics, even when the material

of economics requires induction if the aims and problems of the subject are to be tackled' (Hutchison 1992, p. 57). According to Hutchison (1977, p. 15), 'so far, in economics and the social sciences, virtually no, or very few, predictively significant, non-trivial laws, or generalisations have been discovered, which meet up, even approximately, to such a standard [as found in the natural sciences]'. Indeed, only '*trends, tendencies, or patterns*, expressed in empirical or historical generalisations of less than universal validity, restricted by local and temporal limits' can be used as the basis for predictions in economics (original emphasis) (p. 15).

'Predictions' may be divided into (a) 'scientific prognoses' based on tested scientific laws and (b) 'forecasts' which *may* make *some* use of scientific laws and theories but which go beyond these in forecasting what will happen, outside of the range of tested scientific laws and theories (Hutchison 1964, p. 93). There is, in fact, a whole range of 'predictions' from scientific prognosis on the basis of physical laws to weather forecasting to economic forecasting of next year's GNP, to stock market forecasts and to football forecasting. The transition turns on the degree of reliance on scientific laws and is so gradual as to render rather arbitrary any clear-cut dividing line (p. 95).

The fact, according to Hutchison, that only trends of limited generality are to be found in economics, means that economists need to test at every possible stage of the scientific process and not only at the end, as in the hypothetico-deductive method:

Without specifically advocating the testing of 'assumptions' of theories, - whatever precisely is to be understood by this term, - one can hold that empirical evidence, and indeed every sort of relevant test, should be brought to bear wherever possible in economics (Hutchison 1960, p. xiii).

Hutchison's view of the relation between economics and policy

The conventional view is that economics concerns 'positive' analysis (how something may be done) and that it is the purpose of normative economics to make policy recommendations (that something should be done) (Blaug 1980, p. 145). Since Paretian welfare economics depends on widely shared postulates such as consumer sovereignty, it is sometimes interpreted as value free. However even liberals such as Rowley and Peacock (1975) have pointed out that the postulates involve value judgments that are not that widely shared.¹¹ Today, Paretian welfare economics is generally considered normative 'concerned with the ethical criteria by which we decide that one economic state of the world is more desirable than another' (Blaug 1980, p. 143, 146; Melck 1987; Strydom 1990). This would seem to mean that value judgments are necessarily involved in making policy recommendations. Yet even those who accept that Paretian welfare economics is normative, argue that nevertheless the economist can provide positive, value-neutral policy advice.

Indeed the classic textbook view is that, by use of a means-ends framework, economists can provide purely technical, value-free policy advice, that is, the economist can be viewed as a technocratic policy adviser (Blaug 1980, p. 149). This notion appears to date back to Robbins (1932, 1935) whose very definition of economics was in terms of ends and means.

Economists were to eschew concern with value-laden ends, but provided these policy ends were given (by government), economic experts or consultants could then provide value-free ‘scientific’ advice concerning the means to governments. However, there are serious problems with this conventional approach.

Hutchison (1938, 1964) was among the first to raise these problems, as discussed in Section 4. The value-free nature of this policy advice depended on a clear-cut distinction between means and ends.¹² Yet, Hutchison showed, that like the positive-normative distinction, the means-policy ends distinction is far from clear-cut. Blaug (1980, pp. 150-1) points out further problems: decision-makers (in government) do not first decide upon the ends and then look for policies to achieve them. Instead, means and ends are ‘indissolubly related’ effectively being chosen simultaneously. Furthermore this conventional view cannot be justified as an ideal at which to aim since, he argues, such an ideal can never be approximated in reality so that the conventional view simply ‘contributes to systematic self-deception among economists’ (p. 151).

Aside from his ‘empirical-inductive’ approach, one of the reasons that led to Hutchison questioning the conventional view that economists could provide neutral policy advice concerns the fact that he left Cambridge for Germany where he experienced at first hand the rise of fascism from 1934 to 1938. In these circumstances Hutchison looked to ‘science’ as a means of combating the German idealistic philosophy that he saw as supporting the growing totalitarian menace to liberalism and justifying (Nazi) economic policies (Hutchison 1938, pp. 11, 16; 1960, p. xi). It was against this harshly politicized background that Hutchison argued that if economists are to provide practically useful policy advice (which he saw as the aim of economics) then their conclusions need to take into account both economic and political factors (Hutchison 1938, pp. 164-6). In support, Hutchison cites Weber’s (1922, pp. 168-9) point that every (national) policy problem is a politico-economic problem, i.e. it involves both economic and political factors. Just as economists rightly condemn politicians who consider only the political aspects of economic policy without taking account of economic effects, so economic advice (e.g. regarding inflation) which takes no account of the corruption or political unrest it might lead to is equally one-sided and equally to be condemned (1938, p. 165). Yet it is commonplace for economists to emphasize that their advice is based only on the prediction of economic effects. Such advice is basically useless and serves simply to confuse those faced with making practical decisions (p. 165). It is for these reasons that Hutchison argues that economists accept that institutional, historical and political factors – together with the value judgments arising there from -- are inherently bound up with economic ‘science’ and particularly economic policy.¹³

Against this background it might seem that Hutchison’s goal of promoting a ‘positive’ economics that serves to offer practical policy advice is scuppered by the myriad value judgments arising from his acceptance that policy problems are inherently politico-economic. ‘The real questions of economics, much more than any other subject, scientific or otherwise, are constantly and intimately involved with controversial political, indeed party-political, issues (1988a, p. 169). Hutchison’s methodological prescription for this state of affairs is

aimed at helping ‘practitioners’ of economics rather than philosophers of science. It is in this policy context – this constant and intense involvement of economics with politics – that he proposed his Principle of Testability. While Popper’s falsifiability principle distinguished between science and non-science, Hutchison’s criterion distinguishes between theories that have undergone empirical testing and those that have not. ‘It doesn’t matter whether we call this science and non-science but the distinction is important’ (Hutchison 1988b, p. 25). By appealing to the Principle of Testability (which embraces this distinction), ‘positive’ economists are provided with a tool wherewith to fight the bias, prejudice and propaganda inherent in the material with which they have to deal. The Principle of Testability does not distinguish between a (value-free) science and non-science but rather serves to distinguish between a value-laden ‘science’ and a free-for-all propaganda. It is via this vital principle that Hutchison argues that the possibility of a ‘positive’ economics lies. In particular his principle is directed towards exposing attempts to ‘buttress political preferences and policies with the prestige of a neutral “scientific” analysis’ (Hutchison 1953, p. 192). Its aim is to guard against or reduce the bias inherent in the subject matter with which economics has to deal. In contrast to Popper, the aim of testing is not to ‘cleanly and conclusively’ knock-down theories but to weaken the position ‘of any theory or programme claiming to represent a dominant orthodoxy, the influence of which may really be based appreciably on dubious ideological, or external, factors’ (Hutchison 1981, p. 275). It is this policy and political perspective that is crucially involved in Hutchison’s Principle of Testability.

Conclusion

In terms of Mongin’s (2006) classification of stances on the issue of value neutrality in economics, Hutchison (1938, 1964) criticized both the strong neutrality thesis of, what he termed, the ‘orthodox’ economic methodology as well as the strong non-neutrality thesis associated with Myrdal (1958). While his stance appears closest to Mongin’s weak non-neutrality thesis, there are important differences. These arise in part because Mongin appeared motivated for primarily reasons of philosophical clarity, while Hutchison’s criticism of orthodox economics methodology arose primarily from a different purpose: to promote an economics that could deliver practically useful policy advice.

Towards achieving this purpose, Hutchison sought to criticize the ‘orthodox’ economic methodology for its overly deductivist and rationalist method which, he argued, was not suited to the material with which economics had to deal. This material required a more inductive method and a more empirical approach. However, in making this argument, Hutchison drew liberally on the then prevailing philosophy of science, logical positivism, since this emphasized the need for a more empirical approach as compared to the ‘orthodox’ deductivist approach. This, plus the influence of Knight (1940), led to the perception that Hutchison was a positivist and that he introduced positivism into economics in his 1938 essay. As argued above and elsewhere, I contend that Hutchison has been misrepresented as a positivist. This paper has served to reinforce this argument by showing the extent to which Hutchison departed from a key positivist tenet, namely, that science was an objective, value neutral enterprise. This is not to say that Hutchison was not vitally concerned to promote an

economics which was ‘positive’. Rather, Hutchison’s view of a ‘positive’ economics differed from both the conception of the (deductivist) ‘orthodox’ economic methodology and from that arising from positivism.

In the foregoing we have detailed Hutchison’s two main criticisms of the ‘orthodox’ view that economics is a positive, value-neutral science. Hutchison set about challenging the orthodox view by criticizing its complacency about the ease with which objectivity could be achieved by simply assuming the existence of a clear-cut distinction between positive and normative statements. Aside from the question of whether or not a clear-cut distinction could in theory be upheld, he aimed in his first criticism at showing that, contrary to Robbins’s claim, the positive-normative distinction had not, in fact, been clearly upheld in the history of economic thought. The physiocrats and Adam Smith thoroughly mixed up positive and normative notions, while J. S. Mill was inconsistent. Although there was widespread agreement with the view of Cairnes, Sidgwick and J. N. Keynes that the distinction should be upheld, Hutchison questioned the adherence to this ‘rule’ and queried the extent to which it may simply have driven value judgments underground. In the case of the French, Austrian and German ‘schools’, Hutchison pointed out that the distinction hardly existed.

Regarding his second criticism, Hutchison showed that, contrary to the ‘orthodox’ economic methodology, value judgments enter economics at three different stages. In the first, or ‘pre-scientific’ stage, these value judgments were ‘methodological’. They concerned the choice of subject matter and the method, or rule, of procedure adopted in examining this subject matter. While the choices regarding subject matter and procedure were influenced by a person’s personal interests, Hutchison argued that they were also influenced by their ideologies. In this regard, Schumpeter had shown how Smith, Marx and Keynes’s economic analysis had originated in their ‘visions’. In this vein it might be said that Robbins’s vision influenced his views in choosing his approach to the subject matter and method of procedure for economics. Cooter and Rappoport (1984) make clear the extent to which Robbins (1932, 1935) ‘attacked’ the view of the MWS that the subject matter of economics concerned material welfare.

In the second, or ‘scientific’, stage, Hutchison showed that value judgments enter via the use of persuasive language and bias. Even in the scientific stage it was possible for a concept to be used in order to influence what is judged to be politically or ethically desirable. Likewise bias enters the scientific stage for various reasons. One major reason stems from the fact that due to nature of the material it is difficult to empirically test hypotheses. Again, the nature of the material gives rise to the need to subjectively select causes or determinants and here bias enters especially in such mono-causal theories as the labour theory of value and those versions of the marginal theory of value that stress ‘consumers’ sovereignty’. Then again the nature of the material means that economic predictions are more like inductively-derived ‘forecasts’ than the logical predictions resulting from a hypothetico-deductive framework. In these circumstances such predictions may well be shaped by political presuppositions.

In the third, or ‘post-scientific’ or policy, stage, Hutchison shows that economists cannot use the means-ends framework as a way of delivering objective, value-neutral policy advice. This

is because doing so depends upon a clear-cut distinction being made between means and ends. Moreover, Hutchison contends, the means-ends framework cannot be extended beyond Robbins's 'Robinson Crusoe' example to apply to the problems of social or political economy.

Hutchison's views on the extent to which value judgments enter into the study of economic problems fit in with his methodology of economics (which differs significantly from positivism). For Hutchison, the aim of economics is to deliver practically useful policy advice. Following the MWS, policy will be practically useful if it in some way furthers human material welfare. Hutchison's empirical-inductive approach is well suited to taking account of the subject material as involving historical, institutional and political factors and therefore as involving value judgments. Following Weber, Hutchison points out that policy problems are politico-economic and so there is no such thing as 'purely economic' advice that will be of any practical use. In these circumstances, Hutchison proposes his Principle of Testability as a means of combating the inevitable political propaganda involved. This Principle is intended as a practical aid in distinguishing a more disciplined 'scientific' empirically-grounded approach to policy questions from mere propaganda, rather than as a criterion to distinguish science from non-science, when those terms are given a positivist interpretation.

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Endnotes

¹ The paper attempts to focus on the issue of value neutrality in economics and to avoid the many surrounding 'conundrums' e.g. the wider issues in the philosophy of science relating to the arguments of Popper, Kuhn, Feyerabend, etc concerning facts and values, theory- and value-laden concepts in science, 'science' versus 'ideology', or 'the methodological jungle of properly characterizing "positive" economics' (Hands 2009, p. 3 n).

² Hutchison (1964, p. 18) blames the 'ultra-deductivist' tradition (see Hutchison 1998) for encouraging the view that the positive-normative distinction was clear-cut and could easily be made.

³ Klappholz (1964) notes that 'Robbins' view that interpersonal comparisons of utility are value judgments has been widely accepted by economists' despite the fact that they are simply untestable statements. Here Klappholz follows Popper. Hutchison regards them as having empirical content and therefore as being testable according to his Principle of Testability. Hutchison (1938, pp. 146-8) seems to be concerned with both utility and ophelimity in his examples.

⁴ As Blaug (1980, p. 134) citing Nagel (1961, p. 500) points out the strong non-neutrality position that all economic propositions are value impregnated is 'either itself uniquely exempt from the charge or itself value loaded.

⁵ Hutchison's pre-scientific value judgments relate to Nagel's (1961, pp. 492-5) 'characterising value judgments' as opposed to his 'appraising value judgments' and to Blaug's 'methodological judgments' (Blaug 1980, pp. 131-2)

⁶ As examples of value loaded terms in economics Hutchison cites those given by Stevenson (1945) who took the majority of his examples from economics: productive and unproductive labour, the sterile class, definitions

of value, natural values and incomes, equilibrium, exploitation and above all, for Hutchison, welfare (p. 70). Hutchison contrasts the statement ‘This policy will increase welfare’ with ‘This policy will increase the level of employment’. Whereas the latter statement can be taken in a positive sense, this is not the case for the former statement given the value-loadedness of the concept of welfare.

⁷ Here Hutchison seems to anticipate Sen’s (1970, p. 59) distinction between basic and non-basic value judgments. If a value judgment is non-basic then a debate about it can appeal to facts; if it is basic then this is not the case. For example, the non-basic value judgment that ‘economic growth is always desirable’ might be changed if the fact was pointed out that it would make the poorest section of the population worse off in absolute terms (Blaug 1980, p. 133).

⁸ Hutchison (1964) is not referring to econometric testing.

⁹ Hutchison cites Weber’s (1949, p. 26) argument that, for the means to be considered neutral, the end must be absolutely unambiguously given (p. 111). Hutchison points out that, in contrast to an abstract economic model, it is precisely this unambiguous statement of objectives in real world policy discussions that is very difficult to achieve.

¹⁰ Hutchison emphasizes that he is not critical of deduction and indeed compares the need for both deduction and induction with the essential need for two legs when walking (1998, p. 44). In this regard, Ishiguro (1986) has warned of the dangers of the dualist thinking involved in opposing rationalism and empiricism, pointing out how remarkably close together Leibniz and Hume stood on many issues.

¹¹ Consumer sovereignty involves the value judgment that the individual is the best judge of her welfare; Pareto optimality depends on a set of relative prices which in turn depends on the distribution of income and, as Melck (1987, pp. 261) points out, involves the tacit acceptance of the current distribution of income and wealth’ – another value judgment.

¹² According to Blaug (1980, p. 149), in one sense ‘the means-ends distinction is nothing but the is-ought, facts-values, positive-normative dichotomy all over again’.

¹³ Here again, Hutchison’s methodology contrasts with positivism which is both ahistorical and excludes metaphysical statements such as value judgments from the realm of science.