

Hutchison's alternative to 'orthodox economic methodology'

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Abstract

'Orthodox economic methodology' refers to that of Ricardo-Senior-Robbins and, in more recent times, to that which continues to prevail amongst mainstream economists and introductory textbooks. Hutchison's methodology differs in at least three main ways. First, in contrast to the 'deductive-rationalist' approach of orthodox methodology, it follows in an 'inductive-empiricist' tradition which can be traced back via Marshall to Smith. Second, in contrast to Robbins's 'scarcity' definition of the subject matter of economics, it takes the subject matter to be concerned with economic, or material, welfare. Third, in contrast to the view that economics is a value-free science, it accepts that value judgments enter into economic 'science'. The paper ends by considering how Hutchison's view concerning value judgments allows him to conclude that a 'positive' economics is still possible (and desirable). To that end it explores links between his approach and recent thinking in economic methodology on the role that values should play in economic science.

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

JEL codes: B20; B40; B41

Over many years Hutchison (1938, 1964, 1998) has repeatedly criticized the dominant orthodox methodological view (i.e. the Ricardo-Senior-Robbins-Hausman view) -- that economic science proceeds by deducing the consequences of basic assumptions -- as 'comprehensively unacceptable' since it subordinates the role of empirical observation and testing to that of 'pure theory' in economics.

Orthodox economists responded to Hutchison's criticism by accusing him (1) of adopting the extreme philosophical positions of positivism and ultra-empiricism, and (2) using these to challenge the scientific status of 'deductivist' economics. Yet they were wrong on both counts: Hutchison (1) adopted only a moderate empiricism and (2) was interested in the significance of economic *theory* as a guide for policy, rather than in the philosophical justification of the scientific status of economic *science*.

Section one of this paper explains how Hutchison differs from the dominant methodological orthodoxy by taking up Hutchison's argument that his position follows in the footsteps of an empirically-oriented tradition (with roots in Adam Smith's writings) which stands opposed to the dominant rationalist-deductivist orthodox methodology stemming from Ricardo. It responds to the first charge (1) against Hutchison by explaining how his 'inductive-empiricism' differs from positivism. It further explains his position by contrasting it with the deductive-rationalism of the dominant orthodox economic methodology.

Section two explains how Hutchison differs from the orthodox position concerning the aim and subject matter of economics. It thereby addresses the (2) second charge (that his aim was to challenge the scientific status of economics) by arguing that his aim was instead to challenge the notion that the 'pure' economic theory that resulted from orthodox

methodology could ever be of any significance for guiding policy. For Hutchison, the purpose of economic theory was to be a guide to policy because this policy was concerned with material, rather than immaterial, welfare; and includes the material welfare of poor sections of society. This concern with material welfare followed in the Cambridge tradition of Cannan, Marshall, Pigou and J M Keynes. It was Robbins's (1932) 'attack' on this tradition (Cooter and Rappoport, 1984) that prompted Hutchison's (1938) defence of its definition of the subject matter of economics as dealing with material welfare.

Section three turns from these two criticisms of orthodoxy to consider a further area in which Hutchison differs from the orthodox position that prevails amongst today's mainstream economists (and in introductory textbooks): the claim that economics is a value-free positive science. Hutchison (1964) criticizes one of the major claims of orthodox economic methodology, namely, that simply by upholding the positive-normative distinction all value judgments can un-problematically be excluded from economics so yielding a positive value-free economic science. Hutchison shows that the positive-normative distinction has been of little help towards effecting a value-free economics science. He does so in two main ways. Firstly, he shows that Robbins's (1935, p. 151n) claim -- that since Cantillon and Ricardo economists had upheld and maintained a clear distinction between positive and normative statements -- is not borne out by the historical evidence. Secondly, he analyses the way in which, despite the positive-normative distinction, value judgments nevertheless can and do enter not only into the pre- and post-science stages of economic science but, more crucially, even into the scientific stage itself.

Section four relates recent thinking in economic methodology on the question of economics as a value-free science to Hutchison's stance on the issue. To this end it makes use of the classificatory framework of Mongin (2006). Mongin's framework distinguishes four positions that can be taken concerning the value-free nature of economics. These are the strong and weak neutrality positions and the strong and weak non-neutrality positions. The discussion attempts to show that, in terms of this recent literature, Hutchison's position fares better than that of 'orthodox economic methodology'. Section five looks at some recent views on the relation between economics and moral philosophy (and the possibility and desirability of a value-free economic science).

1. Hutchison's 'inductive-empiricist' approach versus the 'deductive-rationalist' approach of 'orthodox economic methodology'

Hutchison is conventionally regarded today as having introduced positivism into economics. However, I have argued that that view is mistaken (Hart 2003). Here I briefly outline three key tenets of positivism and show how Hutchison's 'inductive-empiricist' approach differs from all three. In that way, I am also able at the same time to describe these aspects of Hutchison's methodology. Thereafter I turn to discuss how Hutchison's position differs from that of the dominant orthodox methodology. I start by distinguishing three key tenets of positivism: those concerning the unity of science, the nature of scientific laws and the nature of scientific prediction.

The unity-of-science thesis 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 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).

We now turn to the other two tenets of positivism: the nature of scientific laws and scientific predictions. 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 which was viewed as the only appropriate method for science. 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).

In addition to differing from positivism, Hutchison’s methodology also differs from the dominant orthodox economic methodology. Indeed, Hutchison (1938) was an immediate response to what he saw as Robbins’s (1932, 1935) ‘ultra-deductivist’ challenge to the empirical tradition in economics as well as to a general resurgence of radical apriorism (von Mises 1933) (see Lagueux 1998). 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. 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).

Hutchison (1938) supported his claim of orthodox economic methodology as overly deductivist by describing three different cases of the orthodox method. The first is the ‘hypothetical experimental method’ of Cairnes who argues that economists should not investigate directly the problems of the world but only indirectly via simplified cases and examples (Robinson Crusoe) (Hutchison 1938, pp. 36-40). The second is the ‘optimistic’ approach of Joan Robinson according to which we start with simple assumptions (perfect competition) and then gradually make the assumptions more nearly descriptive of actual economic conditions (Hutchison 1938, pp. 73-6). The third is the ‘psychological method’ of Senior for whom economics is deduced from a very few general propositions (1938, pp. 131-7). To question whether Hutchison’s examples represent examples of purely deductivist methods (whatever that might mean) is to miss his point that they are weighted towards deductivist rather than inductivist methods: the balance is not right i.e. how, when and where they are used in these examples, particularly given the subject material with which economics has to deal. They therefore preclude any serious empirical investigation since they are designed to facilitate deductive a priori-type analysis.

Hutchison (1998) traced the origins of, what he termed, ‘ultra-deductivism’ to Ricardo and in explicit methodological form to Senior (1827). He points out that Cairnes (1875, p. 77) considered that, unlike subjects which require physical investigation, the economist already at the start of his research possesses the ultimate principles underlying the subject of his study (pp. 51-2). And it was Senior and Cairnes as well as von Mises, rather than Mill, which had the greater influence on Robbins. Like Cairnes, Robbins (1935, pp. 79-80) viewed the main assumptions of economics as widely applicable and in doing so, differed from Mill (1998, p. 64). Hutchison points out that Knight (1921, pp. 11-12) compared the basic assumptions of economics with mechanics, not to acclaim their wide applicability, but to point out ‘how vastly greater’ are the empirical corrections needed in the case of economics compared to that of mechanics as well as ‘the evil results of the failure to emphasize the theoretical character of economic speculation’ (1998, p. 83, 69). For Hutchison, this was particularly so for the case of the full- knowledge assumption which, he protests, could not remotely be said to ‘involve a simple and indisputable fact of experience’ (Robbins 1935, p. 78).

The issue then concerns the appropriate ‘mix’ of how, when and where to use deductive versus inductive methods. Hutchison’s point was that, given that the material with which economics had to deal ‘is not homogenous through time (Hutchison 1981, p. 297), inductive methods needed to play a more important role than deductive methods. This was because inductive methods facilitated the (historical) context needed as a vital input into economic theorizing. Indeed neither Robbins nor Hutchison contend that using only one of these methods would be preferable or even possible. For example, Robbins accepts that both methods are ‘equally legitimate’ (Howson 2004, p. 20), while Hutchison compares the use of 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.

2. Hutchison's vision of the traditional purpose and subject matter of economics versus Robbins's radical new approach

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 focusing 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'.

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, what Cooter and Rappoport (1984, p. 512) have termed, the Material Welfare School (MWS) of Cannan, Marshall and Pigou on the subject matter of economics. Given a scale of welfare, 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). 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).

According to Cooter and Rappoport (1984, p. 520), Robbins (1932, 1935) represented an 'attack' on the MWS. This appears to be how Hutchison interpreted Robbins's famous definition (Robbins 1935, p. 16) for he pointed out the radical implications apparent in Robbins's later restatement (1935, p. 38). Here Robbins makes it clear that in his definition of the subject matter of economics excludes not only ends but also the means (the technical and social environment): 'It is the relationship between these things and not the things themselves which are important for the economist' (p. 38). Hutchison protests that in terms of this definition Robbins excluded all facts from economics 'for technical, social and psychological facts presumably comprise the entire possible factual material for the social scientist' (Hutchison 1938, p. 54).

Robbins, however, 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). I argue, in support of Hutchison, that Robbins's definition effectively excluded 'material' facts (i.e. facts to do with material welfare) from economics. This is because his definition, combined with his prohibition of interpersonal comparisons of utility (ICUs), implicitly denied the paramount weighting given to material, as opposed to non-material, welfare by the MWS. Thus, to use Parkin's (2005, p. X) example, if a Tanzanian child is suffering from hunger while David Beckham is suffering from being unable to fulfil his immaterial desires (due to not being able to consume two different forms of leisure at the same time), then both are held to be suffering from 'scarcity'. The subject matter has not been extended since the paramount importance accorded to material welfare by the MWS has been lost. This is perhaps why Cooter and

Rappoport argue that Robbins's change of definition was 'instrumental in uprooting the existing body of knowledge' i.e. the MWS (1984, p. 521). Robbins had set out to provide a 'complete alternative' and a new 'research agenda' for economics (pp. 520, 527). Likewise Hutchison reacted to Robbins's definition protesting that it excluded 'the entire possible factual material for the social scientist' (1938, p. 54).

Apart from his scarcity definition, Robbins criticized the foundations of the MWS when he criticised interpersonal comparisons of utility (ICUs). Where the MFS had traditionally concerned itself with the material well-being of different segments of the population, this practice was now 'defined out of economics' by Robbins (Cooter and Rappoport 1984, p. 524).

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 and so involved subjective value judgments. Hence interpersonal comparisons of 'utility' were held to be scientifically illegitimate.

However, for the MWS, "utility" referred to the extent to which material needs were satisfied, which is observable' (Cooter and Rappoport 1984, 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 (Parkin's Tanzanian child) has a more urgent need than someone deprived of entertainment (Parkin's David Beckham). Accordingly, when measured against a norm (e.g. a physically fit individual), interpersonal comparisons of utility were observable and verifiable.

This interpretation of utility accords with Hutchison's defence of the MWS in response to Robbins's prohibition of interpersonal comparisons of utility.¹ He argues that even though such propositions involve subjective valuation (Hutchison appears to have accepted both interpretations of utility), 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 Robbins's criticism as unscientific (in his sense) since it cannot conceivably be empirically falsified or verified (p. 149).

Finally, Robbins's (1932, 1935) call for a radical change in the direction of economics needs to be viewed in the context of the 1930s, in particular against the increasing presence of socialist alternatives from the British labour party to the growing importance of the USSR. Backhouse (2009) has argued persuasively that Robbins's essay was directed not against the MWS of Pigou but against the more radical socialist welfare economics originating from the Oxford Movement's ethical critique of economics which continued with the works of J A

Hobson, Hawtrey, Tawney and Clay. This Oxford Group wanted to achieve their ‘socialist’ aims by getting economists to become directly involved in politics i.e. emphasizing the political in the term ‘political economy’. By contrast the MWS wanted to achieve certain milder ‘social welfare’ aims by distancing the subject of political economy from politics. Hence Marshall used the new term ‘economics’ rather than the older expression of political economy. 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). The MWS thus saw themselves as practicing positive economics and felt they could be more effective by being perceived as neutral, scientific advisers. What is important to note is that both groups involved with social welfare had political aims: they merely differed about the means. The discussion of Robbins’s proposal for a new definition of the subject matter of economics (by which he appeared to have neutralized not just the Oxford Group but the MWS as well), to be properly understood, needs to be set against the context of the movement towards the establishment of the post-war welfare state in Britain. (It is this context – and holistic thinking - that is lost when recourse is made to highly abstract theorizing – and methodological individualism.)

3. Hutchison’s challenge to the orthodox claim that a ‘positive economics’ could be value free.

Hutchison’s methodology also stands in contrast to the dominant orthodoxy on the question of the value-neutrality of positive economics. Unlike the orthodox position, Hutchison argued that value judgments entered into economic ‘science’ itself. However, he pointed out that there was no inevitability about such entry and that some sort of non-value-free ‘positive’ economics was possible. He proceeded to raise two major points of criticism of the orthodox position: Robbins’s claim that historically the positive-normative distinction had been upheld in economics and that this had (implicitly) ensured the development of a value-free positive economics. Secondly he proceeded to show analytically – by distinguishing various stages of the scientific process – how and when value judgments entered economics.

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

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. Hutchison set about 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

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 (1875) 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 (1891) 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 or 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.

3B. 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.³ 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.⁴ 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 (1954) 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 even 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’.⁵ 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 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.⁶ 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).⁷ 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 for Smithies (1955, p. 3) ‘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 commented, 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).⁸

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, Hutchison points out that Robbins’s examples:

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).

4. Hutchison's versus the old orthodox methodology's position in terms of modern methodological re-evaluations of the value neutrality of economic science

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 . . . economics operates as a value-free science, and society then decides what value judgments to apply to its results (Boumans and Davis 2010, pp. 169-70).

In an article examining the role of the positive-normative distinction in economics, Hands (2009, p. 18) concludes that economists generally consider it 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'. Likewise Friedman (1953, p. 4) argued that 'economics is, or can be, an "objective" science, in precisely the same sense as any of the physical sciences'. The standard view reflects, among other influences, that of the positivist fact-value distinction. Yet this standard view 'does not stand up to any reasonable examination' (Boumans and Davis 2010, p. 170).

In contrast to economists, most economic methodologists today accept that 'the normative is involved (ethically and otherwise) in economic theorizing', that the fact-value distinction is a relic of the hegemony of positivist philosophical ideas and that it should have disappeared along with the other rigid dichotomies of the positivist era (meaningful-meaningless, theory-observation, analytic-synthetic, etc.) (Hands 2009, p. 19). Indeed Boumans and Davis (2010, pp. 170 ff.) follow Hutchison (1964) in examining the ways in which value judgments enter into economics. The question of value judgments in economics concerns the role of normative issues in economics. Normative issues involve evaluative statements ('We had a great holiday') and prescriptions ('You should engage first gear up a steep hill') without ethical content, as well as evaluative statements (It's morally wrong to cheat') and prescriptions ('You should not cheat') with ethical content.

In this section we proceed by using Mongin's (2006) four-way classification of theses about value neutrality in economics to provide a framework for distinguishing Hutchison's position on the question of economics as a value-free science from the old 'orthodox economic methodology (Ricardo-Senior-Robbins) and from most modern day economists who appear to follow Friedman (1953). While Hutchison's position appears to be closest to Mongin's category of (weak) non-neutrality, the old orthodox view and Friedman falls squarely into his category of strong neutrality (i.e. economics is viewed as a primarily neutral discipline).

The strong neutrality thesis

The strong neutrality thesis 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. Scarantino (2009) refers to this thesis as the 'naïve positivist view'.

While the argument needs to be properly substantiated in a later paper, I argue that, not only positivist-inspired economists - possibly Friedman (1953) - fall into this category, but also representatives of the old dominant orthodox methodology in the Ricardo-Senior-Robbins tradition. Robbins famously claimed that economics should be separate from ethics. Mongin (2006) 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). As Hands (2009, p. 4) points out, while J N Keynes distinguished between positive and normative economics he viewed these as 'different kinds of sciences', so allowing for the legitimacy of the welfare economics of the MWS. By contrast Robbins went much further, not only reiterating the positive-normative distinction, but declaring the normative to be scientifically 'illegitimate'. Emphasizing this difference between J N Keynes and Robbins goes against the thesis of Colander (2009) and Su and Colander (2013) that Robbins's famous essay is best interpreted within the 'Mill-Keynes' tradition. While a positivist approach drawing on the positive-normative distinction views normative statements as cognitively meaningless, they argue that the Mill-Keynes tradition, drawing on the Millian science-art distinction, sees them as integral to 'applied economic policy analysis' or the art of political economy, which in this tradition is viewed as by far the 'biggest' part of economics as compared with the much 'smaller' part of positive economic science.

In addition to positivist-inspired economists and Robbins, I argue that the 'cognitive science' or naturalist approach of Ross (2012) also falls within Mongin's category of following the 'strong neutrality' thesis. Naturalism turns traditional foundationalist philosophies of science such as positivism upside down. Instead of arguing from philosophy to science to human science, it starts with human sciences (e.g. psychology, economics) arguing that it is from these that science and the philosophy of science follow. Nevertheless it seems to imply, along with positivism, that the normative is non-cognitive. In this respect it would seem to be the polar opposite of subjectivist views. Mittermaier (1986) decries the attempt to carry over the purge of anthropomorphisms (i.e. of implications of mind and purpose) from natural science to 'fields concerned with human actions and purposes'. Mainstream economics is 'so unmistakably conceived along mechanical lines' that he argues that subjectivists should carry out a counter purge of 'mechanomorphisms' (Mittermaier 1986, p. 236). Ross (2012, p. 7) argues that anti-economists' hatred of economics is because they regard economics as no more than a free market ideology. Ross (2012, p. 9 ff.) distinguishes five variations of this thesis and proceeds to refute them *despite* economics' 'close and unremitting dance with ideology' (p. 7). He concludes that he has successfully refuted the view that economic theory cannot be 'fully purged of ideological elements' (p. 1).

The weak neutrality thesis

The weak neutrality thesis accepts 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) and very generally accepted. For the most part, however, the strong neutrality thesis is applicable. The weak neutrality view underlay the stance adopted by the new welfare economics as well as the development of the social welfare function approach. In terms of this approach economists view themselves as engaged in the positive empirical analysis of detailing the technical means that would most efficiently secure society's goals, where these goals are determined from outside economics by the political institutions of the particular society being studied. The results of their analysis are available for non-economists to use in their policy deliberations. Blaug (1980, p. 149) has termed this

view as that of ‘the economist as a technocrat’. One of the problems with this view is that it relies on a false dualism between means and ends, as explained by Hutchison in the previous section.

The weak neutrality thesis appears to correspond with, what Scarantino (2009) has called the ‘separatist view’ and with Hutchison’s pre-scientific stage in which Scarantino’s (2009, p. 465) ‘bordering activities’ are involved. That is, all kinds of normative statements (both ethical and non-ethical) are accepted to enter in this stage. In terms of Scarantino’s (2009) terminology, both epistemic and non-epistemic value judgments enter (see also Su and Colander 2013). Epistemic values (c.f. Blaug’s methodological judgments) concern choice of subject matter, methods of investigation and standards of validity (cf. Boumans and Davis 2010, p. 171). Non-epistemic values refer to all other values e.g. ethical, political, social. In the separatist view non-epistemic values are confined to the pre-scientific stage or bordering activities. Scarantino (2009, p. 466) argues that Robbins subscribed to this separatist view i.e. to an ideal of science as free from non-epistemic values’.

The strong non-neutrality thesis

The strong non-neutrality thesis (held by Myrdal (1958), neo-Marxist and some heterodox economists) is that the social scientist cannot and should not avoid making value judgments. Economics is seen as a thoroughly normative discipline. Scarantino’s non-separatist view appears to apply to both the strong and the weak versions of Mongin’s non-neutrality theses. In terms of this view, non-epistemic values enter into the scientific stage itself, or what Scarantino (2009) describes as the internal activities of scientific economists i.e. the core activities of formulating and testing economic hypotheses (p. 466).

A well-known representative of this view is Myrdal (1958). According to Mongin (2006), 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

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 strong non-neutrality (Myrdal) theses. While Hutchison is sympathetic with much of Myrdal’s thesis, he disagrees with Myrdal’s view that: (1) value judgments inevitably enter economic science and (2) that all concepts in economics are so value-laden that no ‘factual’ element can be separated out i.e. Hutchison’s approach seems to be in line with Sen’s (1970) distinction between basic and non-basic value judgments. Given this perspective, Hutchison’s (1964, pp. 64-73) criticism of ‘orthodox economic methodology’ would seem to fit in best

with Mongin's weak non-neutrality thesis. To the extent that this is correct, Hutchison's (1964) analysis of the problem of value judgments entering even into the scientific stage of economics appears to be in line with much of modern thinking on the issue.

Hutchison and the weak non-neutrality thesis

While much of modern thinking appears to be consistent with Mongin's weak non-neutrality thesis, there seems to be a wide range within this position. For example, Bouman and Davis (2010) point out that a 'thoroughly value-free economics would be useless' and fully accept that concepts and explanations in economics are value-laden (p. 183). However, they question the 'extent or seriousness' of this for economics. It may be the case, they argue, that while values certainly underlie economic explanations, they have 'no special implications for any particular ethics or politics' (p. 176). To be useful then, economics needs to be value-laden. Yet this does not mean that it therefore has to be politically manipulative and ideological (p. 183). While this position appears to be very close to that of Hutchison, Hutchison has pointed out that much of economics is intricately interconnected with political views, the single biggest issue being the debate between the merits of a free market approach or a more socialistically inclined one. Political and ethical values impinge more directly in Hutchison's view than in the Boumans-Davis perspective.

Hutchison's views differ also from those of Su and Colander's (2013) on the value neutrality issue in economics. The background to the difference lies in Su and Colander's support for the Mill-Keynes approach which, for Hutchison, accords too much importance to 'pure theory' and deductivism i.e. this approach leans too much towards rationalism rather than empiricism. This means that, concerning the value neutrality issue, the distinction between science and art is too abstract and general. While Hutchison would go along with Colander's view that much the most important part of economics consists of applied policy analysis or 'art', Hutchison would not accept that there exists a separate pure science that could provide useful input into the art of economics. In particular, Hutchison would disagree with the implication of their criticism that 'Smith blended normative and positive analysis without separating normative and positive economics in any logical way' (2013, p. 16). The implication is that Smith as not being scientific since he mixed up positive facts and normative issues (with what makes a nation rich – an is matter - with what should be done to increase its wealth – an ought matter. Contrary to this view, Hutchison holds up Smith as an exemplar of how to go about 'scientific' economics. Furthermore, as we saw earlier, he showed that Smith's practice was no exception: much of economics from Cantillon and Ricardo onwards, contrary to Robbins's claim, had not upheld the positive-normative distinction.

More generally, his 1938 essay was directed against Robbins's essay which proclaimed the significance of economic science. For Hutchison, Robbins's 'science' was a synonym for deductivist 'pure theory'. He argued that pure economic theory had little or no significance for a 'practically useful economics'. Hutchison advocated his Principle of Testability to apply to a practically useful economics (an economics in which abstract theory did not have a dominant role) in order to make it as 'scientific' and as 'positive' as possible. The extent to which it could be made 'scientific' and 'positive' could not go very far because this 'applied policy analysis' was so intricately interconnected with politics and, more generally, because in Hutchison's 'empirical-inductive' view, economic science could arrive at only limited and temporary generalizations. It is this perspective that prompted Hutchison's skepticism concerning the notion (adopted by Robbins) that the possibility of distinguishing between specific cases of positive and normative statements could be carried over into an all-pervasive

dichotomy between these two types of statements. By means of this dichotomy the normative could be excluded from the positive in economics.

It is from the ‘empirical-inductive’ perspective (and his pragmatist sympathies) that underlies his methodology, that Hutchison criticized the ‘orthodox economic methodology’ notion that a completely value-free economic science was easily established. In particular, his criticism did not arise from the more philosophical perspective that has informed much of modern criticism of such a view. Yet his conclusions regarding the value-ladenness of economics are surprisingly similar to modern views on the matter. In order to show the extent of the parallels, some of the more relevant aspects of many of these modern views will be discussed.

5. Some recent views on the relation between economics and moral philosophy (and the possibility and desirability of a value-free economic science)

While modern economic views can arguably be traced to Knight (1935) and Sen (1970, 1980), among the earliest attempts to systematically address the issue were Walsh (1987) and Hausman & McPherson (1993, 2006). They seek to address the common view that competing moral claims concerning what ought to be done cannot be rationally resolved since they can’t be empirically tested. In particular, their ‘book is a response to the [Robbinsian] view that ethics and economics have (and should have) nothing to do with each other’ (2006, p. 9). However, rather than simply criticizing the ‘engineering’ vision which sees economics as entirely value neutral, the major concern of their book is not so much to show that facts and values are ‘entangled’ thereby invalidating the fact-value dichotomy as to show that this entanglement ‘helps one to do economics and policy evaluation better’ (p. 3). They acknowledge that they borrow the term ‘entangled’ in this connection from Putnam (2002). An implication of the argument that facts and values are entangled is that facts can no longer be considered as standing independently of values (Hausman and McPherson 2006, p. 9).

Putnam (2002) goes a long way towards showing, in a relatively short space, why facts and values are entangled. The argument begins with Quine’s (1951) famous criticism of the analytic-synthetic distinction as one of the two dogmas of empiricism. He argued that this distinction was not a metaphysical dichotomy or dualism representing some omnipresent and all important gulf between synthetic and analytic/conventional statements (Putnam 2002, p. 10). The distinction goes back to Hume who contrasted matters of fact with relations of ideas and concepts. Hume regarded a fact as being picturable: it makes a sensible impression. Positivists made a metaphysical claim concerning the fact-value distinction: cognitively meaningful judgments were limited to synthetic and analytic statements, while all other statements -- value judgments and (other) metaphysical claims – were held to be meaningless (p. 61). The positivist argument for a dichotomy depended on there being a clear idea of a fact.

Quine (1953) showed, as a result of his criticism of the analytic-synthetic distinction, that there is no clear idea of a fact: it is only a system of scientific statements as a whole that has factual content (p. 24). He summarized this conclusion by means of his famous metaphor: ‘The lore of our fathers is a fabric of sentences . . . it is a pale gray lore, black with fact and white with convention’ without any wholly black or white threads (quoted in Putnam 2002, p. 12).

Putnam proceeds to ask the question that if there is no clear idea of a fact, then what happens to the fact-value dichotomy? He begins to answer this question by pointing out that the ‘if the fact-value distinction is intended as a mere distinction, it does not have only one proper

meaning. This is because philosophers such as Murdoch, Harre and Mackie have shown that we can distinguish between two types of ethical concepts: relatively abstract or ‘thin’ and ‘thick’ concepts that praise or blame people (p. 60). (This seems to parallel Sen’s distinction between basic and non-basic value judgments.) Examples of thin concepts are good, ought, right. Examples of thick concepts are strong, brave, cruel. Thick concepts, unlike thin concepts, are concepts to which some facts correspond i.e. they are ‘factorable into a descriptive [factual] and [emotional, value-laden] attitudinal component’ (p. 36). For example, the descriptive meaning component of ‘cruel’ might be ‘causing to suffer deeply’ (it may be that there was nothing wrong in it) and the evaluative component might be ‘action that is wrong’. This ‘two-components’ approach appears to have been roughly the notion followed by Hutchison.

Although he is not alone, Putnam now goes on to criticize this ‘two-components’ approach. He argues that thick ethical concepts cannot be split into descriptive and prescriptive components because it is impossible, to use the example of ‘cruel’, to explain even the descriptive meaning of ‘cruel’, without using the word ‘cruel’ as a synonym (p. 38). This is because the descriptive meaning of cruel is not simply ‘causing deep suffering’. ‘Suffering’ does not just mean ‘pain’ nor does ‘deep’ just mean ‘a lot of’. Surgery may cause pain, but surgeons are not normally cruel (p. 38). Following McDowell, the issue is whether there is a feature of the world that corresponds to cruel’s descriptive component that is left if one peels off the reflection of the appropriate attitude’ (p. 39). To use the word ‘cruel’ with any discrimination, Putnam argues, ‘one has to be able to identify imaginatively with an evaluative point of view’ (p. 39). To switch to a different example, if ‘brave’ means no more than ‘not afraid to risk life and limb’ then unless one identifies imaginatively with an evaluative point of view one would not be able to distinguish between ‘mere *rashness* or *foolhardiness* and genuine *bravery*’ (p. 40). Such proper use of ‘thick’ ethical terms depends upon ‘being able to acquire a particular evaluative point of view. ‘Valuation’ and ‘description’ are interdependent (p. 62).

Via his criticism of the ‘two-components’ approach, Putnam is arguing against ‘the picture of our language in which nothing can be *both* a fact *and* value-laden’ (p. 61). Such a view, he argues, is ‘wholly inadequate [so] that an enormous amount of our descriptive vocabulary is and has to be “entangled”’ (p. 62). ‘Concepts cannot be simply factored into a ‘descriptive part’ and an ‘evaluative part’ (p. 62). Contrary to Robbins (1935), ‘valuation and the “ascertaining” of facts are interdependent activities’ (p. 63). Putnam endorses Max Weber’s view that ‘the answer to a scientist’s question [must] not be dictated by that scientist’s value system’ (p. 63). However, he points out that Weber ‘failed to acknowledge . . . that the terms one uses even in description in history and sociology and the other social sciences are invariably ethically colored’ (p. 63). Putnam closes his chapter with two points: in evaluating economic well-being questions of ethics are necessarily involved and this does not mean only the one kind much discussed by economists, namely utilitarian ethics. Secondly, ethics enters not only in the evaluation of, but also in the motivation for, economic actions (p. 64).

Putnam goes on to point out that although the grounds on which the fact-value dichotomy was defended collapsed along with positivism this has not led to the abandonment of the dichotomy. Today it is generally defended on metaphysical grounds, in particular, that of physicalism (p. 40).

Putnam turns to consider Pigou’s (1920) argument that if the law of diminishing marginal utility is correct, then the marginal utility of money should also decrease (p. 53). Even if marginal utilities vary significantly among different people, it seems likely that the marginal

utility of \$1000 to a beggar at the point of going hungry is much larger than the marginal utility of \$1000 to Bill Gates. *Ceteris paribus*, this implies that redistribution of income promotes welfare. Putnam argues that the fact-value dichotomy (in a virulent form) penetrated neoclassical economics after 1932 (p. 62). By 1935 Robbins seemed to have convinced his fellow economists that this interpersonal comparison of utilities was meaningless and that rational discussion of (ethical) ends was impossible so that ethics must be kept entirely out of economics i.e. reasoned discussion was impossible in ethics. 'With one stroke' Robbins put an end to the notion that the subject matter of economics concerned the welfare of society in an evaluative sense (p. 54). Rather than concluding that there was no such field as 'welfare economics' economists 'looked for a value-neutral criterion of optimal economic functioning' and thought they found one with the idea of Pareto optimality (p. 54). Putnam points to two problems with this. First, it is an extremely weak criterion for evaluating socioeconomic states of affairs. For example, defeating Nazi Germany could not be called Pareto optimal since at least one agent, Adolf Hitler, was moved to a lower level of utility. Second, it is not a value neutral criterion of 'optimality' (itself a value-laden concept!): one of the value judgments that underlie Pareto optimality is that each individual's right to maximize utility is as important every one else's right.

The conclusion that Putnam draws is that if there is to be 'welfare economics' that deals with problems of poverty and deprivation then 'it cannot avoid substantive ethical questions' (p. 56). Given the problems with 19th century utilitarianism and 20th century 'new welfare economics', Putnam turns to Sen's (1985) 'capabilities approach'. By capabilities Sen means the capabilities people have to achieve various 'functionings' from being well-nourished to having self-respect (p. 57). Welfare economics's 'classical' concern with economic well-being (and economic deprivation) is essentially a moral concern and cannot be properly addressed without taking reasoned moral argument seriously (p. 57). By demonstrating the unsatisfactoriness of the conventional measure of 'development' as limited to gross national product, Sen shows us the need for improved measures.

Conclusion

Hutchison, in his 1938 essay, 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 since this involved historical, institutional and political factors and therefore as involved value judgments. This material required a more inductive method and a more empirical approach.

In his 1964 book on *'Positive' Economics and Policy Objectives* he 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 showed that, contrary to Robbins's claim, the positive-normative distinction had not, in fact, been clearly upheld in the history of economic thought. He also showed that, contrary to the 'orthodox' economic methodology, value judgments enter economics at three different stages: the 'pre-scientific', 'scientific' and 'post-scientific' stages. While many accept that value judgments enter in the 'pre-scientific' stage, Hutchison showed that they even entered the 'scientific' stage, something way at odds with positivist views. One major reason stems from the nature of the material which (1) makes it difficult to empirically test hypotheses (2) gives rise to the need to subjectively select causes or determinants (e.g. here bias enters in labour and consumer-sovereignty-oriented marginal utility theories of values) (3) means that predictions are more like inductively-derived

‘forecasts’ shaped by political presuppositions than the result of a hypothetico-deductive framework.

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 the false assumption that a clear-cut, unambiguous distinction can be made between means and ends. Furthermore, 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.

I have argued that Hutchison responded to Robbins in 1938, not because – as the conventional interpretation goes -- he was attempting to introduce a new positivist programme for economics, or even a particularly empirical one. Instead, the main driving force that led Hutchison to write his 1938 essay was to defend the view of the MWS of Cannan, Pigou and Marshall that the subject matter of economics concerned the economic welfare of society, including that of impoverished groups within society. It followed fundamentally from this view that economists were to be actively involved with providing ‘scientific’ advice on policy matters. Hutchison argued that if such advice was to have any practical value, it must involve social and political issues i.e. issues that involved value questions. While Robbins made the point that nothing prevented economists as individuals from giving policy advice, he argued that they could not give such value-loaded advice as scientific economists (Scarantino 2009, p. 464). Hutchison refused to accept such a conclusion as this would destroy not only the *raison d’être* of economics but also could not be an outcome that resulted from the empirical and pragmatic approach he brought to bear on economic problems.

To him, Robbins’s conclusion seemed to have been promoted by the dominant ‘orthodox economic methodology’ which, to him, overstressed the importance of abstraction and the role of deduction in theory construction of a practical (as opposed to ‘scientific’) sort. This was because it promoted the tendency to reason in abstract and general terms. Indeed, scientific laws represented universally true generalizations. In line with this kind of thinking, the notion that the fact-value distinction reflected a universally valid dichotomy followed more easily than from Hutchison’s ‘inductive-empirical’ approach.

One of the aspects in which Hutchison’s position was obviously different to a positivist approach was in his questioning of Robbins’s rejection of interpersonal comparisons of utility as scientifically illegitimate (Hutchison 1938). Here Hutchison appeared to make use of concepts along the lines of Sen’s distinction between basic and non-basic value judgments as well as the ‘two component’ distinction within ‘thick’ ethical concepts. He clearly argues that, concerning many value-laden statements, it is possible to factor out or, as he terms it, to ‘unload’, the descriptive, factual component from the purely evaluative component (Hutchison 1964). In this way, he argues, it is possible to treat policy matters, which are value-laden, in a reasonably ‘objective’ or ‘scientific’ way. Hutchison is fully aware that Smith continuously mixed up the positive and normative in his economic analysis. While this is a problem for positivists and for Robbins (and Su and Colander), it is not a particular concern of Hutchison’s. Indeed he fully endorses the view of Smith as the father of economics.

While Robbins famously argued that values should play no role in economics – and therefore falls within Mongin’s ‘strong neutrality’ classification, Hutchison has always accepted that values play a necessary role in economics. I have argued that his view falls within Mongin’s

‘weak non-neutrality’ classification. While much more work needs to be carried out before any substantive conclusions can be made, the writings of Sen and Putnam appear to provide authoritative support for the cogency of this position. If this is the case, then it may provide crucial support for the re-introduction of the MWS’s view that the proper aim and subject matter of economics concerns the economic (i.e. material) well-being of society.

Following Weber, Hutchison points out that policy problems are politico-economic 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 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.

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 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'.

4 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)

5 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.

6 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).

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

8 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.