

Philosophical Concepts of Truth in Economic Policy Advice

Martin Schürz

INTRODUCTION

This chapter tries to answer the question whether and how philosophical concepts of truth may play a role in justifying economic claims. It tries to trace implications of truth concepts for argumentation between economic policy advisors and economic policy-makers.

The first part surveys recent philosophical literature concerning the concept of truth with a particular focus on the pragmatist turn. We concentrate on divergent views within a coherence framework. In the second part the fairly abstract level of philosophical theories will be linked to the realm of economic policy advice.

Obviously, *truth* is a term hardly ever used in economic literature. After all, it is accepted that economics cannot provide true knowledge that rests on absolute certainty. There is no God's eye view from which we could judge an economic theory to be either true or false in an absolute sense. Models and theories are not claimed to be true but rather the best available description of the economy. Instead of *truth*, truth-related notions such as *knowledge*, *progress* and *explanation* are quite common. To avoid the use of *truth*, however, raises a number of complex questions and it may be unjustified to conclude that existing and broadly accepted standards to judge a theory at a particular point of time suffice to reject the quest for truth. To name two difficulties: what counts as an explanation will be relative to the specific interrogatory context, and the criteria for adequate knowledge depend on the questions we ask. As knowledge is always related to a purpose, it matters what counts as a problem. Our judgment about economic progress will be made in relation to our current beliefs about what reality is like. If these beliefs change we will also modify our evaluation of progress. To guide the process of knowledge evaluation of economics on the alternatives *better* and *worse* does not seem to be a viable proposition, because how should we use the

terms knowledge or explanation without referring to what is believed to be true or false? Thus, the quest for the standards of such a judgment hints to open epistemological and methodological issues.

The concept of truth has a function for internal scientific reasons as a foundation or as a description of scientific practice or as a normative call for reflexivity. However, science is not the only domain for issues of truth and maybe not even the primary one. Truth also has a function for external reasons in argumentation. This refers to the distinction between *persuading* und *rationally convincing*. Persuasion can be understood as convincing someone rationally (*überzeugen*) or as persuading in the sense of *überreden*. In the former case it has to refer to the issue of truth; in the latter case it refers to resources of ideology and shared values.

Importance is a hard notion to argue about but we may say that the concept of truth is one concept we can use in describing human behavior. We will argue that differences in the truth concepts of economic policy advisors are particularly important for the external monitoring of economic science. The particular focus is on truth claims in the argumentation between economic science and economic policy. How economists argue concerning truth defines their form of accountability (Rehg 2004). Is it accountability vis-à-vis their economic peers or is it accountability towards reality? Is the mode of justifiedness of an economic theory 'to whom' or in the light of 'what'?

1. PHILOSOPHICAL CONCEPTS OF TRUTH

The concept of truth is a subject with a long history in philosophy. In semantics (the study of the relations between language and reality), epistemology (the study of the possibility of knowledge) and methodology (the study of the best means of knowledge-seeking) the concept of truth plays different roles.¹

In the framework of correspondence theory, the correspondence between thought and reality would account for truth. *Truth* and *Reality* are capitalized as they are Single Ones. A statement is true if it corresponds to facts.² The objectivity is ensured when the subject refers to the object in the right way. Correspondence theory is a realist theory as

¹ In a superficial way we may describe the history of philosophy as a succession of three paradigms (Rorty 1980). There was metaphysics, followed by epistemology and then by philosophy of language. With each paradigm-shift, the way of posing problems has changed also. Metaphysics was concerned traditionally with *things*, the philosophy of the seventeenth through the nineteenth century with *ideas* and the philosophy of language with *words*.

² This refers to the Platonic distinction between what we believe and what we know.

truth comes about independently from our interests and beliefs. What makes a theory true is whether it reflects the causal structures of the world. And there are constraints of reality that make a statement false.³

Before Kant, almost all philosophers had a correspondence theory of truth. For Kant knowledge of the world is possible but it does not reach beyond experience. The transcendental conditions of objective experience are supposed to explain the truth of judgment of experience. We never know the thing as it is but the thing as represented. The representation is not a mere copy of the world but the result of our interaction with the external world.⁴ There is a *thing in itself* and there are appearances.⁵

Today, a number of philosophers have given up on the correspondence theory of truth.⁶ Critics argue there is no clear significance of the notions of *correspondence* and *fact* and many philosophers have dismissed as useless the traditional dichotomy between the world in itself and the concepts we use to think about it.⁷ In the linguistic view the subjectivity of beliefs is checked not directly through confrontation with the world but rather through public agreement achieved in an *ideal speech situation* (Habermas 1984). Justification is done by supporting beliefs by other beliefs. In this sense, truth is a matter of coherence, and intersubjectivity replaces objectivity. As there is no way to get outside our beliefs and as truths do not come with a *mark* that distinguishes them from falsehoods there is no chance to test the truth of a proposition as corresponding to something in the world. The only test of truth is coherence.

Pragmatism is dominated by an instrumental notion of truth. For John Dewey, truth is what works in the solution of concrete problems and enhances human life. A theory is true if and when it promotes human affairs. Progress in this sense enables us to do things.⁸ The paradigm of

³ But theories are tested against other theories and not against some pre-theoretical foundation (Wendt 2002, p. 59).

⁴ Post-Kantian philosophy argues that, when the world as we know it is influenced from our conceptual activity, what sense does it make to have *things in itself*.

⁵ This Kantian distinction reappears in our analysis as the difference between truth and justification.

⁶ They would be accused of Platonism and at the time of Popper, correspondence theory was so discredited that he gave it up for strategic reasons (Popper 1965, quoted in Hands 2001, p.223).

⁷ See Rorty (1980).

⁸ A number of reasons may account for the renaissance of pragmatism (see Putnam 1985, Backhouse 1997, Rorty 2000, Hands 2001). First, pragmatism seems to provide a way out of the dichotomy between foundationalist philosophy and relativism. Pragmatic theories relate concepts of truth to human concerns like language beliefs, thoughts and intentional actions. Second, pragmatism blurs the relationship between theory and practice. It lacks a rigid distinction between knowing and doing. Third, pragmatism is social. It does not start from the epistemic question of how beliefs reflect the world but relates truth of beliefs to

knowledge of objects is replaced by the paradigm of mutual understanding between subjects. Increased mutual understanding about what to believe and do among ever-increasing communities would be sufficient. The situated character of truth claims underlines that issues are practical rather than theoretical.

In the article 'How do make our ideas clear', Peirce (1878) defined truth as follows: 'The opinion which is fated to be ultimately agreed to by all who investigate is what we mean by the truth, and the object represented in this opinion is the real' (Peirce [1978] 1966, p. 407). Reality consists of facts that can be represented in true statements. It shall not be confused with the 'world' of objects about which these statements are. We presuppose the world to be the totality of objects rather than of facts. A fact about some object must be stated. The Peircean concept of reality as the totality of storable facts links the practice of stating facts to an orientation towards truth. Any scientific proposition whatsoever is always liable to be refuted. However this does not preclude attaining truth although we can never be absolutely certain.' This orientation towards truth has a regulative function for fallible processes of justification. As Hilary Putnam underlines, 'before Karl Popper was even born, Peirce emphasized that very often ideas will not be falsified unless we go out and actively seek falsifying experiences. Ideas must be put under strain' (1985, p. 71).

Pragmatism detranscendentalizes objective knowledge and reformulates it as discursive justification. Thus, Peirce defined *truth* as the limit of endless inquiry within a community using a scientific method. This concept of truth is explained epistemically in terms of progress toward truth. The meaning of truth is anticipated as a consensus that a scientific community would have to obtain under ideal epistemic conditions.⁹ For Peirce, pragmatism was a part of logic. It was a way to clarify the meaning of terms and concepts. He argued that the idea of convergence towards truth is built into the presuppositions of discourse.¹⁰

The *epistemic concept of truth* in pragmatism assimilates truth towards *rational acceptability*. *Rational acceptability* means the idealization of the conditions of justification. What the scientific community can decide is the rational acceptability of propositions but not their truth.¹¹ Putnam

social processes. Fourth, the problem of theory-ladenness and underdetermination is considered by pragmatism (Hands 2001a, p. 215ff.).

⁹ 'The unlimited ideal "community of investigators" constitutes the forum for the "highest court" of reason' (Habermas 2002, p. 19).

¹⁰ Putnam and Habermas follow this argumentation.

¹¹ Dewey's technical term is *warranted assertibility*. The standards of *warranted assertibility* are historical products and reflect our interests and values. Whether a statement is warranted or not depends on whether the majority of one's cultural peers say it is

understood truth as ‘rational acceptability under ideal conditions’ (1981, p. 55), ‘some sort of ideal coherence of our beliefs with each other and with our experiences – as these experiences are themselves represented in our belief system’ (ibid. p. 49).

Coherence theories are divided about the question what, if anything, is to be said about truth. The radical perspective of the neo-pragmatist Rorty is that there is nothing much to be said about truth. We should discard the notion of truth as an accurate representation and the idea of truth as one. Truth is a useless topic, and we should instead discuss how to increase the size of the relevant communities for justification is the radical point that the neo-pragmatist Rorty makes.

Truth only sounds like the name of a goal if . . . progress towards truth is explicated by reference to a metaphysical picture . . . without that picture, to say that truth is our goal is merely to say something like ‘we hope to justify our belief to as many and as large audiences as possible’. (Rorty 2000, p. 320)

Thus, he claims that ‘we pragmatists deny that the search for objective truth is a search for correspondence to reality and urge that it be seen instead as a search for the widest possible intersubjective agreement’. Also Davidson states that ‘truth as correspondence with reality may be an idea we are better off without’ and only accepts a cautionary use ‘justified but maybe not true’ (Davidson 2000, p. 66). This indispensable function of the word ‘true’ is to caution by making gestures towards unpredictable situations (future audiences, other audiences).

The crucial premise of Rorty in his book *Philosophy and the Mirror of Nature* is that we understand knowledge when we understand the social justification of belief. Thus, we have no need to view it as accuracy of our representations. The only useful notion of truth is an extrapolation from beliefs and practices. The social justification is ‘not a matter of a special relation between ideas (or words) and objects, but of conversation, of social practice’ (Rorty 1980, p. 170).

In everyday practice we contrast less-informed with better-informed audiences or distinguish between past audiences and future audiences. In principle we can distinguish between what is held to be true and what is true. Habermas argues that languages offer the possibility of distinguishing between what is true and what we hold to be true. In his book *Truth and Justification* he underlines that the correspondence idea of truth takes account of the notion of unconditional validity, which – in

warranted or unwarranted. Putnam states that the fact that our beliefs hang together – supposing they do – does not give an indication that they are true.

his eyes – is a fundamental meaning of the truth predicate.¹² Habermas states that ‘[w]hat we hold to be true has to be defensible on the basis of good reasons, not merely in a different context but in all possible contexts, that is at any time against anybody’, but he continues; ‘However, this does not mean that it is also true for this reason’ (Habermas 2000, p. 46).

Thus, the truth of our beliefs about the world must be independent of our believing it. Understanding cannot be reached unless the discussants refer to a single objective world. The supposition of an objective world fulfils a functional requirement for our communication and coordination. Acting subjects have to cope with *the* world they cannot avoid, being realists in the context of their life world.¹³ However, it is not a correct representation of the world but a supposition of a single world that is built into the communicative use of language (Habermas 2000, p. 41).¹⁴

This points to the difference between truth and justification. To contrast justification and truth is to say that a belief may be justified but not true. Thus, in the Habermasian understanding the explanation of truth needs a justification-transcendent element. Rorty and Davidson oppose this view and believe that there is a lot to be said about justification but only little about truth. In their view an inquiry never transcends social practice. The only goal of inquiry can be justification. We quote Davidson at length:

We know many things, and will learn more; what we will never know for certain is which of the things we believe is true. Since it is neither a visible target nor recognizable, when achieved, there is no point in calling truth a goal. Truth is not a value, so the ‘pursuit of truth’ is an empty enterprise unless it means only that it is often worthwhile to increase our confidence in our beliefs, by collecting further evidence or checking our calculations. From the fact that we will never be able to tell which of our beliefs are true, pragmatists conclude that we may as well identify our best researched, most successful beliefs with the true ones, and give up the idea of objectivity. (Truth is objective if the truth of a belief or sentence is independent of whether it is justified by all our evidence . . .) But here we have a choice. Instead of giving up the traditional view that truth is objective, we can give up the equally traditional view (to which pragmatists adhere) that truth is a norm,

¹² ‘Correspondence, while it is empty as a definition, does capture the thought that truth depends on how the world is and this should be enough to discredit most epistemic and pragmatic theories.’ (Davidson 2000, p. 73)

¹³ It is possible to have a belief only if one knows that beliefs may be true or false. I can believe that it is a cloudy day because I know that whether it is cloudy or not does not depend on my belief or that of others. It is up to nature. What is up to us is what we mean by our words.

¹⁴ ‘All languages offer the possibility of distinguishing between what is true and what we hold to be true. The supposition of a common objective world is built into the pragmatics of every single linguistic usage. And the dialogue roles of every speech situation enforce a symmetry in participant perspectives’ (Habermas 2000).

something for which to strive. I agree with the pragmatists that we can't consistently take truth to be both objective and something to be pursued. But I think that they would have done better to cleave to a view that counts truth as objective, but pointless as a goal.' (Davidson quoted in Bilgrami 2000, p. 245).

Habermas (2002) does not support this claim. From his perspective justificatory practices are guided by an idea of truth that transcends the justificatory context in question. Thus, truth may not be assimilated to justified assertibility. Argumentation can lead only to a consensus when it is guided by truth in a context-independent way. Truth does not depend on how well a proposition can be justified. Justification is a context-relative notion as one justifies to a given audience and the same justification will not work to other audiences. Well-justified assertion can turn out to be false. Coherence depends on practices of justification. These practices are guided by standards that change from time to time.

2. CONCEPTS OF TRUTH RELATED TO ECONOMIC POLICY ADVICE

The idea of economic progress can be understood without a correspondence theory of truth. Thus, why should it matter whether economic policy advisors have a correspondent theory of truth, follow a coherent approach or a pragmatic understanding or neglect completely the philosophical issues? And is it relevant whether scientists consider justification within their community – or dominant parts thereof – as sufficient or whether they aim at a context-transcendent objective truth? After all, physicians disagree on the logical status of quarks and this does not influence their research.

First, in economics, scientists disagree on what their practice should look like and have often turned to philosophers for methodological guidance in the past (Wendt 2002, p. 48). Second, economists deal with social kinds that do not exist independently from human beings.¹⁵ Third, the methods of natural science with their emphasis on causal mechanism must be replaced in economics – at least partially – with the methods of interpretation (human behavior). Thus, the issue of truth cannot be avoided simply by shifting the debate to practical criteria.¹⁶

¹⁵ Social kinds are social functions such as money, social structures such as household, the state and the working class, institutions such as the central bank together with abstract kinds such as language and conventions.

¹⁶ It seems to be a rather inner-methodological debate whether economics follows or should follow methodological rules (Hands 2000).

Even if the issue of truth cannot be avoided, maybe it can be reformulated. As Backhouse 1997 states:

Though we may not be able to say whether economic knowledge is true, either the concept of truth cannot be tied down sufficiently tightly, or simply because the world is too complicated for such a goal to be feasible, we can ask whether economics is being pursued in a way that is likely to lead to progress. (Backhouse 1997, pp. 105–6)

Both the pragmatist and the Popperian tradition point toward progress as a kind of substitute for the concept of truth. Similar to Peirce, Popper locates scientific progress in methods and understands it as increasing truthlikeness.

One of the best known essays on methodology is the article from Milton Friedman on ‘The Methodology of Positive Economics’ (1953). Friedman wrote in this famous essay:

[T]heory is to be judged by its predictive power for the class of phenomena which it is intended to ‘explain’. Only factual evidence can show whether it is ‘right’ or ‘wrong’ or, better, tentatively ‘accepted’ as valid, or ‘rejected’ . . . [T]he only relevant test of the validity of a hypothesis is comparison of its prediction with experience. (Friedman 1953, pp. 8–9)

What counts is scientific progress measured as the ‘development of a “theory” or “hypothesis” that yields valid and meaningful . . . predictions about phenomena not yet observed’ (Friedman 1953, p. 7). However, the implicit assumption that success in the past ensures success in the future is obviously problematic. Otherwise predictive power is only an ex-post evaluation criterion.¹⁷ Theories may not even be intended as factual statements about reality. From an economist’s point of view it may be sufficient to explain the methods of inquiry and theory selection, to explain what counts as success or progress in economic knowledge. In the approach of Friedman, where only predictions matter, the realism of the assumptions in economic models becomes entirely irrelevant.

But economists refer their claims not only to their internal reference group but also to audiences such as the media, the uninformed public and economic politicians. We do not follow the point of McCloskey (1985) that economists have two attitudes towards discourse, the explicit and the implicit, according to which explicitly, that is in official discourses, they refer to scientific rules, whereas implicitly they behave differently.¹⁸ This

¹⁷ For a critical focus on predictions in economics see Lawson (1994).

¹⁸ ‘The word for it is Sprachethik, speech morality, the ethics of conversation. That the word comes from a hive of Marxist fuzzies in Frankfurt am Main should not be alarming, for it is liberalism incarnate: Don’t lie; pay attention, don’t sneer, cooperate. Don’t shout; let other

is only an intuition and it needs to be verified empirically whether such a dichotomy exists in the behavior of economists.

For pragmatists and critical theories, theory and practice are not separate fields but rather interwoven. Rationality not so much pertains to the extent of knowledge one possesses but rather to 'how speaking and acting subjects acquire and use knowledge' (Habermas 1984, p. 11). Critical theory points to the necessity to focus on argumentation practices. The Habermasian idea is that it is important to draw a distinction between the perspective of *participants* and *observers* and that the concept of truth is Janus-faced as it plays two pragmatic roles in action contexts and in rational discourses (Habermas 1999). In action contexts, what dominates is behavioral certainty, but in rational discourses, what counts is discursively justified assertibility.

One has to avoid an exclusive participant point of view and an exclusive observer perspective. When we give up the concept of truth as a perspective from nowhere, 'we can do no better than move back and forth between different standpoints, playing one off against the other' (McCarthy 1994, p. 81).

Economic science itself is a social activity. Scientific results have social consequences. For Dewey it was obvious that social sciences have failed to solve social problems because they have attempted to isolate problems similar to the ways in which physicists try to isolate a physical system. Mere understanding of reality is, for Dewey, never an end of inquiry (Putnam 1994). The problem he sees is the demand that science is value-free. As the data, hypotheses and problems of social sciences concern human behavior that distinction is untenable in science. When economists become policy advisors or advocate particular politics, the claim of Dewey to make explicit their underlying ideologies seems to be useful. Dewey argued in his *Logic of Inquiry* that without systematic formulation of ruling ideas, inquiry is kept in the domain of opinion and action in the realm of conflict.

3. ACCOUNTABILITY

Logical positivists have argued for a sharp fact-value dichotomy: scientific economic statements are empirically verifiable, while values in economic policy are unverifiable. However, this assumes that there is a *method of verification*. Furthermore, epistemic values such as coherence and simplicity that are broadly accepted in economics cannot be reduced

people talk; be open-minded; explain yourself when asked: don't resort to violence or conspiracy in aid of your idea' (McCloskey 1994, p. 99).

to physical notions and are not governed by precise rules. Putnam argues that 'we should recognize that all values, including the cognitive ones, derive their authority from our idea of human flourishing and our idea of reason' (1990, p. 141).

There exist different discourse communities that share particular beliefs and diverge on others. What kind of problems emerge when truth claims emerging in one community are justified vis-à-vis another discourse community?

When economists make their world views explicit and refer to the ontological connotations of their truth claims they can take realist or anti-realist positions.¹⁹ Economic policy advisors may claim that their models are useful fictions or instruments for organizing their research but that they do not refer to real structures. This would weaken the strength of their policy suggestions. Or they may claim that their theoretical approaches are approximations to truth. A coherence theory will allow a number of further justification criteria. We may assess 'theories as to their usefulness, convenience, tractability, fruitfulness, applicability and efficiency rather than their truth and falsehood. In consequence, in an empirical test, one tests the usefulness and applicability of scientific theories, not their truth' (Mäki 1998, p. 253).

The social relationship between economists and economic politicians can be specified in epistemic terms in terms of the perspectives taken by the policy advisors and the economic politicians. These different standpoints cannot be resolved by expert information provided by economic policy advisors to an ignorant policy-maker but have to be dealt with practically in reflective practices. Pragmatism and critical social science argue that it is important to keep reflective practices open to the variety of possible perspectives (Bohman 2001). This practical turn avoids providing the single true approach that can be the basis for economic policy decisions. Technocratic approaches model the economist as an engineer who searches for truth and an optimal solution to a specific problem. This abstract model of economics in a closed setting does not work in a context of social relationships. Even truth-seeking economic politicians trying to see the world from the perspective of economic science have to do it in their own categories.

An alternative is to define the work of economic policy advisors through its social consequences. By making explicit the terms of social cooperation between economists and other social actors, the practice of economics would be reshaped. Rather than the search for an objective theoretical unification that explains the truth, the practical context would be the starting point for a debate on the agenda-setting of economic

¹⁹ Anti-realists in economics may well be common-sense realists.

research. This creates a different context of social inquiry and should increase the reflective knowledge of all agents involved.

The economic politicians who ask for economic advice and do not have the formal skills of economists either have to trust the advice of economists or they have to make economic science accountable. The possibility to critically scrutinize the activities of economics arises from the indexicality of such an idea as truth (Rehg 2003).

The *fallibilism* of inquiry in economic science deals with controversial truth claims. However, fallibilism in economics might not be sufficient for the external evaluation of economic policy-makers. Also goals of research and the problem selection of economic scientists can be questioned. Furthermore, economists argue on all kinds of policy questions – not only the ones of their research field – and this implies a gap between their methodological pronouncements and their actual practice (McCloskey 1985).

What is the relevant context of justification? From the point of view of participants, standards for the rational acceptability of propositions may well be justified, while from the view of observers the distinction between economic convictions and economic theories might call for more caution. In the Habermasian concept of truth the idea of truth is something universal and context transcendent. Thus, an enhanced mutual understanding among an increased number of persons and groups would not be enough. We can never know that the agreement of all competent judges in economics operating under ideal epistemic conditions is something we have attained. Unknowability and unconditionality go hand in hand.

While we have no standards of truth wholly independent of particular languages and practices, it remains that ‘truth’ serves as an idea of reason with respect to which we can criticize the standards we inherit and learn to see things in a different way. Neither the particularity of context-immanence nor the universality of context-transcendence of truth claims can be ignored without doing violence to our actual practices of truth. We can, and typically do, make contextually conditioned and fallible claims to objective truth. (McCarthy 1994, p. 39)

Economists’ justifications are often seen somehow intrinsically superior. Critical theory (for example McCarthy 1994) undermines this epistemic privilege arguing that their modes of justification are context-dependent themselves. Truth claims are not separated from social practices of justification even though they cannot be reduced to any particular set thereof. There is a practical necessity to rely on what is held to be true for both groups, economic politicians and economists. Economic policy cannot function if it persistently falsifies explanations of economics and

fundamentally questions advice of economists. Economic policies deal with the world in a rather direct way and have to rest on certainties and on an unqualified trust in the knowledge of people considered experts.

Only on the reflexive level of argumentation – where only arguments count – is this pragmatic certainty suspended. In argumentations discourse-participants who try to convince themselves of the justification of a truth claim have to suppose a single objective world.²⁰ As social kinds do not present themselves to the senses as observables in physics, conceptual analysis may be called for even more. Either policy-makers have their own context-dependent criteria of truth or they follow specific criteria of the economic community (coherency, empirical evidence, predictive power). The common sense attitude within the economic community that knowledge is fallible is no substitute for reflexivity in argumentation. Furthermore, the quest for truth may help economic politicians to recognize not only the interests and values of economists but also *bullshitting* from economists.²¹

CONCLUSION

Does a discussion of concepts of truth have any consequences for economics and or economic policy?

Our answer is ambiguous: in a particular way nothing would be changed. Neoclassical economists would continue to study rational agents, neo-Keynesian economists would include a few rigidities, post-Keynesian scientists stress the importance of uncertainty in their analysis and heterodox economists would consider social kinds in their approaches. And economic politicians would be inclined to believe the advice of economists with whom they share values or an ideology.

But by making the truth claims and the standards of justification explicit, economic policy-makers would gain more criteria for evaluation. If economic policy-makers and the public want to evaluate the economic policy advice given by economists, the quest for truth might be helpful in order to distinguish between the economic suggestions. Since what economists and economic policy-makers see is conditioned by how they see it, their understanding of truth deserves attention.

²⁰ Mäki (2001) underlines that ontological convictions play a role in the theory choice of economists. Ontological core principles of economics define the boundaries of a research field and have social consequences.

²¹ Someone who gets published in some academic journal just because he is prepared to use the jargon in the right way and not aiming to get things right (Bilgrami 2000).

Knowledge of the world views of economists and what role truth plays in their minds is of relevance for evaluating their policy suggestions as it is a decisive form of accountability.

First, making the concept of truth explicit might block *a priori* arguments against engaging in certain kinds of economic research. The quest to argue the concepts of truth in economics explicitly takes the argument for plurality of methods seriously. Second, the quest for the standards of truth claims might reveal patterns of domination and power behind enlightenment. Third, the difference between rational assertibility and truth in economic theory shows up in assertions that are not well-justified but relevant in economic policy. Also perspectives that are excluded from economic discourse, contributions that are suppressed, point to the difference between rational assertibility and truth.

In economic policy advice we cannot lose the regulative idea of truth, otherwise the practice of justifications of economic arguments would lose its point of orientation. The social norms of the scientific community of economists can be described from the perspective of a sociological observer or can be studied by rational choice approaches of the theory of science. However, this is not sufficient, because how would it be possible to distinguish between conventional practices and justified means? Without reference to truth, the justification standards would provide no possibility of self-corrections. They would be social facts, no more than that, and they could claim validity only for *us* – the relevant justification community – that is the neoclassical, the neo-Keynesian, the heterodox economists and the neoliberal or alternative economic politicians or whoever.

REFERENCES

- Backhouse, R. (1997), *Truth and Progress in Economic Knowledge*, Cheltenham, UK and Lyme, US: Edward Elgar.
- Bohman, J. (2001), 'Participants, Observers, and Critics: Practical Knowledge, Social Perspectives and Critical Pluralism', in W. Rehg and J. Bohman (eds), *Pluralism and the Pragmatic Turn*, Cambridge: MIT Press, pp. 87–114.
- Bilgrami, A. (2000), 'Is Truth a Goal of Inquiry? Rorty and Davidson on Truth', in R.B. Brandom (ed.) (2000), *Rorty and His Critics*, pp. 242–62.
- Brandom, R.B. (ed.) (2000), *Rorty and His Critics*, Oxford: Blackwell Publishers.
- Davidson, D. (2000), 'Truth Rehabilitated', in R.B. Brandom (ed.) (2000), *Rorty and His Critics*, pp. 65–74.
- Davis, J.B., D. Wade Hands and U. Mäki (eds) (1998), *The Handbook of Economic Methodology*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.
- Dewey, J. (1981), 'The Lived Experience', in McDermott J. (ed.) (1981), *The Philosophy of John Dewey*, Chicago: University of Chicago Press.

- Dewey, J. (2002), *Die Theorie der Forschung*, Frankfurt am Main: Suhrkamp.
- Friedman, M. (1953), 'The Methodology of Positive Economics', in *Essays in Positive Economics*, Chicago: University of Chicago Press, pp. 3-43.
- Habermas, J. (1984), *The Theory of Communicative Action*, Vol. 1, translated by T. McCarthy (*Theorie des Kommunikativen Handelns*), Boston, USA: Beacon.
- Habermas, J. (1999), *Wahrheit und Rechtfertigung*, Frankfurt am Main: Suhrkamp.
- Habermas, J. (2000), 'Richard Rorty's Pragmatic Turn', in R.B. Brandom (ed.), *Rorty and His Critics*, pp. 31-56.
- Habermas, J. (2002), 'From Kant's "Ideas" of Pure Reason to the "Idealizing" Presuppositions of Communicative Action: Reflections on the Detranscendentalized "Use of Reason"', in W. Rehg and J. Bohman (eds), *Pluralism and the Pragmatic Turn*, pp. 11-40.
- Hands, D. Wade (2001a), *Reflections without Rules. Economic Methodology and Contemporary Science Theory*, Cambridge: Cambridge University Press.
- Hands, D. Wade (2001b), 'Economic methodology is dead – long live economic methodology: thirteen theses on the new economic methodology', in *Journal of Economic Methodology*, **8** (1), 49-63.
- James, W. (1975), *The Meaning of Truth*, Boston: Harvard University Press.
- Lawson, T. (1997), *Economics and Reality*, London: Routledge.
- Lawson, T. (1999), 'What has realism got to do with it?', *Economics and Philosophy*, **15**, 269-282.
- Mäki, U. (2000), 'Reclaiming relevant realism', *Journal of Economic Methodology*, **7** (1), 109-25.
- Mäki, U. (2001), 'The Way the World Works (www): Towards an Ontology of Theory Choice', in U. Mäki (ed.) (2001), *The Economic World View*, Cambridge: Cambridge University Press pp. 369-90.
- McCarthy, T. and D. Hoy (1994), *Critical Theory*, Oxford, UK: Blackwell.
- McCloskey, N.D. (1985), *The Rhetoric of Economics*, Madison: University of Wisconsin Press.
- McCloskey, N.D. (1994), *Knowledge and Persuasion in Economics*, Cambridge: Cambridge University Press.
- Peirce, C.S. (1878), 'How to Make Our Ideas Clear', in P.P. Weiner (ed.) (1966), *Charles S. Peirce. Selected Writings*, Dover: New York.
- Putnam, H. (1981), *Reason, Truth and History*, Cambridge: Cambridge University Press
- Putnam, H. (1985), *Pragmatism. An Open Question*, Oxford: Blackwell Press.
- Putnam, H. (1990), *Realism with a Human Face*, Boston: Harvard University Press.
- Putnam, H. (1995), *Words & Life ed. James Conant*, Boston: Harvard University Press.
- Putnam, H. (1998), *Representation and Reality*, Cambridge: MIT Press.
- Raters, M.-L. and M. Willaschek (eds) (2002), *Hilary Putnam und die Tradition des Pragmatismus*, Frankfurt am Main: Suhrkamp Verlag
- Rehg, W. and J. Bohman (eds) (2001), *Pluralism and the Pragmatic Turn. The Transformation of Critical Theory*, Boston: MIT Press.
- Rorty, R. (1979), *Philosophy and the Mirror of the Nature Princeton: Princeton University Press*
- Rorty, R. (2000), 'Universality and Truth', in R.B. Brandom (ed.), *Rorty and His Critics*, pp. 1-31.

- Wendt, A. (2002), 'Social Theory of International Politics', in *Cambridge Studies in International Relations*.
- Wellmer, A. (1998), *Endgames: The Irreconcilable Nature of Modernity*, Cambridge, MA: MIT Press.

