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Value Judgments and Value Neutrality in Economics*

Philippe MONGIN**

Abstract: The paper analyzes economic evaluations by distinguishing evaluative statements from value judgments proper. Building on this basis, it compares four solutions to the value-neutrality problem in economics. After rebutting the strong theses about neutrality (normative economics is illegitimate) and non-neutrality (the social sciences are value-impregnated), the paper settles the case between the weak neutrality thesis (common in welfare economics) and a novel, weak non-neutrality thesis that extends the realm of normative economics more widely than the other weak thesis does.

Keywords: Value Judgments, Value Neutrality, Positive-Normative Distinction, Welfare Economics, Robbins, Weber.

Classification: JEL B41, D60, D70, B20

1. Introduction

Suppose that a sample of economists is asked whether or not A makes a *value judgment*, where A ranges over the following claims: "The more equal the income distribution, the more just it is", "In terms of the Gini coefficient, the income distribution of most countries is less unequal than the distribution of wealth", "People with less than 5\$ a day are in a state of poverty". We may expect a virtually unanimous yes-answer in the first case, a widely shared no-answer in the second, and divided answers in the third. This pattern would be likely to be roughly similar if the poll were carried out with, say, "There is no good allocation that is Pareto-dominated", "In terms of the Pareto criterion, allocation x is superior to allocation y", and "Competitive markets are efficient". As the imaginary experiment suggests, the profession's ideas about what counts as a value judgment and what does not are far from being unstructured, but also leave room for disagreement. One goal of the present paper is to develop a conceptual framework in which those divergent opinions can be restated and assessed.

But why is the question about value judgments at all interesting? Does it really matter what classifications economists make in their reflective moments, as opposed to the work they actually perform? There is a quick answer to this worry. It is important to be clear about how judgments of value are to be distinguished from other judgments because it serves as a logical step towards resolving the so-called *value neutrality problem*, which any thoughtful economist should arguably be concerned with. This is the problem of deciding whether it is possible, and, if so, whether it is desirable, for economists not to make value judgments in their

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professional work - as opposed to the value judgments they are welcome to make in their private life and the political arena. (To convey the restriction to professional work, I will use the convenient saying "the economist *qua* economist".) The stakes attached to the neutrality problem are so heavy and visible that the profession has long recognized them, even to the point of exaggeration. Not a few economists take for granted the positivist tenet that only mathematical and factual judgments, not value judgments, are amenable to rational discussion. Sen (1970, ch. 5) and others have fought against this crude claim, and replaced it with the weaker one that there are marked differences, both logical and rhetorical, between the three classes of judgments. If this is indeed the case, one's vision of economics cannot be the same whether one construes it as a primarily neutral or primarily non-neutral discipline. No more than Sen's weak claim is needed in order to justify the present investigation into value judgments and value neutrality.

Section 2 sketches four theses that can conveniently be located along an axis - strong neutrality, weak neutrality, weak non-neutrality, and strong non-neutrality. Sections 3 and 4 do some groundwork on economic evaluations and prescriptions; these sections are purposefully brief, and several details will have to await another, more technical paper. Building on this basis, section 5 investigates evaluative concepts of economics such as goodness, justice, and preference, then section 6 swiftly rebuts the strong theses about the neutrality and non-neutrality of economics. The end of the paper settles the case between the non-extreme theses, a sophisticated task that crucially depends on the groundwork. Section 7 reexamines the classic distinction, due to Weber and taken up by Robbins, between making a value judgment and taking it as an object of study, and section 8 discusses the related distinction between ends and means that Weber and Robbins also emphasized. These sections argue that the first distinction is subject to difficulties, and the second essentially irrelevant to economics. In view of the objections, the weak neutrality thesis remains devoid of any supporting argument, and the ground is cleared for the weak non-neutrality thesis; section 9 concludes that it provides the best answer to the value neutrality problem.

2. Four theses about neutrality. A preview of the argument

Historically, theses about the neutrality or otherwise of economics entered the field when Robbins (1932) borrowed his statement of the problem, and the language of value overall, from Weber (1922).¹ Before this continental shift, the tradition of English-speaking economics had put forward internal divisions based on other philosophical mottos, such as "science" *versus* "morals" or "ethics", and "is" *versus* "ought". This earlier tradition culminated with John Neville Keynes's (1890) famous trichotomy between the "positive science", the "normative science", and the "art" of economics (the last being roughly what we now call applied economics). The very first divisions, as in Senior and Mill, had been only twofold, contrasting Keynes's first term with a mix of his last two, so that he deserves credit for introducing the normative-positive cleavage into economics. Remarkably, Keynes's analysis was *not* displaced by Robbins's imported Weberianism (even his *Essay* makes some use of it). Subsequent debates have always been couched in both the language of value and the positive-normative distinction – see, among others, Friedman (1953), Archibald

¹ Von Mises and other Austrians also adapted the value language to economics, but they appear to have influenced mainstream economics mostly through Robbins's account.

(1959), Lipsey (1963), Hutchison (1964), Machlup (1978, ch. 9).² The implicit connection is that a statement made by an economist counts as *normative* if it is paired with a value judgment made by *that* economist (not somebody else), and that the statement counts as *positive* otherwise (in particular, it may bear on somebody else's value judgments). This is still today's received view, and it provides an apparently definitive and clear-cut division of economics; thus I will refer to it as to *the authoritative criterion*. A more focused paper on value neutrality would have resulted if I could have avoided discussing also the positive *versus* the normative, but the conceptual embroilment I just explained makes this strategy infeasible. Accordingly, I will approach the value-neutrality problem also in terms of the following classic questions. Is normative economics at all legitimate? If it is, should it be demarcated from positive economics? And if it should, how could it be?

The value-neutrality problem has received three broad solutions in 20th century economics. Thesis 1 bluntly claims that in their professional work, economists should always refrain from making value judgments; it expresses the neutrality position in the strongest possible way. Since a prohibition makes sense only if it is possible to violate it, the thesis takes for granted that it is logically possible for the economist *qua* economist to make value judgments. Using the authoritative criterion as a translation device, one would re-express this by saying that economics either is or ought to be positive (the case of "is" corresponding to situations in which the question of making a value judgment does not logically arise, that of "ought" to situations in which the prohibition applies). Quite remarkably, the strong neutrality position has fostered conflicting assessments of welfare economics. A fierce spokesman of the former, Robbins (1932) wanted to push the latter out of economics into the limbo of "ethics"; however, his followers at the London School of Economics (LSE) disagreed with him on this score. Archibald (1959) argued that welfare economics was positive in the same sense as, say, unemployment theory, and did not threaten the Robbinsian objective of an entirely neutral economic science; hence, there was no point in dismissing it. Today, there is a formalistic account of welfare economics, social choice theory, and related work such as bargaining theory, that leads to a roughly similar conclusion, though by a different route. As the argument goes, welfare economics and similar theories are positive in the sense not of unemployment theory, but of mathematics and logic. It is not the factual or empirical character of these theories, but their complete *lack* thereof, which supposedly accounts for their neutrality.³

Thesis 2 expresses a weaker neutrality position. It starts from the same underlying assumption that the question of making value judgments logically arises for the economist *qua* economist, but it then claims, contrary to thesis 1, that there are occasions in which he might, and even should, make these judgments. In the other language, one would say that economics might and even ought to be normative sometimes; otherwise, it is or ought to be positive, depending on the case. Beyond these vague generalities, thesis 2 acquires its focus from what I call the *containment* claim: those value judgments which economists have a right (and *a fortiori* an obligation) to make are few in number, easy to discover, and logically as well as practically separable from the other judgments that economists make. It is not obvious how to recast this in terms of the positive-normative distinction, but it

² Blaug (1998) quickly surveys these developments.

³ This argument is usually stated without details; see, e.g., Hylland (1986) and Fleurbaey (1995, ch. 1).

certainly suggests that the authoritative criterion operates well in concrete situations. Accordingly, I construe the containment claim as implying that, when effectively applied, the authoritative criterion is both exhaustive and exclusive, as any good criterion must be, and further, that it does not give rise to grossly counterintuitive consequences. The new welfare economics in its heyday illustrates thesis 2 most vividly. Bergson (1938), Samuelson (1947), and Little (1950) believed that they, and other economists in the field, made, and were indeed justified in making, value judgments. However, the latter were *contained*, in the sense of belonging to some kind of standardized list. According to the universally shared value judgment, the Pareto optimum was a particular concept of good, and Pareto-superiority a particular concept of betterness. Then, the new welfare economists would take a stand as to interpersonal comparisons of satisfaction, i.e., whether they should be made, and if so, how (it was another tenet of the time that such comparisons needed value judgments). Finally, there was a broad commitment towards distributional equality, which the school would qualify in a number of ways.

The new welfare economists' analysis of Paretian concepts needs spelling out, because it has become the established treatment in today's economics. They would *define* Pareto optimality and superiority in terms of either preferences or ordinal utilities, which belong to the individuals', not the observer's evaluations, so that by the authoritative criterion, these counted as positive concepts. However, the new welfare economists felt that they would not employ the Paretian apparatus, even *qua* economists, unless they would invest it with "ethical" interest. Thus, they *added* to the definitions a separable value judgment to connect the Pareto ordering with the "economic" or "social" good. While endorsing the new welfare economists' evaluative account of Paretianism, Arrow (1951) argues in effect that their list of value judgments is too thin.⁴ He would like to include value judgments on collective rationality, such as those accompanying the "independence of irrelevant alternatives" (IIA) condition. There is a substantial disagreement here, but at the formal level at which thesis 2 unfolds, nothing distinguishes Arrow from the economists he criticizes. He applies to the novel condition the two-part analysis they apply to the Pareto principle, i.e., he keeps his definition of IIA carefully separate from his value judgment that rational groups should satisfy it. In the hands of many economists, individual decision theory obeys a related pattern. For instance, they would *define* an individual agent to be someone who maximizes an objective under an availability constraint, and then normally *add* the value judgment that optimization is an essential part of rationality.⁵

At the other end of the spectrum, thesis 3 denies that economists, whatever their realm of activities, should refrain from making value judgments. In respect of values, what they do *qua* economists is no different from what they do *qua* citizens or private persons. The strong non-neutrality thesis often receives a corollary, to the effect that value judgments should be made as *openly* as possible - what is wrong with them is not that they are made, but that they usually remain swept under the carpet. To support these and related claims, the common arguments are that the neutrality recommendation would impoverish the field, that it cannot be feasibly implemented, and even that it involves a logical impossibility. In terms of the

⁴ Mongin (1999, 2000) investigates Arrow's work with a view to show that he does not refrain from taking sides, contrary to the popular view of social choice theory as being mostly formalistic.

⁵ Arrow's (1984a and b) papers on decision-making contains numerous hints in this direction.

positive-normative distinction, one would say that economics either is or should be - depending on which argument is selected - normative throughout. Contrary to the other theses, this one was put forward not just for economics, but for the social sciences generally, and in even more adventurous pronouncements, for knowledge *tout court*. It reaches a climax with the claim that, when performing logical and mathematical steps, the scientist is still evaluating something. Thesis 3 has always been more prominent in the other social scientists' critiques of economics than within the discipline itself. Those few economists who accept it are a fringe of self-proclaimed heterodoxy, be they neo-Marxist, neo-Keynesian, or something else. As a representative, I have selected Myrdal (1958), who belongs to the "something else", because his claims are not directly political and belong to the metatheoretical level at which I would like to place this paper. Also, as opposed to Mannheim (1936), he does not conflate the problem of value-neutrality with that other conundrum I do not mean to discuss here - "science" *versus* "ideology". Even if he does not discriminate well between his various arguments, Myrdal bends towards the only one that, if correct, would be decisive - i.e., that value judgments and judgment of facts cannot be separated logically. This again makes him an appropriate subject for discussion.

The paper propounds a thesis 4, which is not part of the traditional legacy, and may be located, as it were, between the last two; it expresses a weak non-neutrality position. It starts with the broad claim that the question of making value judgments does arise for the economist *qua* economist, and that he might, might and should, or might not, make these judgments, depending on the case at hand. This claim clashes with the strong neutrality thesis and fit in with the weak neutrality thesis. *The line is drawn with the latter by rejecting its containment claim*. I will argue in effect that value judgments in economics are neither easy to spot, nor few in number, nor always separable - practically and even logically - from judgments of fact. In a related move, I will investigate *the authoritative criterion*, and show, on the basis of various problematic examples, that the positive-normative classification it implies for economics is flawed, because it is neither exhaustive, nor exclusive, nor free from counterintuitive consequences. However, my critique of neutrality stops a long way from the strong non-neutrality thesis 3. Myrdal promoted unrestrictedly the view that value and factual judgments cannot be separated logically, whereas I reserve it for a subclass of economic statements.

Technically, the weak non-neutrality thesis 4 depends on splitting the traditional concept of a value judgment into a statement and a judgment proper. This leads to a *two-stage* procedure to discriminate between judgments of value and the other judgments. The first stage scrutinizes the statement, and raises only one question, but a difficult one: what kind of predicates does the statement contain? Some predicates (like *just*) are clearly evaluative, some others (like *more equal in terms of the Gini*) are clearly not, and many others are problematic. The second stage, which is of particular interest for statements containing evaluative predicates, involves again only one question, though again a difficult one: is the economist responsible for the judgment associated with the statement? Because this is not always decidable, let alone decidable consistently, the problematic area will increase by a degree of magnitude. The two-stage analysis is able to explain why so many economic statements fit in poorly with the positive-normative distinction.

3. Groundwork on economic evaluations

To explain what separates judgments of fact and judgments of value has proven to be a daunting task for philosophers, and no fully convincing account has yet emerged. Nevertheless, it is only by drawing upon the work done in meta-ethics, deontic logic, and analytical philosophy, that one could hope to make progress towards the sought-after explication. It is a general suggestion of this paper that economic methodology would benefit from becoming better acquainted with these areas.⁶

I start with a distinction in the style of analytical philosophy. When someone says or writes, for example, "x is a good economic policy", one can attend to four different things. There is the *sentence* itself, which is the linguistic entity, the *statement*, which is what the sentence means, and the *utterance* or *inscription*, which is the material act performed by the speaker or writer. Many analytical philosophers would refine this threefold distinction without worrying about the fourth item of the *judgment* being made.⁷ But my topic requires it to be present in the framework. I need it in order to emphasize the speaker or the writer, in senses that are not exhausted by the notion of an utterance or an inscription. Take an actor who says on the stage: "There are more things in heaven and earth, Horatio,...". He makes the same utterance as Hamlet did (supposing for simplicity that Hamlet and Horatio were historical figures, and Hamlet once uttered the sentence). It seems sensible to conclude that the meaning of the sentence remains unchanged, i.e., that the actor makes the same *statement* as Hamlet did, but that the actor does not make any *judgment*, while Hamlet made one. Sometimes, economists are in a position loosely analogous to the actor's: when uttering " x is a good economic policy ", it is as if they *recited* the sentence. One reason (there are others) for relying on four concepts instead of three is to capture situations of this and related kinds. Without further argument, I will take the view that the statement is not all that matters beyond the sentence, that a judgment goes along with both the sentence and statement, and that the *subject* of this judgment is not always identical with the source of the utterance or inscription.

The literature of economics and the social sciences, from Weber up to Sen and Arrow, through Robbins and Myrdal, emphasizes value judgments at the expense of value sentences, statements, and utterances. In a sense, it presents a defect opposite to that which (for my purposes) analytical philosophy presents. The latter pays too little attention to judgments, be they of fact or value. The historical reason for this state of affairs is that it strongly rejects the older, Aristotelian logic of judgment, in order to embrace the modern logic of quantifiers, predicates and operators. Conversely, the neglect of linguistic features in the literature on economics and social sciences can only be explained by its indirect reliance on the older logic – a surprising anachronism in the late 20th century. Things being as they are, one challenge of this paper was to bring these two streams of thought together.

When I say "evaluation", I mean any of the four items discussed above when a judgment of value is made (it would help to have a common word also when a

⁶ Economic methodology has mostly contented itself with redescribing available positions in their own terms, which leaves little hope of settling their disagreements; see, e.g., the surveys by Hutchison (1964) and Machlup (1978).

⁷ Others would identify the judgment with the statement made, taking it to be closer to a logical entity than I do in the present account. As to the distinction between sentence, statement, and utterance or inscription, see, e.g., Haack (1978).

judgment of fact is made, but there appears to be none). I wrote "statement" where some would recommend "proposition", and there is a substantial reason for this terminology. Philosophers take it to be a defining feature of propositions that they have *truth values*, and it is contentious whether evaluations are either true or false. In meta-ethics, the positivist and emotivist schools, on the one hand, and the intuitionist and cognitivist schools, on the other, clash over this major issue; other schools have their own complicated answers. Because positivism was so influential on the way Friedman and Samuelson described normative work, and emotivism inspired Little's (1950) reconstruction of welfare economics,⁸ I might be expected to take a position. But that would require more than one paper, and fortunately, it is possible to make progress on the value neutrality problem without first solving the truth value problem.

Now comes the main technical proposal, which was foreshadowed in last section. At stage 1 of the analysis, I say of a non-analytical⁹ statement that it is *logically evaluative* if it makes use of at least one evaluative predicate, *logically factual* if it makes use of predicates that are all factual or logical, and *logically neutral* in remaining cases. By this definition, to diagnose the statement expressed by the sentence "Economic policy x is a good one" reduces to diagnosing the predicate *good*. Stage 2 narrows down the analysis to those statements which are declared to be either logically evaluative or logically factual. Only then is it relevant for the present purposes to raise the question: does the economist make a judgment? Let us say that the economist *makes a judgment of value* if the statement is logically evaluative and the economist sincerely asserts it, that he *makes a judgment of fact* if the statement is logically factual and the economist sincerely asserts it, and that he makes no judgment at all if he does not make a sincere assertion. Thus, granted that by a stage 1 decision, "good" means an evaluative predicate in "x is a good economic policy", one will at stage 2 ask whether or not the economist judges that x is a good economic policy, and this will be answered by deciding whether or not he sincerely asserts the corresponding statement. The assertion condition would be sufficient to solve the Hamlet problem in its pure form since the actor does not *assert* anything on the stage, but I added a sincerity requirement in order to handle analogical forms of this problem in economics (I discuss below the case of a central banker). Some philosophers will no doubt question my criterion of judgment, but its intent should strike them as being plain and acceptable - roughly speaking, I want to dispose of those statements which economists make without really meaning them. As it stands, stage 2 is defined only for *elementary* statements like the present example. Something will be said later regarding two prominent classes of complex statements, i.e. conditionals and belief statements.

Here are some clarifications about stage 1. The difference between statements and sentences comes in handy here, because a given statement can be associated with different sentences that express it more or less appropriately. To continue the example, "Economic policy x is good" does not convey the economists' evaluative meaning of "good" so well as "x is a good economic policy", since the good they have in mind is not absolute, as in "Love is good", but relative to what economic policies have in common. One may assume that, for each statement, there is a

⁸ It is not so clear whether the other meta-ethical positions were recognized by 20th century economists. Some history of thought would be welcome here.

⁹ The meaning of this restriction is clarified below.

canonical sentence to express it. The analysis must be carried out in terms of this sentence alone, and if the ordinary language seems too ambiguous to formulate it, there will be a point in resorting to one of the artificial languages of contemporary logic.

The proposed taxonomy of statements at stage 1 excludes *analytical* statements, by which I mean, following the usual philosophical definition, those statements which can be declared true or false in virtue of the meaning of their constituent terms.¹⁰ Logical truths are a particular case, since they are true in virtue of the meaning of their *logical* constituent terms. The definition also covers those statements which depend for their truth or falsity on the meaning of their *non-logical* terms, such as: equilibrium is a state of rest, to be equitable is to treat equals equally. For one reason or another, mathematical theorems are usually counted among analytical statements. There seems to be little point in asking either stage 2 or even stage 1 questions *vis-à-vis* analytical statements; hence I excluded them at the outset. Simplifying the terminology, I lump them with those non-analytical statements which stage 1 classifies as being logically neutral. I move on to this class now.

Crucially, the evaluative or factual predicate has to be *genuinely used* if the statement is to count as being logically evaluative or factual. In terms of another classic distinction, the canonical sentence must use, and not merely mention, the relevant predicate symbols. However, as Hare (1952, p. 124-125) has argued, the distinction must be handled with care when it comes to evaluative predicates. Here are two examples that support his point. Unambiguously, the sentence "'Just' is a four-letter word" expresses a logically factual statement. Contrast it with "'Just' means 'distributionally equal'". In many contexts, this sentence will express a logically evaluative statement, even though the predicate word is again mentioned, not used. The discrepancy comes from the fact that "Justice is distributional equality" would be the canonical rendering for these contexts. Inverted commas in a sentence are not sufficient evidence of mention. Conversely and more subtly, the absence of inverted commas is not sufficient evidence of use. Here is an example adapted to economics. Although doubting that Paretianism adequately captures the social good, I might still say "x is better than y" instead of "x is Pareto-superior to y", meaning something like: x is Pareto-superior to y, and welfare economists would add that x is better than y. My statement alludes to a logically evaluative statement made by other people that I happen to have in mind. This elliptical way of conveying my meaning would be acceptably unambiguous in some relevant contexts. Suppose that I am giving a welfare economics paper to a welfare economics group, and that I want to make a purely technical point, without questioning the philosophical commitments of my listeners. This and similar examples support Hare's point that one should be prepared to take a generous view of mention, and a restrictive one of use, when analyzing the evaluative language. I conclude that logically neutral statements will constitute a wide-ranging category.

Although they are related to disguised quotations, *belief sentences* call for a separate analysis. "Mrs. Thatcher believes that active trade unions are bad for the economy" has a very different meaning from "Mrs. Thatcher says: 'active trade unions are bad for the economy'". The predicate *bad*, which is mentioned in the second case, is used

¹⁰ While analytical statements are automatically endowed with a truth value, non-analytical statements may or may not have one. Hence I remain consistent with my policy of separating the value neutrality from the truth value problem.

in the first. Accordingly, I will treat belief sentences containing evaluative words as expressing logically evaluative statements. The commonsense intuition that they do not correspond to value judgments made by the speaker will be captured by suitable stage 2 decisions. Concerning the statement expressed by the first sentence, the conclusion will be, as it should, that only Mrs. Thatcher, not the economist, makes a sincere assertion that matches a value judgment. Having sketched a distinctive treatment for disguised quotations and belief sentences, I should nonetheless emphasize that there are many borderline cases.¹¹

I now discuss stage 2 in terms of a few representative examples. Suppose the following sentences were borrowed from economic texts, in which they were not in inverted commas:

(a) "Some economists believe that to increase the interest rate is a good economic policy."

(b) "Some economists believe that to increase the interest rate is a good economic policy. But they do not realize that it would slow down the present recovery, which would be a bad consequence."

(c) "Erik believes that I, the author, am mistaken in believing that to increase the interest rate is a good economic policy."

I assume again that in these sentences "good" means an evaluative predicate. Now, if the information concerning (a) were limited to that very sentence, the *prima facie* view would be that the author does not make any value judgment at all. However, the surrounding linguistic context may provide a different clue, as the next example illustrates. The addition in (b) strongly suggests that the economist takes a stand on the proposed policy, since he himself attributes a bad consequence to that policy. However, further contextual information - either linguistic or external - might upset the commonsense conclusion. Suppose that the author of (b) is Alan Greenspan. Clearly, it is not the same whether the sentences were inscribed by the young academic in the *American Economic Review* or by the present Chairman of the Federal Reserve Bank in a press release. In the latter case, Greenspan would presumably mean to convey something to the markets. For instance, he might be willing to forestall a rise in the exchange rate of the dollar due to the prevailing expectation that the Fed will raise the interest rate. It may even be that Greenspan believes that it would be a good thing after all if the recovery were slowed down, and suggests the contrary only because this helps him to make it clearer that he does not intend to raise the interest rate! If this were the case, Greenspan would make a logically evaluative statement *insincerely*. The roundabout, but roughly plausible example extends the Hamlet problem one step further: neither the actor, nor the central banker makes the value judgment corresponding to the statement they make, but Greenspan asserts something whereas the actor only recites a text. This is why I introduced the sincerity requirement in the analysis of stage 2 attributions.

Examples (a), (b), and even more clearly (c), bring out the difficult problem of extending this analysis to *belief statements*. I conceive of stage 2 decisions as being concerned not with all and every statement that can be retrieved from (a), (b) and (c) but only with this one: to increase the interest rate is a good economic policy. More generally, I suggest dealing with belief statements in terms of the following

¹¹ Consider the following sentence: "In her speech Mrs. Thatcher expressed her belief that active trade unions were bad for the economy".

algorithm. Decompose them until you reach all their *elementary* substatements, i.e., those substatements which do not contain any belief operator, *and to those alone*, apply the two-stage analysis. While this method makes good sense, I cannot establish that it will always deliver all the judgment of values that can be made in relation to a belief statement, especially if the latter is nested as in (c). It may be that Erik's higher-order belief involves evaluating the first-order belief (and me who holds it) as being irrelevant or stupid. If this were the case, there would be value judgments associated with the full statement itself, and not just with its elementary substatements.

The analysis should also be extended to *conditional statements*. Consider for instance:

(d) "If markets are competitive, they are efficient".

In economics, the predicate *efficient* ranges on a wide array of meanings, some of them clearly factual, others frankly evaluative, still others ambiguous. On some well-known interpretations of *efficient*, *market* and *competitive*, the sentence expresses an analytical statement, i.e., the first fundamental theorem of welfare economics, and the investigation does not even reach stage 1. On other construals, depending mostly on what is being decided for *efficient*, (d) will express either a logically evaluative or a logically factual statement, and supposing that the economist sincerely asserts it, this will give rise to opposite conclusions at stage 2. This example suggests a few generalities. First, non-nested conditionals must be taken as a whole since there would no sense in applying the two-stage procedure to their antecedent and consequent separately. Second, nested conditionals raise the same problem as nested belief statements, i.e., there may or may not be value judgments specifically connected with the whole as opposed to those accompanying its component parts. (Consider the following: "If it is the case that if markets are competitive, they are efficient, then it is good to abolish tariffs".) Third, many conditional sentences call for an analytical interpretation, which luckily cuts short the more advanced discussion. Among the analytical conditionals are not only the theorems of mathematical economics, but also the statements that economists obtain by establishing meaning connections; think of the biconditional that to be equitable is to treat equals equally.

4. A word on economic prescriptions

Evaluations, it seems, trigger prescriptions. If I claim that x is a good economic policy, and y is bad one, and if there is an action to be taken, which might favour one against the other, my claim suggests another, i.e, that it is x, not y, that *should* be promoted. Meta-ethical systems have elaborated on this linkage a great deal. It makes it unavoidable that the groundwork be somewhat extended to cover economic prescriptions.¹²

Compare the statements expressed by (a) "x is the best economic policy" with (c) "society should implement economic policy x". Or compare (b) "x is a better economic policy than y" with (d) "society should implement economic policy x rather than y". Both (a) and (b) express evaluations, whereas (c) and (d) express

¹² I use "prescription" in the same encompassing sense as I do "evaluation", i.e., to cover utterances or inscriptions, sentences, statements, as well as judgments. This paper makes no effort to distinguish obligations from prescriptions, despite the interesting dissimilarities that could be pointed out.

prescriptions. Deontic logicians (e.g., Kalinowski, 1972, von Wright, 1983) have established a demarcation line - the statements expressed by (c) and (d) do not have the same *logical form* as those expressed by (a) and (b). Evaluations have a predicative form, i.e., are logically formalized in terms of *n*-place predicates, but prescriptions have a modal form, i.e., are logically formalized in terms of a modal operator ("it is obligatory that") acting on sentences.

However they may differ in syntactical form, evaluations and prescriptions may well be close to each other in semantic and pragmatic respects. There is indeed a classic meta-ethical view, shared by Husserl, Hare, and many others, that at least *moral* evaluations cannot be separated from corresponding prescriptions. The underlying argument is that I cannot declare an action *x* to be morally best without implying that one should do *x*, under the proviso that *x* is feasible. (A variant can be devised for "morally better", but I will concentrate on the simple case.) Allegedly, the implication is semantic, i.e., the meaning of "morally best" and "should" is what permits the derivation of one claim from the other.

This argument seems hardly applicable to economics, which is not concerned with the morally best or better. However, the notion that evaluations semantically entail prescriptions is also endorsed by utilitarianism, which is not so fussy about what counts as a moral claim and what does not, and utilitarianism is a doctrine of perennial influence among economists. Sen (1979) conveniently factors it out into three components, i.e., the making of interpersonal comparisons of a certain kind, welfarism and, what is relevant here, *consequentialism*. By definition, consequentialist theories derive their notion of a right action from the more basic notion of a best state of affairs. The notion of a right action is only one step away from that of a prescription. For a consequentialist, who has already made the step from "x is the best economic policy" to "x is the right economic policy to take", the final step to "society should implement economic policy x" seems quite unproblematic. Hence, utilitarianism, or rather consequentialism, provides another link connecting economic evaluations with prescriptions. However, the consequentialist argument raises many philosophical problems of its own, which means that it may not yet be the argument that economics needs. There are other views available, but they would deliver the sought-after connection no more convincingly than consequentialism does.

In view of this inconclusive attempt at tying up prescriptions with evaluations, one had better not play down their *prima facie* differences. If commonsense suggests a linkage of the two, it also takes it that they are not the same ideas. The warning needs emphasizing because economists often overlook it. Witness Archibald:

"We have a single dichotomy in economics, between positive enquiries into how something may be done, and normative recommendations that it should be done...Positive and normative are separated in employment theory by a *value judgment such as that 'we should try to maintain full employment (rather than, e.g., stable prices)* " (1959, p. 321, my emphasis).

It may be that genuine prescriptions sometimes emerge from normative economics, but Archibald's full employment example is clearly no such a case. He should say that "a state of full employment with some inflation of the economy is better than a state of underemployment with no inflation", or that "it would a good thing if one could maintain full-employment, even if this involves paying an inflationary price". I suspect that Archibald would grant the point, but dismiss it as being unimportant. On

the contrary, it can be shown that this clarification matters to both the philosophy of economics and economics itself.

When value judgments are redefined so as to include prescriptions, it becomes tempting to overplay the rôle of the latter within the enlarged category. Archibald's first sentence, which contrasts "positive enquiries" with "normative recommendations that (something) should be done", exemplifies this trend: evaluations properly defined vanish from his suggested division of economics.¹³ The next step, which many economists take, consists in invoking Hume's thesis: from an "is" no "ought" correctly follows (see *Treatise on Human Nature*, III, I). Since Hume's divide seems to be sharp and definitive, economists often end up founding the positive-normative distinction on it, rather than on the required analysis of value judgments. They leave the authoritative criterion unexamined, while the neater logical argument monopolizes their attention. The problem of value-neutrality retains its Weberian formulation, but its solution is allegedly forthcoming in Humean terms! I have found evidence for this *replacement* strategy among virtually all defenders of the extreme neutrality thesis, plus a few others. It cannot be decisive, because the best that Hume's thesis could achieve would be to set aside from positive economics only the prescriptive part of normative economics. It may or may not be the case that variants of Hume's thesis adapted to evaluations illuminate the value-neutrality problem; this question is explored in another paper, where it receives a negative answer. What the present paper denies is that the strategy in its initial, crude form works. Section 6 shows that this denial is sufficient to block Robbins's plea for strong neutrality.

Making one further step, I will argue by means of an example that to conflate prescriptions with evaluations fosters not only philosophical confusion *about* economics, but also theoretical confusion *within* economics. Take the famous *k%*-rule of monetary growth that was "recommended" by Friedman (1968). What was exactly its status? It seems fair to say that there was no genuine agreement among those monetarist economists who, for at least some years, followed Friedman in recommending it. Some apparently believed that the money supply was an instrument variable, and then took the rule to be bluntly prescriptive. Others knew well that the money stock was more of the nature of an objective than of an instrument, and for them, the rule enjoined the Central Bank to take whatever steps were appropriate in order to achieve a *k%* annual increase in the money stock. Viewed in this way, the *k%*-rule remained prescriptive, although in a different way: suppose the Bank would have taken appropriate steps and nonetheless failed to achieve a *k%* increase; then, it would not have failed its obligation. Other monetarists believed the rule to be only a means to achieve the only truly significant prescription, which was "Avoid unnecessary inflation", and still others might have understood it more like an evaluation - it is a good thing if the Central Bank achieves a *k%* annual increase. The problem with this famous rule was not so much that those who "recommended" it disagreed amongst themselves as that they did not have *the concepts* to describe their lack of agreement.

5. Good and the evaluative predicates of economics

¹³ See also: "Modern economic theory draws a sharp distinction between positive economics, which explains the working of the economic system, and welfare economics, which prescribes policy" (Scitovsky, 1941, p. 77).

This section is concerned with stage 1 decisions, i.e., with the predicates of economics. I tackle the problem they raise - are they evaluative or not? - by discussing a few major examples in turn, starting with *good* and its relational forms. Earlier, I suggested that those economists who uttered "economic policy x is good" really meant "x is a good economic policy", which is to say more explicitly, "economic policy x is good *qua* economic policy". This can be formalized in terms of a classic distinction of meta-ethics. Economics makes *attributive* use of the predicate *good*, to be contrasted with its *predicative* use, as in "Love is good", which, if at all significant, must be reserved for ethics. Those philosophers, like Geach (1956), who claim that the attributive use is automatically descriptive, would conclude that there is no evaluative *good* in economics. However, their claim is *prima facie* implausible. The descriptive interpretation works for sentences like "x is a good hygrometer", but not for, say, "x is a good sunset". Hare (1957) argues from this contrast that a necessary condition for "good" to be descriptive is that "x" in the sentence be a *functional* word, i.e., a word the definition of which explains what x is for. To say what an economic policy is for requires one to have a theoretical outlook as well as moral and political commitments; it is clearly not enough to know the meaning of "economic policy". The expression is not functional, and in the end comes closer to "sunset" than "hygrometer". I may conclude that there are clear and important occurrences of the evaluative *good* in economics (of course, this does not preclude cases of descriptive *good*).

It would be a mistake to believe that, with the last claim, the ethical good re-enters economics by the back door. To attribute that kind of *good* to a thing or state of affairs requires one to take into account and weigh against each other the various goodness considerations of the case. By contrast with this "all-things-considered" notion, economists concentrate on just a few aspects of what is good or bad in a thing or a state of affairs. They typically indicate the restriction by saying "economic such-and-such" (in early welfare economics) or "social such-and-such" (in social choice theory and later welfare economics). Economists employ these two adjectives as modifiers of "welfare", which they often take to be another expression for "the good", as Sen (1991, p. 15) aptly points out; so it is worth discussing how they define "economic welfare" and "social welfare". According to Pigou (1920), the former was "that part of welfare that can be brought into relation with the measuring rod of money". This famous definition turned out to be too narrow, but is useful in revealing the economists' policy of selecting just a few aspects of the *good* for consideration. Graaff (1957) went beyond Pigou by saying that "economic welfare" was a subspecies of "general welfare", and further tried to explicate the difference between the two in terms of various causes acting on welfare, some of them economic, and others not. Again, this was too specific a construction, but it testifies to the profession's intellectual strategy. Under Arrovian influences, the expression "social welfare" has come to displace "economic welfare" even in welfare economics. It still carries definite restrictions with it. Economists have enlarged the meaning of the *good* they considered earlier by including collective rationality considerations into it, but even so, they stop a long way from an "all-things-considered" conception. To illustrate, think of the educational view of the state as teaching the citizen to be more virtuous and knowledgeable. It seems as if even the most resolutely liberal theories of the state will include a modicum of this view, so one feels authorized to make it part of the conception of the collective good.

However, standard social welfare functions cannot possibly take it into account since they depend on *fixed* individual preference data, whereas the educational view would require these data to evolve.

In sum, the location of the economic *good* on the philosophers' map appears to be this. It is always attributive, often non-functional, and in this non-functional quality, evaluative, implicitly restricted, and different from the ethical good. For the position I am trying to articulate, it is important to stress the last feature. To deemphasize economic prescriptions, as I did in last section, would be problematic if it were the case that economics used the ethical good after all. This does not imply, of course, that the economic good might be ethically irrelevant; on the contrary, to the extent that it summarizes partial goodness considerations, it does matter to the ethical good.

There are many evaluative predicates beside *good*, and I move on to those which may be called *thick* after Williams (1985, p. 140). Their defining feature is that they have an evaluative and a descriptive side at a time. As Williams and others have argued, these two sides are as inseparable as those of a coin; any attempt to extract the descriptive from the evaluative is bound to distort meanings unacceptably. Ethical examples include *courageous*, *honest*, *liar*, *grateful*. It is a minor innovation of this paper to extend the thickness concept to the evaluations made in economics and the social sciences. The ethical *good* is the usual candidate for thinness, i.e., the opposite property of being exclusively evaluative. Some have argued that it is thick after all, though not as thick as, say, *courageous*, and it would be easy to devise a similar argument for the economic *good*. However, there are more obvious examples of thick economic predicates, and I briefly discuss them now.

Just calls for a preliminary analysis that is very roughly analogous to that carried for *good*. This predicate functions in economics differently from the corresponding ethical concept - moral justice - though it is relevant for this concept - economic justice contributes towards moral justice. This again reflects the economists' policy of imposing semantic restrictions. They relate justice to distributive issues almost exclusively, neglecting corrective and commutative justice, which, by contrast, are central to legal theory. Further, although today's economists do not limit attention to money income and commodity bundles, the range of items they consider for a just distribution remains limited. The two restrictions, along with the historical fact that economists tend to connect distributive justice with equality, shape a specialized meaning for *just* and its variants, *equitable*, *fair*, etc. By the same token, these predicates are thick. In a number of contexts of economics, the statement that x is a more just state of affairs than y must be understood as implying the *descriptive* statement that the distribution of goods or money is closer to equality in x than in y.

Rational is clearly evaluative in economics, but does not belong to the same group as *just* because it does not have any direct ethical counterpart. Accordingly, it can at most be invested with indirect ethical relevance. In other respects, *rational* is not unlike *just*. The meaning of this predicate depends on restrictions, some of them stipulated, others implicit, which load it with a descriptive content. It is thick to the point of allowing predictive use in relevant circumstances.

I single out a less noticeable class of thick predicates of economics, which have the peculiarity of applying both to states of affairs or actions and to statements made

about these items. Common examples involve *relevant*, *acceptable*, *satisfactory*, *defensible*, *reasonable*, *compelling*. Ordinary conversation allows for "this is a relevant action to take" as well as "your comment is relevant". In contrast, economics tends to employ a more specialized evaluative vocabulary at the first-order level, reserving "relevant" and related expressions for second-order evaluative use. How this works is nicely illustrated by Arrow's (1951) handling of the assumptions for his impossibility theorem. He is careful to phrase the assumptions technically, but then comments on them using the previous predicates; his assessment actually goes across the whole spectrum of approbation, from "relevant" to "compelling". What descriptive content such predicates have depends in part on what they imply about first-order items, in part on acquired meanings. For instance, Arrow would argue that non-imposition is compelling, given the free-market, democratic societies he is restricting attention to.

The reader might expect me go beyond the stage of giving examples and making internal classifications: surely, the basic objective is to become able to recognize whether or not a predicate of economics has an evaluative side. While admitting that I do not provide a criterion, I stress that philosophers have done no better. What their work offers is a list of *necessary* conditions for a statement to count as an evaluation that have the extra property of *not* being also necessary for the statement to count as a statement of fact. I now give a quick summary of the proposed items (some are more questionable than others).

Evaluative predicates, and then evaluations, are *comparative*. They come *in a gradation*. They make implicit reference to a *reference point*, and comparisons between objects are secondary to comparisons between the objects and this yardstick. The latter is often located at the positive extreme of the gradation, like an ideal; however, it may sit towards the middle, like a standard of normality, or even at the negative extreme, like an absolute foil. Evaluations are *subjective* in the sense that they presuppose a subject to make them, and perhaps even in the stronger sense of being completely specified only if the subject who makes them is indicated. An evaluative predicate is never equivalent to any list of descriptive predicates, but *depends* - in the sense of a mathematical function - on one such list.¹⁴ Now, consider elementary statements such as are expressed canonically by "x is P". *Empirical evidence* is not relevant to them in the same way whether "P" means an evaluative or a descriptive predicate. Specifically (this condition is central to Friedman's and Lipsey's drawing of the positive-normative distinction), elementary evaluative statements are empirically irrefutable in some circumstances in which elementary descriptive statements would be empirically refutable, and disagreements about primitive evaluative statements are left unresolved in some circumstances in which disagreements about elementary descriptive statements would be resolved. Finally, I have already mentioned the claim made by some philosophers that there are entailment relations between evaluations and prescriptions. Here I retain the much weaker point that evaluative predicates are somehow connected *in terms of meaning* with action-predicates.

¹⁴ In the philosophers' jargon, an evaluative predicate *supervenes* on a list of descriptive predicates. Without using the word, Arrow aptly summarizes what it means (1951-1963, p.112). Hurley (1989) was the first to discuss supervenience in relation to Arrow and economics at large.

All these candidates are important *prima facie*. I will make the logical and argumentative jump from those unanalyzed suggestions to the following conclusion. Evaluative predicates share some universal properties that descriptive predicates do not share to the same extent, and the previous list provides a rough indication of these properties. No set of necessary and sufficient conditions for an evaluation is known, none of the necessary conditions is very informative when taken in isolation, and any set of necessary conditions, like the one here, remains open to doubts, but the present list tells us something suggestive in the end. A related and slightly weaker claim is that the presence of the logically evaluative can often be *recognized* in actual practice. Although there are many borderline cases, most of us are perhaps not too bad at deciding where a given predicate belongs.

It is a further jump, though perhaps not a major one, to the conclusion that *the economic concept of preference is evaluative*. The predicate that economists mean by "is preferred to" passes the rough-and-ready test of the necessary conditions above. Like the ordinary language predicate, the economists' is comparative and admits of gradations. It does not involve a yardstick in every circumstance, but it sometimes does (e.g., when the consumer has a satiation point, or there is some "golden rule" of action). It has become a tenet of economics since Pareto and Hicks that preferences are subjective, and they are usually indexed by individual bearers. As is the case with ordinary preference, the economists' predicate depends, in the mathematical sense, on descriptive properties of the things it compares, but it does not mean these descriptive properties. Last but not least, the economists' preference is action-related to the extent that it connects with choice. The exact connection is a matter of dispute, but the main competing construals appear to share the view that preference and choice are linked to each other in terms of their meaning, not accidentally, which is all I need as far as this condition goes. It entails that empirical observations about choices are relevant; how strongly this evidence counts depends on the particular construal.

The claim that preference counts among the evaluative predicates of economics is likely to cause misunderstandings that I had better clear up now. Suppose that I utter the sentences (S) "I prefer Burgundy to Bordeaux wine" and (S') "Dan prefers Bordeaux to Burgundy wine". According to the commonsense view of this example, I make a value judgment in the former case, and not in the latter. How can one recover commonsense in the present framework? A conceivable answer is that the preference predicate, being ambiguous in general, conveniently turns out to be evaluative in (S) and non-evaluative in (S'). However, this answer is easy to reject. The way to make the preference predicate non-evaluative is drastically to simplify its semantic connection with choice. It amounts to interpreting "*i* prefers A to B" as meaning "*i* chooses A rather than B whenever *i* is given the choice between A and B" - the *revealed preference semantics* of preference. Most philosophers of economics and not a few economists reject this semantics as inadequate.¹⁵ And even if the revealed preference semantics were not flawed, a formal point would still apply: the same semantics cannot be adopted for (S') and dismissed for (S). It cannot be the case that the meaning connection of preference with choice is tight when I quote or report on Dan, and suddenly loosens when I speak for myself.

¹⁵ See, e.g., Sen (1982), Hausman and McPherson (1996), Mongin and d'Aspremont (1998), Hausman (2000).

A more promising line about (S) and (S') emphasizes the intuitive difference between *expressing* and *reporting on* a preference judgment. In marked contrast with the earlier one, this argument presupposes that the preference predicate is always evaluative. Given that the predicate is used, and not just mentioned, in both (S) and (S'), the decision is pushed from stage 1 to 2 for either sentence. In order to achieve the final separation, I propose to understand preference in the following way: *to prefer x to y is to believe that x is preferable to y*. This is an unconventional but relatively non-committal semantics; in particular, it need not sever the links between preference and choice. The point is to turn preference statements into particular cases of belief statements. Then, the decision procedure sketched for the latter becomes available, with the opposite results one would hope for. In the case of (S), I sincerely assert a logically evaluative elementary substatement (Burgundy is preferable to Bordeaux) but nothing of the kind occurs with (S').

6. The strong neutrality and non-neutrality theses

The analysis of stage 1 is virtually all that is needed in order to dismiss the two extreme neutrality and non-neutrality theses. Admittedly, they appeared to be implausible at the outset. But it is important to fill out the argument against them in a way that agrees with the groundwork and prepares the more advanced conclusions to come relative to the non-extreme theses.

The following passage by Myrdal summarizes the case for the strong non-neutrality thesis 3:

"A disinterested social science has never existed and, for logical reasons, cannot exist. The value connotations of our main concepts represent our interest in a matter, give direction to our thoughts and significance to our inferences. It poses the questions without which there are no answers.

The recognition that our very concepts are value-loaded implies that they cannot be defined except in terms of political valuations. It is indeed on account of scientific stringency that these valuations should be made explicit. They represent value premises for scientific analysis; contrary to widely held opinions, not only the practical conclusions from a scientific analysis, but this analysis itself depends necessarily on value premises " (1958, p. 1-2).¹⁶

Not everywhere does Myrdal equate evaluations with *political* evaluations (compare 1958, p. 54), so I ignore an addition that could only weaken his case. Essentially, he makes two points. First, evaluations are pervasive because they are connected with the social scientist's selective interest in the scientific material and his way of making sense of it. Second, evaluations play a semantic rôle (concepts are defined in terms of evaluations) as well as an inferential rôle (unstated evaluations are like missing premisses). A third claim in the form of a recommendation, which is typical of Myrdal, does not surface explicitly in the quote: social scientists should state their evaluations as clearly and completely as they can.

The first claim is crucial to the other two, and even the most generous reading cannot make much of it. If it means that one cannot be seriously interested in an object, or make a selection relative to that object, without evaluating some or all of its features, the claim is simply false. It is possible - in the sense of both "logically compatible"

¹⁶ The passage is discussed in Klappholz (1964) differently and, at a crucial stage, wrongly (when, in a typically Robbinsian way, he defends neutrality in terms of "is" and "ought").

and "actually feasible" - for an economist to investigate income inequality in France without feeling that there is anything good, or anything bad, with the French income distribution. The fact that inequality theorists usually feel strongly about inequality belongs to sociological observation, and is irrelevant to the point. Now, if the claim means that to express an interest in inequality *theory* involves evaluating its relevance favourably, the claim becomes unobjectionable, but it then asserts very little. It does not separate the social from the natural sciences, contrary to the suggestion, and worse, provides no basis for making the second and third claims. It is implausible that evaluations of the I-find-my-field-interesting style seriously interfere with meanings and inferences, and nothing would be gained from publicizing them.

One way or another, the criticisms of last paragraph have been made several times.¹⁷ I had to echo them, but, in the framework of this paper, there is a neater point to stress. Not everything in economics can be evaluative simply because not every predicate of economics is evaluative. Some (though not all) economic *measures* are descriptive, and accordingly, enter logically factual statements. Phillips's (1958) measures of unemployment and inflation in the historic paper strike today's econometricians as being poor and even biased, but I have never seen them being criticized on the ground that they were directed by evaluations. That Phillips selected the time lags that would deliver a nicely downward sloping curve is an objection very different from the Myrdalian one that his selection was guided by a value judgment. Readers who remain suspicious of complex measures like these are welcome to think of tons of cement, numbers of supermarkets, or income tax rates.

The strong neutrality thesis 1 is epitomized in a well-known passage by Robbins: "Economics", says Mr. Hawtrey, "cannot be dissociated from Ethics." Unfortunately, it does not seem logically possible to associate the two studies in any form but mere juxtaposition. Economics deals with ascertainable facts; ethics with valuations and obligations. The two fields of inquiry are not on the same plane of discourse. Between the generalizations of positive and normative studies there is a logical gulf... Propositions involving the verb "OUGHT" are different in kind from propositions involving the verb "IS" (1932-1935, p. 148-149).

As with Myrdal, it needs some generosity to go beyond the bullish style and isolate analyzable claims. The more visible one is that the value-neutrality problem is solved by Hume's thesis about "is" and "ought". If my argument against the replacement strategy is correct, Robbins and his followers lose a crucial weapon in their armoury. By a symmetric mistake, the non-neutrality theorists often directed their fire at Hume's thesis, as if this would be sufficient to debunk the enemy (see Myrdal, 1958, p. 9 and 48, and the comments by Streeten).

A secondary claim in Robbins is that economics should be separate from ethics. To the extent that there is more than Hume's thesis underlying this claim, it becomes another defense of his position. Instead of rebuking it directly, I will argue that even if it were granted, the consequence that normative economics is illegitimate would *not* follow. The jump comes from the thought that ethical evaluations are the only ones to be considered. But some evaluative predicates of economics are not ethical -

¹⁷ Weber (1922) exposed the *non sequitur* in the first claim by means of the famous distinction between value judgment and value relation (*Werturteil* and *Wertbeziehung*), which has become bread-and-butter for later methodologists.

one example being *rational* - and create room for a kind of normative economics that eludes Robbins's dichotomy between economics and ethics. To avoid this *non sequitur* objection, one would have to make absurd claims, e.g., that economists do not genuinely use the predicate *rational*, or that it enters statements they do not sincerely assert. Bizarrely, Robbins recognized that an agent's ordinary preferences were evaluations of a non-ethical sort, but when it came to economists, as opposed to agents, he forgot about this logical possibility. His "ethical" opponents based their view on the same omission, and regrettably, it infects the work of weak neutrality theorists such as Bergson and Samuelson.¹⁸

For the LSE economists who followed Robbins, his strong neutrality thesis was compatible, despite the appearances, with the programme of the new welfare economics; allegedly, it was sufficient to reinterpret the latter appropriately (see Lancaster (1958) and Archibald (1959)).¹⁹ I turn to this argument, which still enjoys some popularity today. The reinterpretation is to be furnished by the revealed preference semantics. Applying it to "state x Pareto-dominates state y", one gets a new sentence that makes a logically descriptive statement:

"states x and y are such that whenever the individuals are given the choice between the two, all choose x rather than y".

In order to recast the notion of a general optimum, one first takes it to mean a Pareto optimum, and then apply the previous translation. The resulting notion is roughly this: a state that would be among the unanimously chosen ones if it were feasible. Since the new welfare economics centers on the marginal conditions for a general optimum, the bulk of its work can now be claimed by positive economics. Archibald goes as far as to say that the reinterpretation transforms the first fundamental welfare theorem into an empirically refutable statement.

A point to be clarified is: what are the choice-based factual construals intended for? On one reading, they are meant to replace the initial formulations; on another, to coexist with them. If the weak reading is adopted, the new welfare economics will live in two locations separated by a Robbinsian line: economics when the revealed preference semantics prevails, something else than economics otherwise. If anything, this ubiquity speaks against the way of drawing the line. Only the strong reading is consistent, but it raises the objection that the choice-based semantics deprives welfare economics of its theoretical significance. Take the first welfare theorem. Archibald's refutable version has little interest; the best it could offer is a roundabout way of testing whether some economic state is a competitive equilibrium, while direct methods are more to the point. By contrast, the statement of the theorem using Paretian concepts is important, and what is important about it can be explained only in a logically evaluative way. It may be that welfare is not what matters about a Pareto optimum, but whatever else there is, say efficiency or freedom, must be stated evaluatively. Granted this easy point, the dismissal of the LSE doctrine is completed by arguing that the discussion about what matters should take place within welfare economics, not elsewhere; this seems to be another easy step to make.

¹⁸ Little (1950, p. 69) stands apart. He is aware of the distinction but denies that it should be made: "the value judgments which enter welfare economics are of an ethical kind". His emotivist conception of evaluations may be responsible for this sweeping claim.

¹⁹ The argument was a LSE collective creation, involving Lipsey as well (see Lancaster, 1958, p. 464, n.1, and Archibald, 1959, p. 322, n. 2). It originates in a hint from Little (1950, p. 38).

Importantly, the dismissal here does *not* depend on the philosophical claim that the revealed preference semantics is inadequate. It also works against the formalistic argument for strong neutrality that has become widespread today, i.e., that the statements of welfare economics are just mathematical ones, and for that reason, the field really belongs to positive economics. I will move on to the next item on the agenda, i.e., the weak neutrality thesis 2.

7. Studying a value judgment *versus* making it

As is well-known, Weber (1922) promoted the basic distinction between making a value judgment, as when someone says "x is good", and taking it as an object of study, as the same person would do when investigating, reconstructing, or trying to explain the very same judgment. By promoting the distinction among economists, Robbins renewed their understanding of Keynes's earlier demarcation. They implicitly adopted what I called the *authoritative criterion*, which says that a statement made by an economist counts as normative if the accompanying judgment is a value judgment made by that very same economist, and that it counts as positive otherwise. My strategy will be to show that Weber's distinction does not ground a satisfactory division of economics; this amounts to rebutting the authoritative criterion. I will point out cases of economic statements which, if the criterion were applied, would qualify neither as positive nor as normative, and opposite cases in which the statements would qualify as being both at a time. I will finally devise an example in which the division is clear-cut but unintuitive.

The two-stage analysis of evaluations cannot be conclusive in all and every circumstance. A version of the Greenspan scenario brings this point home. If the contextual information is not rich enough, observers will be at a loss to decide what this manipulative central banker really meant in his press release (see (b) in section 3). Thus, readers who accept the groundwork may already be persuaded that the authoritative criterion cannot deliver an exhaustive division of economics. To reinforce the conclusion, I will revisit Weber's analysis of the trade-unionist, which is a *locus classicus* of the weak neutrality tradition.²⁰ According to Weber, the social scientist aims at causally explaining the trade-unionist's value-commitments, and for this, needs to rely on a *coherent* and *reasonably complete* view of what these commitments are. This crucial step, Weber adds, does not involve the social scientist in adopting, endorsing, or approving of, any of the trade unionist's values. Note first that if "the trade-unionist" referred to an historical individual, the social scientist would not face the task that is being described. A biographer of, say, Clement Attlee, is not required to turn the value judgments expressed by his character into a consistent whole. He may just tell the reader what he can reasonably conjecture, without trying to fill all gaps and apparent inconsistencies. However, "the trade-unionist" here refers to an *ideal-typical* individual, which explains the stringent requirements that Weber mentions. It is part of the definition of an ideal-type that it is internally consistent and as complete as the theoretical investigation requires it to be. While emphasizing these two requirements correctly, Weber was wrong in not

²⁰ See Der Sinn der Wertfreiheit in Gesammelte Aufsätze zur Wissenschaftslehre (1922, p. 500-502). Elsewhere in the same paper, Weber explains what it means for the scientist neutrally to deal with a value judgment (e.g., 1922, p. 485). Die Objectivität sozialwissenschaftlicher und sozialpolitischer Erkenntnis is briefer on the same topic but nonetheless important because it draws the connection, to be discussed below, with the topic of instrumental rationality.

acknowledging that they created a severe tension with axiological neutrality. The following argument brings this objection home.

Assume that a sequence of stage 2 decisions leads to the conclusion that a trade unionist make value judgments V_1, \dots, V_n . Each of these judgments corresponds to a statement made by the representative individual, and a set of statements may or may not be logically consistent. If it is not, the question arises: which of the statements corresponding to V_1, \dots, V_n should be taken out in order to restore consistency? Supposing that consistency has been restored (or was there from the start), another question arises: how is the set to be expanded in order to provide a sufficiently complete picture? Weber assumes that *logic is all that the social scientist needs* in order to adjust the initial V_1, \dots, V_n . But logic is insufficient; it just sets the constraints within which to pursue a rejection or acceptance policy. One wonders how social scientists would proceed if they did not retain the values *they* accept, and eliminate the values *they* reject. It would be too bold to claim that this is the only basis for their choices. But it is surely one to be envisaged, and it fosters the suspicion that evaluations may permeate their ideal-typical reconstructions of value-positions. The conclusion to draw is that this kind of work will often illustrate the indeterminacy between the positive and the normative. The argument is not meant to apply to ideal-types generally; it is a subspecies of them I have been concerned with.

As far as economics is concerned, there is something to be said against the indeterminacy conclusion. Robbins (1932, p. 148) discusses the case of the consumer's preference for pork. Economists, he says, do not need to express the view that it is good or bad to consume pork in order to investigate the consumer's preference for this commodity. Granted that a preference involves an evaluation on the agent's part, this is a crude case of the ideal-types I have singled out, and it seems to raise very little problem indeed. The more general point about economics is that it introduces a good deal of its ideal-types *by way of stipulation*. There is the typical consumer, who likes or does not like pork, the typical von Neumann-Morgenstern agent, who is or is not risk-averse, the typical optimizing agent of dynamic macro-economics who is or is not myopic, and so on. The stipulative definition secures consistency, and does not aim at completeness, because it serves only to highlight a particular logical or causal linkage. I grant the exception constituted by this wide class of economic ideal-types, and concentrate instead on the, I think equally wide, class of those which approximate the trade-unionist model. They are numerous in economic history and development economics.²¹ Strikingly, they occur in theoretical economics too, because, for argumentative purposes, economists need to construe *ideal-types of their opponents' value positions*. For instance, although few of today's readers are aware of this historical connection, Arrow's work in 1951 largely revolves around a refutation of Bergson's welfare economics. He restates his opponent's views by adding features so as to make up a complete evaluative system that falls prey to the impossibility theorem. Despite the non-Weberian twist of emphasizing inconsistency of the resulting system, this is an ideal-typical reconstruction all right, and it illustrates how the social scientist's own value commitments mingle with those attributed to the adversary. Thus, Arrow makes "independence of irrelevant alternatives" part of Bergson's system although nothing

²¹ Think for instance of Rostow's (1965) construction of "taking off" in his stage theory of economic growth or the recent work on "globalization" in development economics.

in the welfare economist's work supports this inclusion.²² There is only one explanation for this move. At the time, Arrow believed independence to be normatively compelling, so that Bergson would have to accept it willy-nilly.

My next objection is that the authoritative criterion is not exclusive. I base it on the way in which *thick* evaluative predicates function semantically (see section 5). To illustrate, consider the following sentence from a hypothetical development economist:

"If people are sufficiently well fed, and have access to basic education and health care, they do not live in a state of poverty".

The *poverty* predicate has an evaluative content since the word means something undesirable. That it has a descriptive content seems equally clear: like the economist here, most of us believe that the concept of a "poverty line" makes good sense, even if we disagree on where to place it. Thus, *poverty* is thick, and this entails that the elementary substatement expressed by "they do not live in a state of poverty" is both logically evaluative and factual. On the assumption that the economist is sincerely asserting the whole statement, the two-stage analysis concludes that he makes both a judgment of value and a judgment of fact. Because these judgments accompany the same substatement, the authoritative criterion must classify it as being *both* normative and positive. Compare this conclusion with the earlier one reached in the trade-unionist example. This time, the criterion is not indeterminate but overdetermined.

There are manoeuvres to circumvent the objection, and as far as I can see, they amount to interpreting the thick predicate-word "poverty" as if it were *ambiguous* between the descriptive and the evaluative. By resolving the supposed ambiguity in the former way, one would conclude that the development economist is making only a judgment of fact. However, it is thickness, not ambiguity, which is at issue here. A thick predicate has its two sides *simultaneously*, not alternatively like an ambiguous predicate. This is not an incidental property because the predicate would have no factual meaning if it lacked its evaluative meaning. To confirm that *poverty* fits this analysis, consider the following hypothetical retort to the development economist:

"People who are sufficiently well fed, and have access to basic education and health care, do live in a state of poverty if they cannot satisfy more than these basic needs."

The two parties entertain opposite *factual* views about poverty. The reason of their disagreement is that they differ in *evaluating* the condition of enjoying barely the basic necessities of life. For the economist, this social condition cannot be factually the same as poverty because it is relatively desirable; the respondent reaches the opposite conclusion because he believes the condition to be definitely undesirable. The two parties will not settle their debate unless they discuss their evaluations as such. This illustrates the sense in which evaluations can be said to be semantically prior to the factual meanings.²³

Finally, the authoritative criterion sometimes involves a counterintuitive division between the positive and the normative. Take an economist who investigates a value

²² Bergson (1954) rightly complained that he had been misrepresented; see the assessment in Mongin (2000).

²³ Weber (1922, p. 516) implicitly discussed thickness when considering *progress*. He found it so heavily value-loaded that he recommended that social scientists should give it up altogether. This is a desperate move; it would destroy a good deal of interesting work carried out by historians.

judgment made by some agent, and happens not only to endorse it, but also to make it clear that he does. The criterion wants us to conclude that a normative statement was made, but this can be a completely unnatural conclusion, as the following concocted example suggests. "The Muslim part of the population thinks that it is despicable to eat pork, which affects the pork consumption in East London". After writing this sentence, the economist adds: "I myself disapprove of eating pork". If there were just the first sentence, it would straightforwardly belong to positive economics according to the two-stage analysis and the criterion applied in succession. However, the second sentence brings further information. The substatement expressed by "it is despicable to eat pork" is logically evaluative and - it seems plausible to infer - sincerely asserted by the economist. Thus, the two-stage procedure leads to the conclusion that he has made a value judgment, and applying the authoritative criterion, one would add that the statement expressed by the first sentence is normative after all. This sounds like an odd result. Suppose that the economist wrote the second sentence as an incidental warning – say, because being a Muslim himself, he was worried that his involvement might lead him to misinterpret the facts. The change of status incurred by the statement would be the more troubling since an exacting standard for positive economics motivated the troublesome addition! Note that I do not question the point that the economist made a value judgment. I argue that this is not *by itself* a reason for locating his work on the normative side of the division.

The East London example brings out the issue of *the social scientist's diverse modes of endorsement*. If the agent says "I think x is good", the economist can approve of this either by expressing the same first-order evaluation: "I too think that x is good", or by making second-order evaluations such as: "It is good to think that x is good" or "It is good for Agent to think that x is good". The various modes are clearly distinct semantically, and one may submit that they do not carry the same consequences for the positive-normative distinction. Provided that contextual information is rich enough, first-order endorsements will not be too much of a problem for the distinction. It is often possible to separate incidental value judgments, as in the East London example, from significant ones, as would be the case if the same economist had stated in detail why he thinks that eating pork is despicable. Second-order endorsements normally call for an explication, so one would not expect them to be incidental. When made in the absolute way ("It is good to..."), they suggest that a value judgment is made, and this in turn signals a shift to the normative. When made in the relative way ("It is good for Agent to..."), only contextual information helps decide whether a value judgment is really made. I do not pursue the fine details here, meaning just to open up a hardly noticed topic. With their loose concept of approbation, Weberians and Robbinsians have blurred semantic distinctions that *prima facie* matter to the positive-normative divide of economics.

8. Ends and means

Both the strong and weak neutrality theses are often defended by invoking a time-honoured claim about instrumental reasoning. Scientists, it is often said, take as given the ends of those whom they advise and only explore the means to achieve these ends. Because this requires no more than citing the relevant laws of nature, scientists manage to keep moral concerns entirely aside. Positivist and related writers, like Poincaré (1913) in a famous paper, make this claim for the applied

natural sciences. Weber twisted it twice by adapting it to the problem situation of the theoretical social science, and in doing this, made it part of his plea for value-neutrality. This transformed the claim into another one: *social scientists can and should take as given the ends of those agents whose actions they investigate*. Starting from the given ends, social scientists explore the means to achieve them, and in their inquiry, only employ or uncover laws of human action. One of Weber's supporting examples was the law of diminishing marginal utility; he argued that neo-classical theorists stated it without making any value judgment on the economic man's ends.

Logically, Weber's instrumental neutrality claim stands or falls by itself, irrespective of what is decided *vis-à-vis* his already discussed distinction between making a value judgment and taking it as an object of study. The standard discussion of neutrality usually misses this point. The Weberians conflated the various components of their case in a way that made it difficult to analyze; at first sight, it was a package, a matter of take-it-or-leave-it. This encouraged the perverse habit - among followers and opponents alike - of using "ends" and "values" more or less interchangeably.²⁴

The instrumental neutrality claim is roughly plausible for such fields as military history, prehistory or archaeology, which do employ instrumental reasoning for analyzing human action and its products. But my subject is economics, and I will argue that the claim is unlikely to carry much weight there, because *the end-means distinction is not really part of the economist's theoretical apparatus*. The economist's tools for investigating purposeful action consist of preference and related notions, like utility. To be precise, there are two economic dichotomies, one opposing the preference *relation* to the objects it compares, and the other opposing the preference *map* to the feasibility constraints. Neither dichotomy matches the distinction between ends and means. There is a translation rule to go from the instrumental language to the preference language, but it does not work the other way round, as I will now explain.

Suppose that E and E' are an agent's ends, while M and M' are the means available to this agent. Instrumental reasoning leads to conclusions like the following ones: E can be reached by means of either M or M', but it is more appropriate to employ M; E' can be reached again by means of either M or M', but it is more appropriate to employ M'. To reproduce these conclusions, one introduces a preference map in which (E,M) is above (E, M'), and (E',M') above (E',M), assuming that each pair is feasible. More generally, every statement made using the instrumental language can be re-expressed in the other language. The procedure consists, first, in lumping together descriptions of the ends and means into states of affairs, and second, in devising a feasible set of, as well as a preference relation on, these notional states. The converse translation is not always possible. The preference language makes it possible to compare (E,M) with (E',M'), i.e., to decide whether it is preferable to reach some end with some expense of means or to reach another end with another expense of means. By contrast, instrumental reasoning fixes the end and draws conclusions relative only to *that* end. It is unable to extend comparisons to several ends at a time.

²⁴ See e.g.: "Economics is neutral as between ends. Economics cannot pronounce on the validity of ultimate judgments of values" (Robbins, 1932-1935, p. 147). The conflation of "ends" and "values" is also common in welfare economics, as Sen (1970, p. 62) mentions in passing.

By saying that the modern preference language is more expressive than the older instrumental language, I do not exactly make a novel point. However, those who make it often do not state it at the proper level of abstraction. For instance, Harsanyi (1976) mentions the availability of continuous trade-offs as a reason why the modern apparatus supersedes the old. This is irrelevant because even *irregular* preferences have a greater expressive power than instrumental categories. However formulated, the point has apparently escaped the neutrality theorists' notice. Robbins imported the Weberian recommendation, "Take ends as given", as if it applied to his field as well as it does to archaeology, and many economists have since followed him unthinkingly. Even such a basic example as the law of diminishing marginal utility cannot be discussed in the ends-means language. Nonetheless, neo-classical economists have felt relief at the Weberian argument about ends and means.

The occasional cases in the field where ends (or objectives) are mentioned as such do not give much support to an instrumental neutrality claim. The monetarists who proposed the $k\%$ rule as an objective to be achieved by the central banks also discussed some fallible techniques to approximate it – e.g., to announce the rule publicly, not to pursue an interest rate objective at the same time, to compensate for the effect of currency fluctuations. Hence the $k\%$ rule provides an example of instrumental reasoning in economics which is both clear-cut and nontrivial. Does it support the claim that economists reason only from "ends taken as given"? No. Inquiries on how to achieve it were just a small part of the monetarists' work. The latter were mostly concerned with *defending the rule itself*. Friedman's (1968) basic argument was that changes in the money stock had an effect on the real economy only in the short-run; increasing or even accelerating inflation would be the only remaining long-run effect. This argument involved weighing long-run against short-run consequences - damages brought about by inflation against benefits ripped from temporary surges in employment. It was an evaluative argument throughout. It raised substantial complaints, but nobody objected to it on the formal ground that economics did not have to pass judgment on policy objectives. This was an important macroeconomic controversy, and one may be pleased in retrospect that it was not blocked by pedantry about end-neutrality.²⁵

9. Conclusions

Section 8 completes the argument of section 7 against the weak neutrality thesis, and by the same token, for the weak non-neutrality thesis. Since these two sections emphasized the positive-normative distinction, it may be useful to recast the salient points in the language of judgment. Remember that the two moderate theses conflict about the *containment* claim, and the latter says that (i) economics needs relatively few value judgments; (ii) the value judgments it needs are easy to identify; and (iii) these judgments can be separated not only logically, but practically, from the judgments of fact also made. I have argued to the contrary that economists make, and are justified in making, a large number of value judgments; that some of these are easy to pinpoint, but others are not; and that judgments of fact and of value often turn out to be inseparable from each other.

²⁵ Friedman's (1953) soothing view of neutrality at the beginning of the notorious essay clashes with his general practice of making recommendations and arguing for them. More on this in Hirsch and de Marchi (1990).

This threefold denial of the containment claim was warranted by my examination of thick predicates and ideal-typical reconstructions of evaluative positions in section 7. It is surprising that weak neutrality theorists have neglected thick predicates and their logic, focusing instead on the evaluative *good* and a few predicates of ethical origin such as *just*. The early meta-ethical literature showed a similar unbalance, but the field has moved on since. In this respect as in others, what contemporary economists borrow from philosophy proves to be outdated. Concerning ideal-types of the kind I have singled out, weak neutrality theorists have not paid sufficient attention to their pervasiveness, nor tried to analyze the peculiar mix of judgments that they tend to involve. Here at least, they have the excuse of not having much philosophical work to call to the rescue; little has been written on ideal-types except along orthodox Weberian lines. The discussion of section 8 about "ends as given" is mostly *ad hominem* as it stands. It should be continued by an argument against "preferences as given", which consists in showing that social, and sometimes even individual preferences, are to be *constructed* by the economist, and his value judgments will naturally come into play at this juncture. I did not spell out the argument because it would parallel that developed for ideal-typical reconstructions of value positions. Weak neutrality theorists, like Bergson, Samuelson, and Arrow, all recognized that value judgments were needed to give the social welfare function a content, but only Arrow let the economist *qua* economist carry the task of filling out this content. Macroeconomists of all persuasions are unknowingly Arrovian. They have been active in the construction business, and it is fortunate that few of them bothered about the neutrality principle they violate by doing so.

What remain common to the weak neutrality and non-neutrality theses are the following substantial claims. Positive economics includes statements that are neither straightforwardly prescriptive nor logically evaluative, more controversial statements that do not count as prescriptive or logically evaluative because they are of the inverted-commas type, and statements that count as such, but for which there is no evidence that they are sincerely asserted by the economist. The traditional reason for isolating a core of positive economics is that one would like to compare it with the available accounts of scientific pursuits. For example, one would like to relate the law of demand to philosophical definitions of a law of nature, the testing of this law with that of the more established laws of physics, and so on. My conclusions preserve these applications, which the strong non-neutrality thesis would destroy. In a sense, the paper is a prerequisite to standard economic methodology, which takes the possibility of applying philosophy of science to the field as if it were obvious.

Normative economics includes those statements which are prescriptive or logically evaluative, and are sincerely asserted by the economist. As in the description of positive economics, I am writing "includes" instead of "consists of", intending this as only a *sufficient* condition for an economic statement to be classified. What does not satisfy the offered conditions belongs to a buffer area between the positive and normative departments of economics. Section 7 has exemplified where the division fails. Returning to the groundwork sections, I can extend the buffer area by including those logically evaluative statements which are clearly but insincerely asserted by the economist, and those equivocal statements which can be regarded as neutral only if one stretches the understanding of the "inverted commas" use.

To keep the paper within limits, I omitted the topic of *interpersonal comparisons* of utility and preference, despite the historical fact that neutrality theorists have often described them as being evaluative. This view is not as common now as it was in Robbins's time, and its flaws are perhaps sufficiently clear for the omission to be excused.²⁶ It is more of a problem that I said nothing about *causal attribution* as a way of separating positive from normative reasoning, although both Weber and Keynes did envisage this demarcation criterion. Given the recent outburst of work on causality, their argument is not to be taken casually, so I refrained from discussing it. I also left out the experimental study of the people's normative attitudes, an intriguing area in which the positive and the normative are intertwined.²⁷ However, the major absentee is *rationality*, which simply cannot be handled at a paper's length. One of the intuitions that turn the scale against neutrality is the pervasiveness of decision- and game-theoretic arguments in today's economics, an intellectual phenomenon that the older writers can be excused for not foreshadowing. Despite so many lacunae, I hope to leave the debate about value judgments and value-neutrality in a better state than I found it.

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²⁶ For a good early discussion see Little (1950, ch. 5). Contemporary views are summarized in Elster and Roemer (1991).

²⁷ Miller (1992) and Schokkaert (1999) survey this quickly growing area.

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