

FAITH & ECONOMICS

NUMBER 46 ■ FALL 2005

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The Boundaries of Technique: Ordering Positive and Normative Concerns in Economic Research

Andrew Yuengert. 2004. New York: Lexington Books. Studies in Ethics and Economics Series, Acton Institute. ISBN 0-7391-0707-0. \$21.00 (pbk).

Reviewed by Bruce G. Webb, Gordon College (MA).

In recent years Christian economists have had relatively little to say about the positive-normative distinction compared with the sometimes heated and oft-repeated arguments of the 1980s and 90s. Silence does not signal a consensus, however. Some Christian economists (mainly coming from the Reformed tradition) believe that mainstream, neoclassical economics is thoroughly value-laden, and that these values are at odds with Christian values. As a result, these economists prefer a “less bad” paradigm (e.g. Institutional economics) or a “start-from-scratch” paradigm built on Christian assumptions. Most Christian economists, on the other hand, continue to work within the neoclassical paradigm, convinced that grinding out regressions and estimating elasticities has little to do with ethical values, though they might admit that complete value freedom is impossible.

Since past debates, which centered largely on the implications of post-positivist philosophy of science, failed to achieve a consensus, the question naturally arises: Should Christian economists continue to remain silent on the relationship between ethics and economics, the normative and the positive? No, says Andrew Yuengert, but the way forward will not be found in recent thinking in the philosophy of science, but rather in a rediscovery of the pre-modern moral philosophy of Aristotle and Thomas Aquinas.

I can already hear shouts of protest in some quarters: We are not trained in philosophy, be it the philosophy of Thomas Kuhn or Thomas Aquinas, and we have neither the time nor the inclination to gain such training. But such shouts would be premature. Readers need not fear that this book will take them far beyond their expertise, or that the book is impenetrable to those who are unfamiliar with Aristotelian-Thomistic (A-T) philosophy. Yuengert gives a clear and careful, yet brief, account of the relevant parts of Aristotle-Aquinas that is accessible to those with no training in philosophy.¹ Furthermore, he writes as an economist, for economists, using examples and ideas that economists will find familiar.

Author’s Note: *In the interest of full disclosure, the reviewer notes that he is named in the Preface as one who offered comments to the author.*

Yuengert sets forth two serious impediments to careful thinking about the normative-positive distinction. Ironically, the first comes from those who have most vigorously pressed the argument that the positive-normative distinction must be rejected because all of economics is thoroughly value-laden. The problem is that such an extreme claim runs counter to the every-day experience of practicing economists. Yuengert observes that “Because the postmodern thinker’s seemingly offhand dismissal of the positive-normative distinction is so categorical, mainstream economists (who take the distinction for granted) have a difficult time taking the dismissal seriously” (p. 114).

The second impediment is that many economists equate the positive-normative distinction with the fact-value distinction. The fact-value distinction, which originated with Hume, holds that “is” statements cannot imply “ought” statements. In its contemporary manifestation it asserts that only “is” statements can be settled by rational argument, while “ought” statements are ultimately matters of opinion. The positive-normative distinction is often presented in this way in principles textbooks. Unfortunately, the two distinctions have become conflated such that arguments against the fact-value distinction are thought to apply as well to the positive-normative distinction. The modern belief that moral disagreements are not open to rational discourse has meant that values are considered private matters to be resolved by the individual. Ultimate ends are a matter of opinion. They cannot be known. So why fight about them? We can rationally discuss only the means to attain given ends.

This view is appealing to many mainstream economists because it comports well with their belief that economics is about seeking the most efficient means to achieve given (and unquestioned) ends. In this sense, rationality is purely instrumental. By contrast, in the A-T view of rationality, prudence—moral reasoning that guides human action “toward the good” in a particular set of circumstance—is central, and ends as well as means are questioned.

Instead of addressing the morality of economic paradigms or models, Yuengert asks us to consider what it is that economists do in their research, and why they do it. The central question he seeks to answer is not whether economics is, or is not, “value-free,” or is, or is not, thoroughly “value-laden,” but, “In what sense, if any, is economics separated from ethics, and in what sense, if any, is economics affected by ethical considerations?” Yuengert defends *both* the priority of ethics over economics, *and* a limited autonomy of economics from ethics. A limited autonomy of (positive) economics does not mean that economics is value-free. It simply means

that the values within the discipline are those accepted by the community of economic scholars. These values consist mainly of methodological standards. They are not permanent values but are instrumental, and must be judged in relation to the ends of the discipline itself: “The values of economics (the normative weight placed on willingness to pay, the importance of formal method, parsimony, statistical significance) should be constantly tested against the ends that they are supposed to promote: understanding of economic life, advice toward the achievement of desirable social ends, and ultimately, human flourishing in society” (p. 104).

The A-T distinction between “technique” and “prudence” is crucial to Yuengert’s argument. A technique is a set of practices aimed at producing something, such as a chair or an economic model. Mainstream economists generally agree on these practices based upon their value in achieving the desired product. The tools of the economist (e.g. estimating a regression using instrumental variables) are matters of technique. Yuengert claims that there is “a *technique* of economics which holds higher order ends constant, and operates according to a set of procedures which are formulated independent of ethics” (p. 77; emphasis in original). It is in this sense that economics has a legitimate autonomy from ethics.

Although economics is a technique that rightly owns a limited autonomy from ethics, it is not, and cannot be entirely divorced from ethics. Technical economics (e.g. estimating an elasticity) is necessarily carried out in order to achieve some other end(s), either those of the economist or those of the principal for whom the economist acts as agent. “Claims of technique do not absolve the economist of responsibility for the consequences of his actions, even if he is promoting those consequences in exchange with others” (p. 80). It is the goodness of these ends that provides moral justification for the technical economics. This is where prudence comes into play. Prudence, as noted above, is moral reasoning that guides human action “toward the good” in a particular set of circumstance.

Yuengert focuses on the purposeful nature of human acts, not the matter of which ends the economist should pursue. Thus even one not inclined to accept Aquinas’s vision of the good can follow and make use of the formal structure of his argument. “Thus, it does not matter what Aquinas thought the ultimate end was; it matters only that there are ends, that they have moral force, and that there is one ultimate end...” (p. 25).

Another important distinction is between ends that are proximate and ends that are ultimate. A proximate end is not pursued for its own sake, but in order to achieve some other higher-order end. An ultimate end is “pursued for its own sake, and not as a means to some higher end”

(p. 39). Thus, the ends of human action stand in a hierarchical relationship. The research an economist does is always ordered to some higher end. Yuengert gives the example of an economist who specifies a regression (a proximate end) in order to estimate the effect of schooling on earnings (another proximate end); the estimation produces knowledge (truth; an ultimate end), which also serves the proximate end of publishing an article in the *Journal of Political Economy*, which, in turn, serves the proximate end of gaining tenure, which finally serves the ultimate end of supporting one's family. The hierarchy of ends can be portrayed using an "end tree" diagram with ultimate ends at the top and proximate ends towards the bottom.

Yuengert suggests, only partly tongue in cheek, that "Every economist should hire a three-year-old to ask 'Why?' about his or her work, over and over, until the economist has fully explored the chain of ends that motivates and justifies it" (p. 110). But why should economists engage in an analysis of their ends? Two reasons stand out. First, whether we examine our ends or not, our actions will necessarily serve some ultimate end. These may well turn out to be the goals of economics itself, such as wealth maximization or efficiency. Christian economists, especially, should be interested in satisfying themselves that their technical work is morally justified. Second, our human nature demands that we do so. "Humans, being rational creatures, are under compulsion by their nature to construct an intelligible narrative of life, and intelligible narratives require ultimate ends" (p. 84).

In the final chapter Yuengert endorses a "pragmatic defense" of the positive-normative distinction, properly distinguished from the fact-value distinction, such as given by Weston (1994). Weston argues that the positive-normative distinction is just that—a distinction between two conceptually different claims (about what is, and what ought to be)—not a rule that prohibits economists from speaking on ethical matters. The distinction is valuable even if economics is not value-free, because it promotes clarity regarding what sort of question is being addressed, creates a scholarly environment in which those who disagree sharply on ethical matters may nonetheless reach agreement on theoretical and empirical issues, and makes it clear when economists are speaking on matters within the realm of their professional expertise, and when they are not. But in the end it is not a "distinction" that ensures objectivity in economics, but the character of its practitioners. The virtues are the ultimate "safeguards of professional objectivity" (p. 102). And who knows, perhaps the very act of carefully examining his or her ends, will, at the margin, help to create a

more virtuous economist.

While this book is addressed to the economist as researcher, I think that it applies equally well to the economist as teacher and advisor. Teachers need to carefully deliberate about the ultimate ends of their teaching. Why do we teach certain material or employ certain pedagogy or seek to instill certain virtues? These are surely matters of great moral import and I wish that Yuengert had dealt with them.

In conclusion, this book should be read by all economists, but especially Christian economists, for whom values are of vital concern. If you have the time to read one book outside of technical economics, I strongly urge you to read this one.

Endnote

- 1 Parts of the argument in chapters 2–5 were taken from Yuengert (2002).

References

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