

PRESENTATION

The last two decades have witnessed an enormous outpouring of work on philosophy and methodology of economics. The turning point can be located in the publication of Mark Blaug's book *The Methodology of Economics* (1980), because this volume established for the first time a clear link between general methodology of science (the Received view, Karl Popper, Thomas Kuhn, Imre Lakatos and Paul Feyerabend) and specific issues concerning economics (the theory of consumer behaviour, general equilibrium theory, Gary Becker's economy of the family), which are treated by him from a methodological approach. When Blaug published his book, several authors were already working in the field: Daniel Hausman, Alexander Rosenberg, Martin Hollis,... The consequences of this period to characterize the subject have been clear: on the one hand, it was a decisive step for constituting a new area -philosophy and methodology of economics- among the philosophers of science; and, on the other hand, it gave rise to a greater interest among the economists towards economic methodology and the underlying philosophical problems (semantical, logical, epistemological, axiological,...).

Since 1980, there has been an explosion of work in this field. In the second edition of his anthology, D. Hausman lists fifty volumes published in English between 1983 and 1993. The same period has seen a proliferation of new journals established to deal -in one way or another- with philosophical and methodological problems in economics: *Research in the History of Economic Thought and Methodology* (1983), *Economics and Philosophy* (1985) and *Methodus* (1989), which became the *Journal of Economic Methodology* (1994). The repercussions of this intellectual ferment have been twofold: for philosophers, philosophy of economics is now a common subject in university courses at both an undergraduate and graduate level and a frequent topic at conferences; and, among economists, economic methodology has achieved the status of a subdiscipline within economics.

There are two kinds of approach to this subject. On the one hand, there is a *general approach* to philosophy and methodology of economics insofar as economists and philosophers may study economics because of an interest in problems concerning science in itself. What distinguishes sciences from non-sciences and is economics a science? What is the cognitive status of economics? What are the logical peculiarities of the concepts of economics and how do they compare with the concepts of other disciplines? How are economic claims established? How important is prediction in economics as a goal and as a means of testing? Those who pursue this first approach are

also concerned to link economics to the main positions in the methodological literature, whether they be verificationist, falsificationist, Kuhnian, Lakatosian, or Laudanian. This general approach can be followed in positive terms, as in Blaug's defense of falsificationism or Hausman's revision of Stuart Mill's views, or one can adopt a critical attitude, such as in the "post-modern" critiques of D. McCloskey or Ph. Mirowski, or one can even (di)solve the philosophical stance in favour of a sociological view, as in the work of H. Collins. Those who pursue this approach are usually philosophers with active research interests in economics or economists with a broad philosophical training, but pursuing this approach does not exclude the possibility of developing methodological analyses of concrete aspects of economics, too.

On the other hand, there is a more *specific approach* to philosophy and methodology of economics that focuses directly on the language, structure, method, and knowledge claims of economics, with less emphasis on the connection with more general problems concerning science, whether these be semantical, epistemological, ethical, sociological, rhetorical or methodological. This concrete realm of philosophy and methodology of economics seeks to comprehend the specificity of economics -its assumptions, models, goals, structure, rationality, testability and possibility of experimentation- and only secondarily looks for the relevance to science in general or to other social sciences. This more specific approach was dominant before 1980. Classical works of this kind are include Lionel Robbins's *An Essay on the Nature and Significance of Economic Science* (1932), T.W. Hutchison's *The Significance and Basic Postulates of Economic Theory* (1938), Milton Friedman's 'The Methodology of Positive Economics' (1953), T.C. Koopmans's *Three Essays on the State of Economic Science* (1957), Fritz Machlup's *Essays on Economic Semantics* (1963), Paul Samuelson's 'Problems of methodology -Discussion' (1963) as well as many papers written by Herbert Simon.

Usually those who follow this more specific approach are economists interested in reflecting on their own discipline, seeking to clarify the epistemological and methodological basis of some crucial aspects, such as the distinction descriptive and normative, the relevance or irrelevance of unrealistic assumptions to the appraisal of theories, or the nature of economic laws. Even though the possibility of connections to the topics of concern to those who pursue the general approach is clear, the philosophical and methodological perspective is narrower in this second approach. Specific inquiries of this kind have been made not only by mainstream economists.

but also by economists of alternative schools: post-Keynesians (in their study of time and uncertainty), Austrians (in their work on the relation between action and knowledge) and Institutionalists (in their research on the economy as a structure of power instead of a set of interconnected markets).

Leading figures in the philosophy and methodology of economics, such as Blaug and Hausman, agree when they characterize the "methodology of economics" as a philosophical enterprise. Thus, the former -in *The Methodology of Economics*- suggests that this discipline should be understood simply as philosophy of science applied to economics; and the latter -in the second edition of his anthology on *The Philosophy of Economics* (1994)- points out that methodological questions concerning economics are all philosophical questions. The title chosen for this monographic issue of *Theoria* -"Philosophy and Methodology of Economics"- connects with that tradition and, at the same time, has further implications. Philosophy of science studies components of science: its language, structure, knowledge claims, aims,... (which are analysed in the semantics of science, the logic of science, the epistemology, the axiology of research,...). Connected to these components is scientific method, and thus the methodology of science is bound up with the philosophy of science. Although methodology can of course be studied by non philosophers -the specialists of each science-, it belongs to the philosophical sphere. In fact, the methodological questions, which combine queries about what science *is* and what science *ought to be*, start from a philosophical stance.

Within the two approaches to the philosophy and methodology of economics, the initial paper -*Economics as a Historical Science*- pursues the second, more specific approach. Herbert Simon's paper argues for a straightforward methodological change in economics, that would connect economics more closely to history. He criticizes the dominant view that laws in economics must be invariant, because he thinks that boundedly rational economic actors behave according to time-dependent factors: they "represent the economic scene in radically different ways from time to time, and these changes occur as a function of natural and social events, social influences on perception, and the molding of human motives by the social environment, which is itself time dependent". This thesis of Simon's (a Noble Laureate in economics in 1978) challenges one of the central theses of standard methodology, and at the same time it suggests the importance of frequent reforms of economic practices.

Daniel Hausman deals with a general methodological problem: the ways in which economic claims are established. His paper *-Confirming Mainstream Economic Theory-* asks how and to what extent mainstream microeconomics -which he calls, "equilibrium theory"- is confirmed. In doing so, he broaches the general problem of evidence: how does observational evidence provide *any* confirmation or disconfirmation of scientific hypotheses? He considers several answers: the hypothetic-deductive method, the Bayesian approach and J. Stuart Mill's "deductive method". His position is critical: he maintains that it is very hard to confirm mainstream economics. *Parts* can be tested and appraised, but the theory as a whole is only very weakly supported by evidence. He stresses that "it is extremely difficult to test a theory that is designed to apply to a complex open system".

Alexander Rosenberg examines equilibrium theory as well. His perspective is also general and connects an epistemological question -the cognitive status of economics- and a methodological issue -the role of generic predictions in economics-, which are seen as in *La Teoría Económica como Filosofía Política* ("Economic Theory as Political Philosophy") as a part of political philosophy. For him, this is the way to explain why economists persist in endorsing, extending and employing economic theory in the absence of strong empirical warrant. He considers that this "theory is best understood as a compartment of formal political philosophy, in particular a species of contractarianism". Nevertheless, his suggestion that we should treat economic theory as political philosophy does not extend to the rest of what economists do, because he thinks that much of what they do is independent of general equilibrium theorizing.

Uskali Mäki deals with another general problem: realism in economics, and its relevance to the theory formation and the existence of theoretical truths. *Aspects of Realism about Economics* connects the semantical and epistemological problem of theoretical concepts -how are they formed- to an ontological issue -how the economic world works-, taking into account that "economics appears to be linked to commonsense conceptions of the world". He addresses the question of realism in economics as an issue in the philosophy of the social sciences, and he stresses that theoretical concepts in economics do not emerge in the same way as philosophers have thought they emerge in physics. The paper seeks to modify the formulation of scientific realism in order to accommodate some of the peculiarities of economics.

My essay, *Prediction and Prescription in Economics: A Philosophical and Methodological Approach*, completes the panorama of central topics in present-day philosophy and methodology of economics. It seeks to clarify both notions - "prediction" and "prescription" - through examining the conceptions of influential economists. Thus, the paper studies four views on prediction: the predictivist thesis, the quasi-scientific option, the dualist posture, and the wary attitude; each one of which has been endorsed by a Noble Laureate: Milton Friedman, John Hicks, James Buchanan and Herbert Simon, respectively. The paper goes on to argue that prediction is insufficient: "prediction is not the leitmotif of economics insofar as the aims sought by this discipline go beyond the range of descriptive tasks to go into the prescriptive functions of the axiology of economic research". Thus, methodologists need to attend to the importance of the prescriptions that derive from economic theories. On the one hand, the paper characterizes prediction in economics and address its limits and its links to prescriptions; and, on the other hand, it offers a philosophical analysis of the relations of economic prescriptions to internal and external values.

Frequently, the essays in this monographic issue contain criticisms of mainstream neoclassical economics, and they seek to improve economic practice through philosophical and methodological analysis. The essays pay little attention to debates concerning falsificationism and its influence in economic methodology, which were very common until recently. These debates have occupied many volumes, such as the book edited by Roger E. Backhouse: *New Directions in Economic Methodology* (1994). In this issue of *Theoria*, in contrast, the aim has been to study key topics in philosophy and methodology of economics and to emphasize the contributions of representative authors in this field. That aim was, of course, limited by the length of this section of the Journal.

Finally, I would like to express my gratitude to Herbert Simon (Carnegie-Mellon, Pittsburgh), Daniel Hausman (Wisconsin-Madison), Alexander Rosenberg (Georgia) and Uskali Mäki (Rotterdam) for their contributions to this volume. My acknowledgement goes also to Javier Echeverria -Editor of *Theoria*- and Andoni Ibarra -Associate Editor- for suggesting that I prepare this monographic issue and for the facilities given to obtain its completion.

Wenceslao J. GONZALEZ
University of A Coruña