

**Controversy:  
Is Economics a Moral Science?  
A Response to Peter J. Boettke**

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It is difficult to stir up controversy when you agree with nearly all of your colleague's observations. In the end, I think that the differences of perspective between Professor Boettke and me are mostly semantical. Since I am an economist, I do not disagree with the majority of Boettke's ideas; yet, I am also a philosopher, so I know that philosophy can provide assistance to economics by developing methodological rigor. My response will consist of philosophically unpacking some of Boettke's statements. The danger here, of course, is that some new, rather significant differences may arise.

In his article Boettke refers to two sciences, namely, "economics" and "the moral science of political economy." While he considers "economics" to be value-free, "the moral science of political economy" is viewed as value-relevant. Thus, he concedes the possibility of a value-relevant science of economic issues, which, he thinks, the Austrian School of economics also regards as important. My difficulty here is that I think the Austrian School, by and large, does not consider the existence of such a value-relevant science to be significant, which is precisely the reason why I raised the possibility of viewing economics as a moral science. However, in order for what I say to be useful, I must clear up what I mean by "the moral science of political economy" and how it relates to economics. That will be the main task of this reply.<sup>1</sup>

Let us begin with the philosophical issues. Boettke and I agree that economics and political economy must be viewed as "sciences." However, they are obviously quite different types of science. The first item to note, therefore, is that *science* is an analogical term. What is the essence of science? To help clarify this question I appeal to Aristotle because he belongs

to the common patrimony of philosophy. He is the foundation upon which all philosophers have built their legacy: Aquinas, Kant, Hegel, Heidegger, Gadamer, and so forth. It is difficult to underestimate the significance of Aristotle's contribution. According to Aristotle, science is the intellectual habit of demonstrating with certainty.<sup>2</sup> The degree of certainty may vary according to the subject of study, leaving room for the analogically less demanding notion of practical science.<sup>3</sup> Science ought to be teachable, that is, able to grow, learn, and adapt.<sup>4</sup> In a certain sense, the Aristotelian concept of practical science more closely resembles the postmodern understanding of social science than that of the standard univocal or positivistic paradigm. Aristotle's notion of practical science is broader than the positivistic models.

What kinds of science does Aristotle see as falling under this broader category? He distinguishes between the theoretical, practical, and technical sciences. He considers physics, mathematics, metaphysics (or theology) to be within the strict theoretical sciences. Their subjects exist independently of the knowing subject. The practical sciences focus upon purposive action, or more precisely, on the purposeful aspect of all (immanent and transitive) human action. They are moral sciences, that is, value-relevant sciences. I went into greater depth on the nature of those sciences in the first article of this controversy. The technical sciences are concerned with determining the most adequate way of performing (transitively) a desired goal or product. I think enough has been said on this topic, such that we can now move forward.

Where does Boettke's understanding of political economy and economics fit in this classification of sciences? It is evident—and my colleague will certainly agree—that political economy is a practical science, whereas economics is a technical one. In Aristotle's schema, *oikonomiké* broadly corresponds to political economy, the practical science, and *chrematistics* to economics, the technical science.<sup>5</sup> *Oikonomiké* is a moral science, while *chrematistics* is a value-neutral science. *Oikonomiké* ought to take the limitations into account that *chrematistics* uncovers, but *chrematistics* should remain subordinated to *oikonomiké*. As I mentioned previously, Aristotle did not consider *chrematistics* to be a pejorative term, so long as it achieved the goal chosen by *oikonomiké*. It is paradoxical, indeed, that H. D. MacLeod has suggested the adoption of "economics" by evoking Aristotle's *oikonomiké* to make clear that normative elements were to be taken from political economy.

One possible criticism of my position may be put in the form of a question: "If you agree with Aristotle's classification of economics and political economy, then why do you refer to 'economics as a moral science'?" First, pragmatically speaking, because I simply do not want to complicate matters. In fact, in previously published work I have endorsed the division between economics and political economy.<sup>6</sup> Second, and more fundamental, because it is important to intertwine both of these scientific disciplines continuously. I want to place more stress upon the unity of these disciplines and the subordination of technical to practical elements than on their separation. For this reason, I spoke only of economics (technically understood) as subordinated to political economy. However, teachers and students must keep before them the connection between economics and political economy. Thus, an exaggerated division is misleading, yet it is true that nowadays economics is principally concerned with technical aspects.

Clarifying further my understanding of the term *political economy* will reveal a concern for disciplinary unity. I agree with Boettke regarding the relevance of the value-free character of economics. However, economics taken by itself is, as he says, sterile. Referring to the Misesian theory of choice, Buchanan has stoutly affirmed that it "is totally nonoperational."<sup>7</sup> The difference between Boettke and Mises—at least as he is usually interpreted—is that for Mises everything was included in economics, while for Boettke "Economics without history, politics, culture, and morality runs the risk of being a sterile and barren technical enterprise." The logic of action cannot be reduced to technical rationality. Furthermore, technical rationality is less important than the logic of action and choice. The logic of action and practical rationality are similar, except that practical rationality involves all those historical, political, cultural, and moral aspects. Economics, although necessarily value-free, is still too thin. When I refer to political economy, I am thinking more of the political essence of human beings from which derives the non-technical aspects than of a discipline having to do with the national economy.

Recall, for a moment, the well-known passage from Mises *Epistemological Problems of Economics* where he reduces Max Weber's four types of rationality to the first. I can imagine how Weber would have answered Mises, which, by the way, will clear up my meaning. "Oh Ludwig, you know how much I appreciate you."<sup>8</sup> So, please, do not misinterpret me. If you really want me to say that my four kinds of rational action are "purposive" (as George Reisman translates the German *Zweckrationalität* in your book),<sup>9</sup> I will agree because it is obvious. Instead, I think that because you are at-

tempting to provide an apodictic character to your theory, you leave it at a level of formality at which you may elude the material contents of real life or contingency. In such a way, you are finally reducing the motivation of human action to the customarily interpreted notion of my first kind of rationality, i.e., instrumental rationality (as it is translated in my *Economy and Society*).<sup>10</sup> I do not agree with this reduction because, while economic actions are predominately of this kind, “it would be very unusual to find concrete cases of action, especially of social action, which were oriented *only* in one or another of these ways,” as I pointed out in *Economy and Society*.<sup>11</sup>

Mises' reduction impoverishes the concepts of human freedom (which becomes only external) and human action (which becomes reaction). For technical theory to be operational, it must have content. A continuous dialectical flow oscillating between practical and technical considerations ought to be followed. That would be the real economic science—one that involves both economics and political economy. In order to understand economic phenomena we should put aside formal models and analyze its material contents. This would account for a more complete description and a certain degree of prediction. Even if no normative elements are added, facts become normative, which is not always rationally explainable. Prescription is the reverse of description. Science is not only a set of principles but what professors teach and students learn at the university. Thus, economic science cannot end at the study of the formal implications of human action in the marketplace for two reasons. First, because these implications are not formal; and second, because a formal analysis impedes distinguishing between technical and practical rationality. What happens, in fact, is that formal technical analysis left to itself usually devolves into utilitarianism (as in Mises). On the contrary, when practical considerations enter into the equation, that which is technical takes on moral implications.

Two additional remarks will help clarify my concept of political economy. First, I do not consider value-relevance to be veiled ideology or merely the personal preferences of the researcher, in fact, I accept the ideal of *Wertfreiheit* as a pedagogical attitude.<sup>12</sup> Yet, I argue, as did Rothbard, that a scientific inquiry about values is possible.<sup>13</sup> This inquiry appeals to a concept of human nature, to a set of human rights, and to a set of virtues that facilitate the goals of the former and the compliance of the latter. Values are always integral factors of economic decisions. The “moral science of politi-

cal economy” would investigate *what* values *should* be intertwined in economic decisions.

Second, I prefer to speak of subjective valuation rather than of subjectivism *per se*. Subjective valuation refers to objective things. Subjectivism is an “-ism” and does not have a concrete referent. Human beings ought to follow their conscience. Conscience is a judgment regarding the adequacy of an application of objective values to a concrete situation. This judgment follows a rational process of discovering rather than choosing. The mere acknowledgment of objective values simplifies social coordination. It becomes rather a matter of investigation than that of voting or expressing consent.<sup>14</sup> Neither by this, nor by what I wrote in the preceding paragraph, should it be construed that I am arguing for a supra-rational decisional authority ruling all human actions. However, I am arguing for a personal consideration of ethics (which is a science, a rational inquiry) in economic decision-making and condensed into a course requirement in economics faculties. Aristotle is an exemplar when he considers, as I already mentioned, a subjective (not arbitrary) appraisal of an objective need as the criterion for determining a price in his treatise on justice.<sup>15</sup> He is also an exemplar when he teaches the virtues that make economic acts more readily achieve their goal, namely, the Good Life.<sup>16</sup>

In sum, I have suggested an understanding of economic science in which the technical elements recede and the moral science of political economy assumes ever greater importance. From an epistemological perspective, this is nothing more than classical practical science. This is the broad kind of science that Austrian economists should embrace because it leads to a fruitful analysis of human action. I think that such a program is feasible by inserting some Aristotelian elements and by pursuing a fuller integration of Weberian and Austrian ideas.

## Notes

<sup>1</sup> I will consider this controversy to be a success if my remarks draw back into circulation an understanding and appreciation of “the moral science of political economy.”

<sup>2</sup> *Nicomachean Ethics*, VI, 3, 1139b, 33–34. Strictly speaking, the Aristotelian concept of science is developed in his *Second Analytics*, and it has the characteristics of being universal, infallible, and necessary. My citation is taken from the *Nicomachean Ethics* because it is one of the more prominent places where he develops the analogical understanding of science.

<sup>3</sup> *Nicomachean Ethics*, I, 3, 1094b, 11–27.

<sup>4</sup> *Metaphysics*, A, 1, 981b, 8; *Nicomachean Ethics*, VI, 6, 1139b, 25.

<sup>5</sup> For Aristotle’s treatment of these topics, cf., *Politics*, I, especially chs. 3–11.

<sup>6</sup> Cf., “The Rebirth of Political Economy and Its Concept According to Lionel Robbins,”

*Jahrbuch für Philosophie des Forschungsinstituts für Philosophie Hannover*, Band 9 (1998), 233–48; and “The Notion of Economy and the Method of Its Science According to Lionel Robbins,” *Journal of Indian Council of Philosophical Research* XV/2 (1998): 33–44.

<sup>7</sup> “The Domain of Subjective Economics: Between Predictive Science and Moral Philosophy,” in *Method, Process, and Austrian Economics*, ed. Israel M. Kirzner (Lexington: Lexington Books, 1982), 14.

<sup>8</sup> Cf., Wilhelm Hennis, “The pitiless ‘sobriety of judgment’: Max Weber between Carl Menger and Gustav von Schmoller—the academic politics of value freedom,” *History of the Human Sciences* 4, 1 (1991): 49.

<sup>9</sup> *Epistemological Problems of Economics* (Princeton: D. Van Nostrand, 1960), 82.

<sup>10</sup> Translated by Guenther Ross and Claus Wittich (Berkeley: University of California Press, 1968), 24.

<sup>11</sup> *Ibid.*, 26. I have analyzed the relation between Ludwig von Mises’ and Max Weber’s social science epistemologies in *Methodology of the Social Sciences, Ethics, and Economics in the Newer Historical School*, ed. Peter Koslowski (Berlin: Springer Verlag, 1997), 32–52 (chap. 2).

<sup>12</sup> As Yves Simon, *Practical Knowledge* (New York: Fordham University Press, 1991), 130, sustained. In his book *Max Weber: Essays in Reconstruction* (London: Allen & Unwin, 1988), Wilhelm Hennis interpreted Weber in the way that I mentioned above.

<sup>13</sup> Cf., his “Praxeology, Value-Judgments, and Public Policy,” in *The Foundations of Modern Austrian Economics*, ed. Edwin Dolan (Kansas City: Sheed & Ward, 1978), 89–111.

<sup>14</sup> It should be evident that because of the classical orientation of my thought, my understanding of political economy differs from Buchanan’s, which is developed within the framework of a Contractarian political philosophy.

<sup>15</sup> *Nicomachean Ethics*, V, 5.

<sup>16</sup> Those virtues are Justice, Generosity or Liberality, and Magnificence. *Nicomachean Ethics*, IV, 1 & 2. The Greek word for generosity is *eleutheriotetos*. The root is *eleutheria*, i.e., freedom. This etymology is suggestive. The generous, liberal man is maximally free due to his excellence (virtuosity). ‘Liberals’, for Aristotle, are those who are generous—not self-interested.