

Rationality in Economic Thought: Methodological Ideas on the History of Political Economy

Armando C. Ochangco
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Dr. Ochangco's book, based on his doctoral dissertation (1996, New School University), is to date still the only internationally recognized work by a Filipino in the field of economic methodology, an important area in economics representing an application of the philosophy of science to economics, typically utilizing parts of the history of economic thought as material. The author's overlapping competencies (in both economics and philosophy) place him in a favored position to work in a difficult field where only few practicing economists feel themselves qualified.

The present volume addresses the current and controversial issue dealing with the peculiarities of economic science, whose actual practice (notwithstanding the discipline's arithmetization) is well known as failing to conform with the textbook standard of scientific practice laid down by the natural sciences (particularly physics), a standard to which economic practitioners aspired until well into the past century.¹ The problem the book asks is whether and how it is possible to measure advance in economics. As a major result of the process, the author must indirectly lay down normative rules for the valid (or progressive) pursuit of economics as a discipline.

Ochangco advances his thesis (in Part One of the book) mainly through a description of the praxis followed by major writers in economics (i.e., running successively through Smith, Ricardo, Marx, Walras and Jevons, and Marshall) as they discussed the theory of value. The author seeks to

¹Hausman (1991) argues for the "inexact and separate science of economics".

show that actual “progress” in value theory arose not through a once-and-for-all systematic formulation of some single problem, followed by the positing of competing theories and efforts to resolve logical inconsistencies and test theories against empirical material. Instead, Ochangco argues, the significance of the theory of value in the work of landmark authors itself depends on the nature of these authors’ inquiry and the differing “problem complexes” they grappled with. The present understanding of value-concepts derives from critiques, revisions and extensions that arise from multiple research programmes or “discourses” with heterogeneous problems, aims, norms and methods of inquiry, not to mention ontologies. Hence, for example, he notes the great differences in levels of abstraction and philosophical viewpoints as between even the two classicals Smith and Ricardo, or as between the two neoclassicals Jevons and Marshall. Far from a continuing thread of progress, therefore, value-theory may be said to have developed when later authors took concepts inherited from earlier writers and then variously adopted, criticised, revised, and built them into their own systems of discourse for *their own* purposes, which may have been quite different from those of the originators. The principal methodological implication of this observation is that one can neither fully appreciate nor simply dismiss the “rationality” or adequacy of such “moves” unless one locates them within their respective problem-complexes. Each critique or revision of a concept must be deemed justifiable or not largely depending on what that “move” signifies within its own research programme. From this viewpoint, it thus becomes a less urgent (and at times possibly futile) business to try to “reconcile” differing assessments across diverse research programmes since the nature of their inquiries differs among them. In this respect, Ochangco is quite comfortable with the current state of the discipline (292), where various schools of thought coexist alongside a mainstream, with none of them yet attaining a dominance comparable to that possessed by the “standard model” in physics, contrary to what Kuhn’s theory of a dominant paradigm would suggest.

Ochangco instead justifies the current state of the discipline and his own preference for what he calls a “pluralist-instrumentalism” (219). It is instrumentalism in the sense that he views theoretical constructs as mere tools for practical purposes, including prediction (as opposed to the realism that understands theoretical constructs as containing truths about unobservables). But it is pluralist in the sense of keeping a door open to the possibility that different research programmes (with their differing problems, aims, norms, methods of inquiry and rules of verification) may at some point or other contribute to such a practical or purposive endeavor.

In particular, it is distinct from Friedman's (1953) pragmatic instrumentalism (the default methodological viewpoint among practising economists) which is almost exclusively attached to empirical prediction or falsifiability as criteria for justifiability. Besides prediction, on the other hand, Ochangco would include such criteria as "explanation, revolutionary critique, piecemeal policy, understanding, interpretation" (293).

An attractive feature of Ochangco's methodological position is that it tolerates and, indeed, rationalizes the current situation and practice in the economics profession which, as already noted, fails to conform with the methodologically monistic state of science (typically taken from the example of the physical sciences) as sketched out by various philosophers of science (e.g., Kuhn and Lakatos). A certain affinity exists between Ochangco's and McCloskey's (1983) view of economics methodology as being an application of rhetoric. Both may be seen as species of a post-modern approach to theoretical work in economics. Ochangco's deeper inspiration (41) for this view seems to derive at least partly from his adoption of the philosophical viewpoint of Wittgenstein II, who regarded language and terminology as mere tools whose significance varies with their usage. The main objection to these and similar approaches, of course, is their relativism and their inability to answer questions regarding the nature of progress in scientific inquiry. Ochangco anticipates this objection and therefore proceeds to lay out some overarching rules for assessing the superiority of certain theories over others that are external to and run across all research programmes. He thus alludes to criteria such as norms of logic, internal coherence, implication, and empirical content, among others (268-297). Of course, whether in fact such rules are either *necessary* or *sufficient* to decide each instance can only be decided by the experience of actual cases. But I believe Ochangco does far better than McCloskey (1983) in recognizing the problem and bravely setting down what he regards as general rules that should govern the evaluation of the development of economic analysis. At the very least, Ochangco lays down the basis of a constructive dialogue with the profession regarding what it is practicing economists do, why they do it, and how good what they do really is. My own assessment is that even these criteria are quite general and slack, so notwithstanding a general agreement with them, their application would still leave much room for debate and dialogue—which on the other hand is well within the desiderata of such an approach.

All in all, this book should be regarded as an important contribution to the field, particularly in the development of a constructive post-modern

approach to economic method. It is characterized by a high level of scholarship and profound erudition spanning several academic fields (economic theory, history of thought, economic methodology, philosophy of science), that is increasingly rare, and is certainly a singular and brilliant contribution to the body of economics writing by Filipinos since the postwar era.

References

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