

DOI: <https://doi.org/10.60797/IRJ.2024.148.147>

ON THE NORMATIVE AND THE POSITIVE ASPECTS IN THE PHILOSOPHY OF ECONOMICS

Research article

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Abstract

It is shown that there is no fundamental difference between normative and positive theories in terms of construction methods or internal architecture. Theory taken per se, out of context, is neither normative nor positive. It is shown that identifying a normative theory with an ethical prescription is wrong: both normative and positive theories are ethically evaluable. It is substantiated that modern neoclassical theory as a whole is not positive. At the same time, the authors do not consider modern neoclassical mainstream theory to be “wrong”. This is a theory that is unjustifiably generalized – its subject area does not include most economic phenomena, and is limited to situations of resource distribution, in the assessment of which purely subjective factors play a large role.

Keywords: methodology, normative theory, positive theory, Hume's principle.

О НОРМАТИВНОМ И ПОЗИТИВНОМ АСПЕКТАХ ФИЛОСОФИИ ЭКОНОМИКИ

Научная статья

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Аннотация

Показано, что ни по методам построения, ни по внутренней архитектуре принципиальной разницы между нормативными и позитивными теориями нет. теория, взятая per se, вне контекста, не является ни нормативной, ни позитивной. Показано, что отождествление нормативной теории с этическим предписанием неправомерно: этически оцениваемы как нормативные теории, так и позитивные. Обосновано, что современная неоклассическая теория в целом не является позитивной. При этом авторы не считают современный неоклассический мейнстрим теорией «неправильной». Это теория, которая неправомерно обобщена – ее предметная область не включает большую часть экономических феноменов, и ограничена ситуациями распределения ресурсов, в оценке которых велика роль сугубо субъективных факторов.

Ключевые слова: методология, нормативная теория, позитивная теория, принцип Юма.

Introduction

The tradition of distinguishing between positive economic theories (that is, theories describing what actually exists) and normative theories (prescribing the form of an ideal economy) is more than two hundred years old. Since the mid-19th century, this distinction in economic theory began to be confused with the distinction existing among positivist philosophers between what "is" and what "should be" they began to say that positive economic theory relates to facts, and normative to values [1]. For our part, agreeing that the question of the relationship between the normative and the positive in economic science is confused, we note that neither M. Blaug (in the cited work) nor other researchers [2], [3] have achieved complete clarity. This is what prompts the present return to this topic.

Main results

2.1. About Hume's principle as applied to economics

Hume's principle is a statement about the impossibility of deducing ethical principles from facts [4, P. 33]. In other words, Hume's principle prohibits such a type of causal explanation when the cause of a moral (value) judgment is some fact [5, P. 141]. Hume's principle is often used as a basis for identifying positive economic theories with statements about facts, and normative ones – with statements about values. In this case, a conclusion is often made about the alleged "incommensurability" of normative and positive theories. Here, we note that identifying a normative theory with an ethical prescription is unjustified: we can ethically evaluate both normative and positive theories.

For example: the theory of imperfect competition describes a monopoly situation (the situation takes place in reality, that is, the theory describes it positively). We can evaluate this real situation negatively, as being a source of growing inequality in society (if we believe that such growth is undesirable). Or give a positive ethical assessment: if we consider technological progress to be the main value, and are convinced that the source of technical progress is the superprofits of monopolists (which, of course, will be invested in scientific research).

2.2. Is the neoclassical mainstream positive?

Neoclassical theory as a whole has long claimed to be “positive”, that is, describing reality. Thus, M. Friedman clearly formulated this in his famous essay [6]. How justified is such a claim?

The example of the transformation of the USSR economy, when the role of neoclassical theory was obviously normative, has already been given above. This example is not isolated: in the form of the “Washington Consensus”, neoclassical theory has been imposed in recent decades as a theoretical standard for the transformation of the economies of developing countries (and a condition for providing IMF loans). The result of such a linked financial-theoretical assistance is in most cases deplorable [7].

But, perhaps, for the “correct market” economy (at least in the case of the “big seven” economies) neoclassical theory becomes positive?

Let us turn to the analysis of the basic principles of neoclassicism, first of all – subjectivism, or methodological individualism. First of all, it should be noted here that the methodological individualism of neoclassicism is a consequence of the philosophical position of denying the existence of entities that are metasystems in relation to the level of an individual. In other words, states, public associations and structures, corporations, etc. “... should be interpreted as the results and ways of organizing private actions of individuals, since only the latter can be interpreted as agents in terms of subjectively understood action” [8, P. 13]. The choice of such a philosophical position (ontological individualism) is the right of any researcher, which we do not dispute. However, in the mainstream this philosophical principle is accepted as the only possible one. In this way, the philosophical hypothesis is transferred to the sphere of science as some supposedly firmly established fact: this alone turns the entire neoclassical theory into a normative construct, where the imposed norm is the supposedly “only scientific” model of man – the “competent egoist” (*homo oeconomicus*).

The normativity of “methodological” individualism is especially clearly manifested in attempts to extend this approach to all socio-humanitarian knowledge (“economic imperialism”). Thus, when analyzing relations in marriage [9], the creation of a family is interpreted as the creation of a commercial company; the decision to have children as a form of investment, etc. Of course, families based on calculation exist, and not only in the West, but in traditional society this is considered a pathology, and certainly not the only true description of relations in the family. It is widely believed that the neoclassical paradigm is defined by the marginalist approach, and, accordingly, the principle of marginal utility. In our opinion, the subjectivism of the neoclassical paradigm is not a consequence of marginalism, but its cause. The neoclassical revolution was primarily characterized by a transition to a subjectivist interpretation of the subject of economic science [10], and, accordingly, to the rejection of the category of “value”. The principle of the existence of value (central to classical political economy) postulates an objective basis for the price system – that is, it assumes the existence of systemic properties in the economy (in particular, a suprapersonal measure – that is, value).

In turn, the denial of the existence of an objective measure (and this is nothing other than the elimination of the category of “value” from economic theory) forces us to accept the principle of at least striving for equilibrium: in the absence of a systemic measure, there is no other way to analyze the behavior of an economic system other than analyzing the movement toward an equilibrium point.

Discussion

Comparison of different temporary states of the system in the absence of a measure (or with a changing standard of measure) is impossible – for the same reasons that for the law of conservation of energy to take place, the condition of constancy of physical constants is necessary [10, P. 172]. Therefore, in order to reveal the essence of exchange from the position of subjective assessments of utility, the creators of the neoclassical theory were forced to turn to marginal analysis (differential calculus). In other words, the theory of marginal utility was built not so much “for reality” as for the mathematical apparatus: “The influence of mathematical tools on the formulations of the theory of marginal utility in Jevons and especially in Walras is obvious and recognized by them themselves. The main properties of the economic subject among marginalists are chosen so as to ensure an unambiguous solution to the problem of maximizing utility. It is possible to obtain a single value of the argument at which the function reaches a maximum only if the utility function is nonlinear, and this convenient type of function is precisely what gives the law of diminishing utility” [11, P. 32]. Thus, the principle of diminishing marginal utility can be called “technical” – it becomes necessary if we accept the position of ontological subjectivism.

Conclusion

From the above, we conclude: the claims to positivity of the modern economic mainstream do not correspond to its real role: it is not so much in the description of reality as in its ideological apologetics. At the same time, from all of the above, it does not follow that we consider the modern neoclassical mainstream to be a “wrong” theory. We believe that this theory is unjustifiably generalized – its subject area is limited to situations of resource distribution, in the assessment of which purely subjective factors play a large role.

Конфликт интересов

Не указан.

Рецензия

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DOI: <https://doi.org/10.60797/IRJ.2024.148.147.1>

Conflict of Interest

None declared.

Review

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DOI: <https://doi.org/10.60797/IRJ.2024.148.147.1>

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