The official attitude (of which Robbins is perhaps the best known contemporary exponent) now became more austere: the study of ends was held to be a problem in ethics and the economist qua scientist had no special competence in this field, even as applied to economic policy. Quite recently there has been a return to the view that the treatment of welfare problems is an integral part of economic analysis. The new welfare economists claim that many policies can be shown (to other economists?) to be good or bad without entering a dangerous quagmire of value judgments.—G.J. Stigler, 1943, American Economic Review.


The Separation of Economics from Virtue: A historical-Conceptual Introduction

The aim of this paper is to explain what philosophical commitments drove mainstream professional economists to understand their own discipline as leaving no space for ethics (including virtue) between, say, 1887 and 1971. In particular, I argue that economics embraced a technocratic conception of politics and science. An important theme of my paper is that philosophers, too, embraced and continue to embrace a number of commitments about philosophy and science that entrench a sharp division of labor between philosophers and economics and that keep not just ethics, but virtue outside of economics. Many of these philosophers' commitments were adopted by economists such that they could assume, in practice, that there is a self-sufficient a-political domain of pure economics. So, in effect, this paper explores the origin and nature of a conceptual split between economics and ethics.

There are two, subsidiary themes in my essay that are not fully worked out in it, but play a non-trivial role in the development that I sketch. First, I pay some attention to the role of so-called epistemic virtues that good economic inquirers need to possess in virtue of the split between economics and ethics. By 'epistemic virtue' I mean to refer to the moral character or moral properties of the scientific economist. I will not discuss the epistemic virtues commonly associated with scientists (e.g., patience, objectivity, disinterestedness, humility, etc.), although these do operate in the background, too, but I will call attention to those epistemic virtues that take on special urgency in light of the larger development. Second, the ways in which the expert scientist economist can (and cannot) assume to be agreeing with the values of the society she studies and hopes to advice as a policy scientist.

By a ‘technocratic conception of politics and science,’ I mean here to capture the following three features of a resilient and influential image within economics: first, it is characterized by the ideal that with social knowledge and its progress, substantial political disagreement can be eliminated. For example, Milton Friedman's (1976) Nobel lecture claims: "Many countries around the world are today experiencing socially destructive inflation, abnormally high unemployment, misuse of economic..."
resources, and, in some cases, the suppression of human freedom not because evil men deliberately sought to achieve these results, nor because of differences in values among their citizens, but because of erroneous judgments about the consequences of government measures: errors that at least in principle are capable of being corrected by the progress of positive economic science. 

In particular, second, this ideal of conflict-free politics presupposes (as is clear from the quoted passage in Friedman’s Nobel lecture) considerable value-unanimity in society. So, for example, in a famous article, the Chicago-school economists, George Stigler and Gary Becker write, “one may usefully treat tastes as stable over time and similar among people;” establishing this point “is the central task of this essay.” When value-unanimity is granted then one is allowed to assume representative agents and ordinary welfare economics is possible as a kind of (social) engineering science.

Third, the conception requires an image of science in which one of the central aims of policy scientists is to achieve consensus (or lack of disagreement). In economics this idea goes back, as I show, at least to Sidgwick’s (1887) Principles of Political Economy. In the paper, I’ll note that the adoption of certain mathematical tools were, in part, designed to facilitate such consensus generation. It is worth emphasizing, however, (a) I am not claiming that all consensus generation tools were introduced with a technocratic conception in mind and (b) that the expectation of consensus was by no means universal even among those firmly committed to a mathematical approach. Friedman’s sometime co-author, L.J. Savage, for example, insists in The Foundations of Statistics, that “we must be prepared to find reasoning inadequate to bring about complete agreement.” (1954 [1972]:7; see also 3, 67ff.) But Savage’s view became a minority position.

Before I turn to my argument I explain the choice of dates that I have adopted. The concluding date is adopted because several of the most important papers I mention were published in that year. I could have chosen more recent statements to illuminate the claims I make, but, as the chapters in this volume, professional economics may be changing so that the question of virtue’s role in economics can

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4 Friedman, M. (1977). Nobel lecture: inflation and unemployment. The Journal of Political Economy, 451-472. Friedman's Nobel lecture was given in a highly charged, political context resulting from his visit to General Pinochet in Chile a few years before, and shortly after Friedman's most important critic -- the Chilean economist Orlando Letelier -- had been assassinated by the Chilean secret police. Even so, it is notable that in the sentence quoted above, Friedman entirely denies the significance of value disagreement in explaining political conflict. Schliesser, E. (2010). Friedman, positive economics, and the Chicago Boys. The Elgar Companion to the Chicago School of Economics, edited by R. Emmett.


9 So, for example, I would not have to change much about my argument to accommodate a recent, influential methodological statement [e.g., Gul, F., & Pesendorfer, W. (2008). The case for mindless economics. The foundations of positive and normative economics, 3-42].
be asked anew. In particular, my paper does not touch on the increasing use of data-mining and so-called natural experiments within economics, and this is why I do not wish to convey completeness.

The start date is a bit more arbitrary (although not entirely arbitrary); it is the year in which Sidgwick published the first edition of *The Principles of Political Economy* (hereafter *Principles*) a textbook designed for a self-standing discipline of (political) economics distinct from moral philosophy at Cambridge University. That department was eventually (within a decade) co-founded with Alfred Marshall. This textbook, and works by Alfred Marshall and J.N. Keynes (a Cambridge logician-methodologist of economics and the father of the more famous Keynes) which I discuss below, also helped facilitate the shift of economics away from the so-called Historical and Moral Sciences Tripos to a self-standing Economics Tripos (1903). Sidgwick was the leading ethicist of his time (and arguably one of the most enduringly influential philosophers of the English language) and extremely sophisticated philosophically. I used ‘arbitrary’ because undoubtedly there are earlier anticipations of Sidgwick’s position throughout the nineteenth century.  

For, the character of political economy changed between, say, Adam Smith’s ‘moral science’ or ‘moral philosophy’ (his *Wealth of Nations* was published in 1776) and the period in which economics became thought of as a ‘social science.’ To be clear, and to avoid a common confusion, the eighteenth century term “moral science” (or “moral philosophy” — ‘philosophy’ and ‘science’ are often treated as synonyms at the time) does not quite mean what we might think it means. Condorcet, for example, understood ‘by this term all those sciences that have as their object either the human mind itself, or the relations of men to another.” Moral sciences were opposed to physical sciences, and distinguished by the kinds of causes to be discussed. Moral sciences dealt with moral causes; and ‘moral’ meant something like ‘social.’ For example, institutions, norms, education, language, emotions, and property-relations (etc.)

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10 The views I am about to describe can be traced back to Mill: “Mill’s methodological views dominated the mainstream of economic theory for well over a century (for example, Cairnes 1875). Mill’s vision survived the so-called neoclassical revolution in economics beginning in the 1870s and is clearly discernable in the most important methodological treatises concerning neoclassical economics, such as John Neville Keynes’ *The Scope and Method of Political Economy* (1891) or Lionel Robbins’ *An Essay on the Nature and Significance of Economic Science* (1932).” [http://plato.stanford.edu/archives/win2013/entries/economics/#3.1](http://plato.stanford.edu/archives/win2013/entries/economics/#3.1) Hausman, Daniel M., “Philosophy of Economics”, The Stanford Encyclopedia of Philosophy (Winter 2013 Edition), Edward N. Zalta (ed.), URL = <http://plato.stanford.edu/archives/win2013/entries/economics/>. I focus on Sidgwick because he of his importance in (both) the institutionalization of economics and his significance in Rawls’s analysis.

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were all thought of as moral causes. (By contrast, geography, climate, mechanics, and matter-theory (etc.) were all physical causes).

So, eighteenth century ‘moral’ science and twentieth century ‘social’ science are closer in outlook than is commonly thought. Even so, the two practices have different presuppositions: social science often presupposes a version of the fact-value distinction whereas in moral science, ‘the natural course’ or ‘nature’ is often itself normative. If acting according to nature, or properly cultivated nature, is a key criterion or means toward the practice of virtue – as it is in many traditions --, then moral science might be a guide to the practice of virtue.

Now, Smith has a traditional and demanding understanding of virtue. His most explicit and simultaneously very demanding definition is as follows: “virtue is excellence, something uncommonly great and beautiful, which rises far above what is vulgar and ordinary” (TMS I.1.5.6, p. 25).

By ‘vulgar’ Smith does not mean somebody rude in our sense, but rather something akin to our ‘run-of-the-mill’ (which can include rude in our sense). Few people writing today would accept such a demanding standard of virtue, which is apt for a classical Sage. (Most chapters in this volume work with a less demanding standard.) Smith’s political economy did not presuppose, expect or describe virtuous people in this demanding sense, although he did hope that by reducing human misery and power differences, commercial society would make it more likely that such virtue and also less demanding virtues could be practiced within the rule of law.

As many other have commentators noted, Smith did think of prudence as a virtue: “In the steadiness of his industry and frugality, in his steadily sacrificing the ease and enjoyment of the present moment for the probable expectation of the still greater ease and enjoyment of a more distant but more lasting period of time, the prudent man is always both supported and rewarded by the entire approbation of the impartial spectator, and of the representative of the impartial spectator, the man within the breast.” (TMS 6.1.11, 215)

So, moral science, as practiced by Smith in his political economy, presupposed and made explicit further, less demanding moral values (humanity, equity, flourishing, prudence, etc.) that are often thought extrinsic to the practice of late nineteenth century social science. This is, in part, due to a new conception of ‘science’ in the wake of Whewell coining the term ‘scientist’ and Comte’s Positivist interpretation of ‘science.’ The normative conception of ‘nature,’ while not wholly eliminated, was not part of the official self-understanding, or image, of science. Sidgwick, whose Methods and History of ethics still frames philosophy’s self-understanding, was not a passive bystander to this historical transformation, and so we have to understand his recasting of political economy as a principled decision.

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So, in what follows I give a historical-sketch of the adoption of the technocratic conception of politics and science within mainstream economics and along the way I call attention to the key distinctions that left no place within it for virtue in the demanding sense quoted from Smith as well as the less demanding senses of virtue (such as equity, humanity, prudence, etc.) that he wished to promote in his political economy. I proceed roughly chronologically: in the first section I focus primarily on the late nineteenth century and in the second section I focus on the period after world war two in which economics became the dominant policy science. I will emphasize the links between the two periods by way of the now-forgotten J.N. Keynes.

I. Sidgwick, J.N. Keynes, and the Distinction between ‘positive’ economics and ‘ethics.’

Utilitarianism was, and still is perhaps, the most influential longest continuing tradition in English speaking moral philosophy. While it perhaps can claim no writer of the stature of Aristotle and Kant (their ethical works being in a class of themselves), taking the tradition as a whole, and viewing its extent and continuity and ever increasing refinement in certain parts of the view, utilitarianism is perhaps unique in its collective brilliance. One must remember that utilitarianism is historically part of a doctrine of society, and is not simply a detached philosophical doctrine. The utilitarians were also political theorists and had a psychological theory. Also, utilitarianism has had considerable influence in certain parts of Economics. Part of the explanation for this is that if we look at the more important economists in the English tradition before 1900 and the well-known utilitarian philosophers, we’ll find that they’re the same people; only Ricardo is missing. Hume and Smith were both utilitarian philosophers and economists....Sidgwick and the great economist Marshall were both in the same department at Cambridge, when they decided to found a separate department of economics around 1896.

Since that time there has been a split, although utilitarianism still influences economics, and welfare economics has a close connection to the utilitarian tradition. Still, since 1900 the tradition has divided into two more or less mutually-ignoring groups, the economists and the philosophers, to the reciprocal disadvantage of both...The division is not easy to rectify given the pressures of specialization, and much else. It is also very difficult nowadays to get a sufficient grasp of topics in both subjects for one person to intelligently discuss them. John Rawls, Lectures on History of Political Philosophy, 162-3.

In this section I first turn to Sidgwick and explain how he and his successors promoted a conceptual split between economics and ethics. Conceptually and methodologically the split required the embrace of a certain image of science. By an ‘image of science’ I mean to call attention to a list of characteristics that function as a kind of short-hand for representing science; these characteristics are used in polemical or educational contexts often to justify or rely on the epistemic authority of a practice described as ‘science.’ This image is often accompanied by a privileged list of scientific or epistemic virtues. I call it an ‘image’ to highlight that when such an image is deployed, there tends to be lots of tacit commitments about the nature of knowledge, the nature of reality, the nature of society, and, also, the nature of science (etc.).
In the epigraph quoted from Rawls, himself a great student of the history of economics and philosophy, at the top of this section, Rawls notes that in the wake of Sidgwick there has been a “split” between “philosophers and economists” even within the utilitarian “tradition” as well as the two disciplines generally. Here I leave aside the (opportunistic) characterization of Hume and Smith as belonging to the utilitarian tradition. Rawls does not attribute the “split” to Sidgwick, but I follow Rawls in assuming that in the final decade of the 19th century, Sidgwick and Marshall were part of an attempt at a decisive change. I use “attempt” because part of the point of what follows is that the “attempt” did not, despite disciplinary and educational splits, wholly succeed and I exhibit this by showing ongoing mutual explicit and implicit influence by philosophers and economists.

In the introduction to his *Principles*, Sidgwick is explicit that his aim is to salvage “the really sound and valuable results of previous [economic] thought” from “the waves of disputation;” in other words to “eliminate unnecessary controversy.” For “[Principles] is written in the belief that the reaction above described against the treatment of Political Economy as an established science was inevitable and even salutary; but that it has been carried too far.” (7; see pp. 5-6 for Sidgwick’s analysis of the varied sources of polemics.) Sidgwick’s project within economics is to create a technical apparatus that produces consensus among the experts. For, without this the political economist has no special standing as the expert worth listening to by policymakers. Beyond the area of agreement, all existing further disagreement has either to be caused by conflicting facts (as Sidgwick acknowledges in context) or by fundamental differences in values (as Sidgwick describes in great detail in his discussion of the legacy of Adam Smith in the next chapter). Thus, his project is to create a (mathematical) body of doctrine (about economic causes) that economists could rally around, so it could become the most important policy science. Sidgwick writes:

> In those parts of this work in which I have used chiefly deductive reasoning, I have made it my special aim to state explicitly and keep clearly in view the limited and conditional applicability of the conclusions attained by it.
> With this view I have been generally careful to avoid any dogmatic statements on practical points. It is very rarely, if ever, that the practical economic questions which are presented to the statesman can be unhesitatingly decided by abstract reasoning from elementary principles.

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19 Sidgwick and Rawls agree on the characterization, and they can propose good reasons for it, especially in treating Hume this way (but see Gauthier, D. (1979). David Hume, Contractarian. The Philosophical Review, 3-38, for an alternative—I thank Donald Ainslie for calling my attention to); but Smith is only a genuine consequentialist when it comes to evaluating social institutions not when it comes to evaluating individual character or the propriety of behavior. For some discussion see Levy, D. M. (1995). The partial spectator in the Wealth of Nations: a robust utilitarianism. The European Journal of the History of Economic Thought, 2(2), 299-326 and Raphael, D. D. (2009). The impartial spectator: Adam Smith’s moral philosophy. Oxford: Oxford University Press, 43-8 (I thank Sam Fleischacker for reminding me to this reference).

20 It suits Rawls’ purposes to accept Sidgwick’s invention of a continuous tradition, so that Rawls has a stable (and worthy, “long line of brilliant writers that learned from each other”) target for criticism; Rawls, in turn, invents retrospectively and simultaneously extended an opposing, alternative (social contract) tradition. I thank Chris Brooke for discussion.

For the right solution of them full and exact knowledge of the fact of particular case is commonly required; and the difficulty of ascertaining these facts is often such as to prevent the attainment of positive conclusions by any strictly scientific procedure. (Principles, 7-8)

So, according to Sidgwick, economics is (in part) an abstract policy science whose advice guides the “statesman.” But the mathematical and theoretical framework that is capable of generating consensus has “limited and conditional applicability.” For, economic policy advice does not merely require (a) deduction from foundational economic theory to particular consequences, but also (b) knowledge of (relevant) particular facts. While there is consensus among experts over economic theory, there would be (more) consensus over policy advice if (i) all relevant facts were known and (ii) policy experts relied on the same core principles from which they deduce their (conditional) advice. It is no coincidence that the collection of (massive amounts of) statistics/data (and the development of mathematical theory) has become an increasing priority.

In the quoted passage Sidgwick relies on a distinction between economics, which can generate theoretical consensus, which would be able to offer univocal policy guidance if there were better data and consensus over values (this is one reason why the theoretical framework is “conditional”). He develops the idea and makes it more explicit as follows in describing the status of laissez faire in scientific economics:

It must be obvious, however, as soon as it is pointed out, that the investigation of the laws that determine actual prices, wages and profits, so far as these depend on the free competition of individuals, is essentially distinct from the inquiry how far it is desirable that the action of free competition should be restrained or modifies... So far as the purely scientific economist studies primarily the results that tend to be produced by perfectly free competition, it is not because he has any predilection for this order of things—for science knows nothing of such preferences—but merely because its greater simplicity renders it easier to grasp. He holds that a knowledge of these simpler relations precedes, in the order of study, the investigation of more complex economic problems that result from competition modified by disturbing causes. But the adoption of a perfectly free competition as a scientific ideal—a means of simplifying the economic facts which actual society presents, for the convenience of general reasoning—does not imply its adoption as a practical ideal, which the statesman or philanthropist ought to aim at realising as completely as possible, (emphases in original; Principles, 23-4).

Here Sidgwick articulates a sharp division between the study of a (simplified) model or abstract reality, from articulating or discovering what is desirable. The former is capable of generating consensus. The latter, the development of a ‘practical ideal,’ which is implemented by a “statesman or philanthropist,” is not a matter of economic science; it belongs properly to ethics. As it happens, Sidgwick also thinks ethics can be made into something like a science (“ethics seeks to attain systematic and precise general

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22 The Statistical Society of London was founded earlier in the nineteenth century (1834) and among its founding members were important political economists. The founding of mathematical statistics is commonly associated with names like Edgeworth, Galton, and Pearson. Of the three Edgeworth was also a major economist at Oxford. All three were also major eugenicists – the concern over population was shared by eugenics and political economy in this period (although some economists were anti-eugenics). Darwin-inspired proponents of eugenics rejected any role for sympathy in political economy. See S.J. Peart & D.M. Levy (2016) Sympathy Caught Between Darwin and Eugenics in Sympathy: a History, ed. By Eric Schliesser, Oxford: Oxford University press, chapter 10.
knowledge of what ought to be, and in this sense his aims and methods may properly be termed ‘scientific,’” (Methods, 1, although in context he explains why he does not refer to ethics as a “science” in order to avoid terminological confusion with some of the human sciences.) But he makes a sharp distinction between the agreement over beliefs with “other members in our society” and the agreement over “new beliefs” that is subsequent ethical argument (Methods, 16). 23

So, within economics it is not permitted to take such ethical science for granted. That is to say, the key epistemic virtue presupposed by a Sigdwickian scientific economist is self-command (or self-limitation); if she wishes to avoid needless conflict, she limits the scope of her claims to a model (or, less anachronistically, hypothetical) reality. 24 In fact, Sidgwick thinks the virtue of “self-control,” which is a “habit of resistance to desires and fears” just is “practical wisdom” (so far as practical wisdom “is a virtue;” Methods, 234-5) 25 That is to say, a true Sigdwickian economist would possess practical wisdom.

Now, Sidgwick’s image of science in which science generates consensus is not the only possible image of science, despite the fact that it would seem quite natural to those of us trained up on Kuhnian notions of ‘normal’ science as consensus. This is not the place to explore alternative images of science more permissive of permanent disagreement; but these were developed by influential contemporaries of Sidgwick. 26

I sum up my treatment of Sidgwick: in effect he proposes a three-fold distinction between theoretical political economy, practical political economy, and ethics. The first and third are theoretical enterprises in which consensus is possible; the second guides policy (and is implemented by statesman/philanthropist) and in it there is no consensus because of uncertainty over particular facts. 27 So, we have in Sidgwick already the broad outlines of the technocratic conception of science and politics. 28

The scheme sketched in Sidgwick is elaborated and made precise in much greater detail by his Cambridge colleague, J.N. Keynes, whose now all-but-forgotten (1890) Scope and Method of Political Economy (hereafter Scope and Method) was probably the first self-standing contribution to what we might call, ‘philosophy of economics’ in the English language. 29 Keynes, too, makes a distinction between economic science and ethics: “it is not...the function of the [economic] science to pass ethical judgments.” (60) But Keynes is not a slavish follower of his more famous colleague. He writes:

There is a further reason why a positive science of political economy should receive distinct and independent recognition. With the advance of knowledge, it may be possible to come to a

23 I ignore here the further question if Sigdwick thought such consensus, even among ethical experts, would be enduring or even possible given what he calls “dualism of the practical reason,” (Methods, Preface 1877 edition).
24 I ignore here to what degree Sidgwick thought the actual economy approximated the model.
25 I thank David Gordon for directing me to the proper section in Sidgwick.
27 I leave it ambiguous to what degree Sidgwick advocated taking the conclusions of ethics as some of the axioms in economics.
28 I am ignoring complex issues pertaining to the question to what degree Sigdwick was a “Government House” utilitarian that also embraced esotericism (and, thus, would not expect the second criterion of the technocratic conception to be really true).
29 Obviously, serious reflection on the philosophy economics precedes Keynes.
general agreement in regard to what is or what may be in the economic world, sooner than any similar agreement is attainable in regard to the rules by which economics of individuals and communities should be guided. The former requires only that there shall be unanimity as to the facts; the latter may be prevented by conflicting ideals, as well as by divergent views as to the actual or the possible. (*Scope and Method*, p. 52)

Unlike Sidgwick, Keynes does not expect (foreseeable) agreement over social values. The reason for this is not that he expects moral pluralism (along, say, the lines of Max Weber, who thinks that the increased complex division of labor of modern society would generate plurality of values), but rather he thinks that people’s (modal) expectations will be non-uniform (“divergent views as to the actual or the possible”).

We might say, that he expects that when it comes to what ought to be the case, Keynes thinks that people’s sense of reality is going to be different. In fact, he introduces enduring terminology to describe the practice that relates to social ideals; he calls it “normative economics” (or “applied ethics”), which is a “body of systematized knowledge relating to criteria of what ought to be;” it’s “about the ideal as distinguished from the actual.” Normative economics consists of “judgments.” (*Scope and Method*, p. 34). Crucially, normative projects, even the ones that pertain to economic phenomena, should be kept outside economics (which is why “applied ethics” is a better term for the enterprise). Again, we see that one of the key assumed theoretical virtues that a practicing positive economist should have is a kind of self-command in order not to overstep the boundaries of positive science.

Not unlike Sidgwick, Keynes expects economics to generate agreement over the model reality (“economic world”) and its possibilities (“what may be”). The domain that can be subject to consensus he calls “positive economics,” which just is a “body of systematized knowledge of what is” (34). These facts, once established, are not supposed to be controversial.

Again not unlike Sidgwick, Keynes also thinks that there ought to be a bridge between positive economics and actual policymaking. This he called the “art of economics,” which is “system of rules for the attainment of a given [policy] end” (34-5) He does not seem to have thought that the art of economics is capable of generating a consensus (again agreeing with Sidgwick)—it’s the domain of (defeasible) maxims and practical precepts. As I explain in section II, this three-fold distinction (among the art of economics, positive economics, and normative economics) is turned into a corner-stone of Milton Friedman’s methodological writings about economics.

But Keynes is not merely a terminological innovator over Sidgwick. He also adds a temporal dimension to the image of science that was relevant to positive economics. Keynes thinks that sciences can be more or less mature. So, economics as a less mature science than, say, “physics and astronomy,” (or less

32 A google search reveals that Keynes did not invent the phrase, but it was a term that had only recently become more widely used.
33 Keynes tends to slide between treating positive economics as a simplified abstraction and a purely factual science.
"definitive"). For Keynes relies on the idea that a science develops through different stages, including a
"descriptive or classificatory" stage before reaching an ultimate (or "definitive"), "deductive" stage (5). In fact, sciences, including, economics can undergo “revolutions.” One important example of this is the so-called marginal revolution (by Walras, Menger, and Jevons). Keynes singles out Menger, in particular, as one such revolutionary, who is also self-reflexive about the method and history of economics (5). So, in Keynes’s image of science there is both development from primitive science (without consensus) to mature science (with consensus) over time as well as the possibility of revolutions between mature theories over time. 

I mention Keynes’s image of science not just because of its intrinsic interest (and the ways in which it prefigures Kuhnian philosophy of science). Rather, it turns out that this image also gets deployed in order to keep ethics outside of positive economics. As Keynes writes:

If political economy regarded from the theoretical standpoint is to make good progress, it is essential that all extrinsic or premature sources of controversy should be eliminated; and we may be sure that the more its principles are discussed independently of ethical and practical considerations, the sooner will the science emerge from its controversial stage. The intrusion of ethics into economics cannot but multiply and perpetuate sources of disagreement. (Ch.2, p. 51)

So, the independence of positive economics from both applied ethics and the art of economics is, in fact, treated as a (nearly) necessary precondition for progress in positive economics. It follows from this that Keynes thinks of applied ethics as a source of permanent disagreement. Keynes’s key move is, thus, not the distinction between (i) a realm of facts and their generalizations that may lead to unanimity and (ii) a realm of values that are sources of disagreement; rather the key is that he deploys some such distinction in the context of a ‘theory’ of scientific “progress” in which a field develops from the immature, conflict-ridden stages to mature stages characterized by considerable agreement. He sketches a route to progress in knowledge if economics can be cleansed from ethics.

Sadly, Keynes does not reflect on all the difficulties with the idea of making theoretical or positive economics independent of ethical judgments. But, in disciplinary practices, Keynes’s position is attractive to those economists that wish to ‘get on’ with their research, and possibly sell its fruits to others (politicians and philanthropists), as well as to those philosophers, which are enamored by the idea that they are the experts of pure ethical matters. Keynes’s position becomes second-nature to those educated or disciplined as professional economists or philosophers; it’s how they (we) learn to see the world.

A generation later, Lionel Robbins captures the upshot of Sidgwick’s and Keynes’s position nicely (“Economics deals with ascertainable facts; ethics with valuations and obligations”) while recasting the nature of economics subtly:

34 Adam Smith’s (1795) "History of Astronomy," offers a historical narrative about successive revolutions among (psychologically) incommensurable systems of thought in the sciences, which have regular patterns of development between each revolution. Menger knew about this work, see C. Menger (1883) Untersuchungen uber die Methode der Socialwissenschaften und der Politischen Oekonomie insbesondere, Leipzig: Duncker & Humblot, p. 24. (I am unsure if Keynes was aware of Smith’s Astronomy and/or that Menger knew it).
35 This image of science does not generate relativistic concerns in Keynes.
And, quite apart from all questions of methodology, there is a very practical justification for such a procedure in the rough-and-tumble of political struggle, differences of opinion may arise either as a result of differences about ends or as a result of differences about the means of attaining ends. Now, as regards the first type of difference, neither Economics nor any other science can provide any solvent. If we disagree about ends it is a case of thy blood or mine—or live and let live, according to the importance of the difference, or the relative strength of our opponents. But, if we disagree about means, then scientific analysis can often help us to resolve our differences. If we disagree about the morality of the taking of interest (and we understand what we are talking about), then there is no room for argument. But if we disagree about the objective implications of fluctuations in the rate of interest, then economic analysis should enable us to settle our dispute....Surely, for the sake of securing what agreement we can in a world in which avoidable differences of opinion are all too common, it is worth while carefully delimiting those fields of enquiry where this kind of settlement is possible from those where it is not to be hoped for —it is worth while delimiting the neutral area of science from the more disputable area of moral and political philosophy. (Robbins, An Essay on the Nature and Significance of Economic Science, 150-1 [2nd ed; 1945 (1932)])

Here the “neutral area” of positive economics has explicitly become what one might call ‘instrumental reason.’ What Robbins describes is by Sidgwick’s lights, a species of “technical skill” which selects “the best means to given ends in a certain limited and special department of human action,” a form of “worldly-wisdom.” (Methods, 231-2) In limiting economics’ domain as a conditional science, it becomes possible to generate the hoped-for agreement. Economics here has the character of an engineering science that works within given constraints. Robbins himself thought this meant that so-called “welfare economics” was illegitimate (and so he could block social engineering), but in his (1947) landmark Foundations of Economic Analysis, which inaugurated the so-called mathematical revolution in economics, Paul Samuelson (correctly) noted that all this entails is that if there are values, then the economist’s job can be to analyze what follows from them: “it is a legitimate exercise of economic analysis to examine the consequences of various judgments.” (220)

By contrast, according to Robbins there is little hope to generate agreement over ends (“it is a case of thy blood or mine—or live and let live, according to the importance of the difference, or the relative strength of our opponents.”) Moral and political philosophy now have become a field of permanent disunity (no surprise he would have thought so during the 1930s with Communism, Fascism, and Liberalism (etc.) being deadly rivals), disconnected from economics.36

While Robbins himself was no friend of technocratic social engineering, it is – with the benefit of hindsight – no surprise that his understanding of economics carried the day within economics after the world war. It provided the economists (as was his intention) a way of understanding and selling themselves as neutral experts. It inaugurated a great age of a technocratic conception of economics. The aim of the next section is to argue that this technocratic conception was shared by post-world-war Keynesians and Chicago-school pro-free-market-types.

This is not to deny that the engineering conception bequeathed by Robbins was not contested. Keynes hated it and so did his ideological rival, the Chicago economist Frank Knight; but while they made many telling and undeniably sound criticisms, ultimately their resistance was swept away by the cold-war growth of mathematical economics (despite opposition from economists like Kenneth Boulding). From the vantage point of the technocratic conception of politics and science, what was required was (a) a commitment to consensus in society and (b) ways to remove conceptual barriers to embracing consensus in science. In the next section my focus is exclusively on (a).

On (b) let me just note two big developments during the early period of the formal revolution in economics (1945-55). First, in polemical exchanges (known in part as the Koopmans-Vining debate), Koopmans defended the use of econometric techniques because they could generate policy relevant predictions. Second, while leading, ideologically diverse economists, of the 1920s and 30s, such as J.M. Keynes and Frank Knight, embraced epistemic and metaphysical versions of uncertainty, their views were tacitly rejected and displaced by commitments to probable risk and uncertainty as randomness both of which friendly to mathematical treatment. For example, the Nobel-winning Chicago economist (and student of Milton Friedman), Gary Becker, argues that agents "will be represented by a probabilistic model in which decisions are determined so to speak, by the throw of a multisided die." (Becker, 1962 5; the whole page is relevant.)

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II. Positive and Normative economics and the Technocratic Conception of Politics

During the 1930 and 40s, an age of ‘revolution’ in economics, the ‘new welfare economics’ (hereafter NWE) became an autonomous, highly technical discipline within mathematical economics. This revolution is associated with Paul Samuelson’s (1947) *Foundations of Economic Analysis*. While its formulae were developed within a utilitarian, moral philosophical framework, by focusing on so-called ‘revealed preferences,’ NWE dispensed with the psychological commitments of utilitarianism and it could explore the *formal* characteristics of social choice without, so it claimed, highly contested psychological and moral judgments. This development fit well with the technocratic self-conception of a burgeoning field that was about to become the privileged policy science (displacing, law, history, civil engineering, and winning out over sociology and political science, etc.)

George Stigler – winner of the 1982 Nobel Prize in economics -- argued in 1943 that NWE assumes a question-begging consensus over values in a given society. In an important short piece, George Stigler criticizes what soon became the dominant approach within professional economics; that approach combines sophisticated mathematical technique, a focus on revealed preference, and an understanding of economics (inspired by L. Robbins) as resource maximization under constraint. Near the end of his discussion, Stigler writes:

Talcott Parsons probably had economists in mind when he wrote: "For it is a fact that social existence depends to a large extent on a moral consensus of its members and that the penalty of its too radical breakdown is social extinction. This fact is one which the type of liberal whose theoretical background is essentially utilitarian is all too apt to ignore-with unfortunate practical as well as theoretical consequences." *At the level of economic policy, then, it is totally misleading to talk of ends as individual and random; they are fundamentally collective and organized. If this conclusion be accepted, and accept it we must, the economist may properly exceed the narrow confines of economic analysis. He may cultivate a second discipline, the determination of the ends of his society particularly relevant to economic policy. This discipline might be called, following J. N. Keynes, applied ethics.*

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The *American Economic Review* was already the most important journal within economics. Stigler's article opens with a long epigraph from Aristotle's *Ethics*; Stigler then targets the formal revolution. His argument is philosophical not mathematical. In particular, Stigler argues that economists presuppose a moral and political consensus when they are doing policy science. Stigler -- who is echoing his teacher Knight here -- takes for granted that the economic sphere is framed or constrained by political or social ends. It is on this point that Stigler cites Parsons approvingly. Thus, Stigler's argument distinguishes between pure economic analysis, in which ends are thought of as individual and random, and policy science (or applied ethics), where ends are unified; it this distinction that drives him to accept Keynes' distinction between positive economics and applied ethics. Stigler's point is not that economists should avoid policy science. Echoing Sidgwick and Keynes, he thinks that economists ought to cultivate such applied ethics, and that this can be pursued scientifically:

> It is quite another thing to conclude that therefore ends of good policy are beyond the realm of scientific discussion. For surely the primary requisite of a working social system is a consensus on ends. The individual members of society must agree upon the major ends which that society is to seek. If any large share of the population actively disagrees with the society's ends, and in particular if it believes that the system is unfair by the group's criteria, the social system will surely disintegrate, probably with violence. This is almost axiomatic in modern social theory.” (Stigler, 1943: 357)

It might seem that for Stigler, economists should try to discover empirically what the “consensus” over society's “major ends” involves is. But this is not what happened. Rather, economists ran with the other implication: that there is such a consensus can be discerned by the lack of civil strife (or even war).

So, Stigler's criticism of the main thrust of the formal revolution (as characterized by the NWE) is, while perhaps motivated by displeasure of political direction that welfare economics might take, not ultimately political, but philosophical; he insists that the normative presuppositions of NWE ought to be different than the assumptions in pure (positive) economics. Stigler argues for greater self-understanding on the part of economists about the essentially political nature of welfare economics when applied to societies. In context, Stigler's point is meant to warn against two tendencies: first, the tendency to import the representative agent into the pure part of economic analysis; second, the tendency to forget the contentious nature of assuming that that society's ends

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50 Stigler quotes Aristotle's *Nicomachean Ethics*, 6.7. The sub-text of Stigler's positions seems to be not just that Samuelson (like Thales and Anaxagoras) trades in highly technical, esoteric and useless knowledge, not knowledge of human affairs, including lacking knowledge about the nature of expertise in political society.


52 Stephen Stigler informs me that his father owned a copy of the first 1937 edition of Talcott Parsons’ *The Structure of Social Action*, New York: The Free Press. Stigler writes, “He read it but with few notes. Inside the back cover he marked 3 page numbers: 392, 395, 248. (in that order). In addition there are marginal dashes on pages 232, 256, and 566,” (personal communication, March 31, 2010). All six pages concern the common moral values/ends of a political community; they provide the background to the claim with which Stigler ends the 1943 *American Economic Review* article.

53 It does not follow, of course, that all civil strife is over major ends.
are unified. Stigler’s argument presupposes, of course, that there is a self-sufficient a-political domain of pure economics.

In response, Samuelson never denies this; Samuelson focuses on some technical mistakes in Stigler’s examples, ridicules Stigler’s tacit elitism (“frankness necessitates the regrettable admission that neither the old nor new welfare economics qualifies as sprightly conversation in the Dale Carnegie, the Oscar Wilde, or even the Oxford Movement sense,”) and insists that NWE applies only to “a limited set of pairs of situations, it does tell us which would be better if we had the choice between them,” (emphases in original). Samuelson insists that NWE rests on “the relatively mild assumptions that (1) "more" goods are "better" than "less" goods; (2) individual tastes are to "count" in the sense that it is "better" if all individuals are "better" off.” While there are serious metaphysical and axiological issues that haunt these two assumptions, this seems to have ended debate over NWE within economics for several decades.

Officially, the stance of the profession echoed Samuelson’s deflationary position about the aspirations of NWE, but in practice it provided a “professional consensus” for so-called ‘applied’ welfare economics, “to increase, to society’s general benefit, the influence on public policy of good economic analysis.” I am quoting from a piece by Harberger, the intellectual mentor of the so-called Chicago-Boys and a colleague of Stigler and Friedman at Chicago in the 1960s and 70s.

A few years later, in reviewing Samuelson’s Foundations, Stigler alludes to his exchange with Samuelson:

I persist in my belief that this [NEW] is one of the less fertile areas that modern economists till; it is symptomatic that we have elaborate instructions on how to form welfare judgments that do not depend on value judgments, but we have no illustration of the application of this technique to a real problem of contemporary policy. Samuelson indeed offers much support for this skeptical view, by this enumeration of the assumptions of the new welfare economics (pp. 222ff.), most of which are held to be partly invalid. But he fails to examine other facets of the problem, one of which, I think, is especially significant. When economists are writing freely

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54 In F1953 Friedman assumes that in advanced societies values have converged. For the significant afterlife of the issue, see Schliesser “Friedman, Positive Economics, and the Chicago Boys,” loc cit., and Ross Emmett “Realism and Relevance in the Economics of a Free Society,” Journal of Economic Methodology 16.3 (June 2009), pp. 341-50.
56 Samuelson 1943: 605. Cropsey quotes a version of this argument from Samuelson Foundations of Economic Analysis, 223, at the start of his paper (116).
57 Cropsey, who was still an economist, published a metaphysical critique in Ethics, op. cit., but this was largely ignored. Rawls’s The Theory of Justice was a more successful response.
58 The official, limited interpretation was reinforced by Arrow’s famous impossibility results. See S. M Amadae, Rationalizing capitalist democracy: The cold war origins of rational choice liberalism (Chicago: The University of Chicago Press, 2003).
Despite criticizing Samuelson, Stigler here anticipates the central commitment of the technocratic conception -- consensus over fundamental values -- made by Friedman in his 1953 methodology essay: I venture the judgment, however, that currently in the Western world, and especially in the United States, differences about economic policy among disinterested citizens derive predominant from different predictions about the economic consequences of taking action - differences that in principle can be eliminated by the progress of positive economics.” (Friedman (1953) "The Methodology of Positive economics” 5). So, given the embrace of the technocratic conception of economics and science, political conflict can be eliminated once economics has become mature.

Note, however, that in his review of Samuelson, Stigler assumes consensus over values among the experts ("economists...writing freely on desirable policy") not necessarily the public. In fact, in the concluding paragraph of the review, Stigler advocates that Samuelson makes his work intelligible to fellow experts, other economists, not the public at large. This is a matter of "responsibility" to 'scholarly canons' (not society).

So, by Stigler’s lights economists have duties to the guild of experts or, perhaps, he thinks there is an ethics of inquiry; but these duties are not necessarily to society. (If economists are also treated as ordinary agents, then one can say about them what Stigler notes about "particular entrepreneurs;" they are "in the industry because it is the most profitable place to be.") Of course, once economists are trained in or recruited from the ranks that understand "advanced calculus, higher algebra, and differential equations," and it is assumed that they agree on fundamental values (which they are taught is not part of their subject matter), then the door is opened to economists-as-social-engineers who once the technocratic conception of politics and ethics is accepted, neither question given ends qua scientists and may overlook tacit normative commitments of their theories and concepts. (Stigler does not offer an analysis of the distinction between fundamental and lesser values.)

Thus, in the context of criticizing the main theoretical workhorse of economics as a technocratic policy science, Stigler explicitly accepts J.N. Keynes’s contrast between positive economics and normative economics. But rather than rooting normative economics in a distinct science of ethics, Stigler, after reflecting on his exchange with Samuelson, claims (with a nod to Talcott Parsons) that its normative principles are either major ends that must be presupposed by any existing political community or, at least, are presupposed by the community of experts. So, Stigler does not deny that a community of experts requires shared values or even an ethics. (He had, in fact, an enduring interest in the sociology of knowledge.) But he insists that it is not a proper part of economics to reflect on values.

61 This is a bit of a shift from the 1943, where Stigler allows that some economists can be social reformers that deviate from the socially shared consensus, but that in doing so they stop being “scientists” (see Stigler 1943, 359). especially note 10.
When Stigler’s life-long friend, Milton Friedman, articulated his methodological commitments, he starts his famous 1953 methodology paper by explicitly embracing Keynes’s distinctions:

In his admirable book on *The Scope and Method of Political Economy* John Neville Keynes distinguishes among “a positive science ... a body of systematized knowledge concerning what is; a normative or regulative science...[,] a body of systematized knowledge discussing criteria of what ought to be...[,] an art...[,] a system of rules for the attainment of a given end”; he comments that “confusion between them is common and has been the source of many mischievous errors”; and urges the importance of “recognizing a distinct positive science of political economy, (Friedman 1953, 3).

As we have seen, in 1953, Friedman is not fully assured that economics is fully mature. But on the whole, during subsequent decades, the discipline embraces the idea and Kuhnian tropes and rhetoric became ubiquitous in economics.

One further reason to highlight Friedman’s 1953 essay is that it also articulates a conception of scientific objectivity in terms of rule-following and a publicity requirement.

In seeking to make a science as ‘objective’ as possible, our aim should be to formulate rules explicitly in so far as possible and continually to widen the range of phenomena for which it is possible to do so. But, no matter how successful we may be in this attempt, there inevitably will remain room for judgment in applying the rules. (25)

In relying on a public (‘explicitly’) rule-following conception of objectivity, Friedman thereby minimizes the requirement of theoretical virtue(s) among scientific practitioners. As he recognizes, of course, he cannot eliminate the requirement of good judgment among scientific practitioners entirely.

To forestall two-fold misunderstanding, I am not claiming that the technocratic conception of politics is an autonomous invention by economists or only adopted by them. In particular, the technocratic conception of politics is also fully embraced in the seminal text of twentieth century (professional) political philosophy, Rawls’s *Theory of Justice*. Rawls’s approach can be understood as offering a decision procedure that generates unanimity (see Rawls 1971: 106; 232-3). In fact, in doing so, Rawls appeals to Knight’s claim that “legislative discussion” is an expert, “objective inquiry” and not a contest between interests. So, Rawls accepts the third condition of the technocratic conception of economics even outside science, for “moral philosophy” (1971: 233).

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66 Rawls directly confronts Arrow’s charge that this demand is peculiar to “the political philosophy of idealism” on p. 232-3.
67 Rawls 1971: 314 n 16. In the note Rawls cites both Arrow and Knight, focusing on their (limited) agreement and ignoring the deeper disagreement. As Rawls adds (in his own footnote): “in both cases see the footnotes!”
Moreover, Rawls writes:

By way of summing up, the essential point is that despite the individualistic features of justice as fairness, the two principles of justice are not contingent upon existing desires or present social conditions....By assuming certain general desires, such as the desire for primary social goods, and by taking as a basis the agreements that would be made in a suitably defined initial situation, we can achieve requisite independence from existing circumstances. The original position is so characterized that unanimity is possible; the deliberations of any one person are typical of all. Moreover, the same will hold for the considered judgments of the citizens of a well-ordered society effectively regulated by the principles of justice. Everyone has a similar sense of justice and in this respect a well-ordered society is homogeneous. Political argument appeals to this moral consensus. (Rawls, *A Theory of Justice*, 232)

Here Rawls clearly subscribes to the first two features of the technocratic conception. Even so, we should be alerted at once that Rawls’s position is idiosyncratic because he resists securing liberties by “uncertain and speculative actuarial calculations.” (139) But I leave this non-trivial complication (and the role of uncertainty more generally in Rawls) aside.

Thus, within the technocratic conception of politics and science there is little room for theorizing about the exercise of virtue. The theorized agents (and markets) are increasingly thought of as responding to incentives69 and constraints or/as well as to be otherwise random in their behavior. Even the intellectual virtues tend to be assumed or they get displaced by conceptions of objectivity as primarily, disinterested rule-following.70

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70 The scientist gets conceived as a kind of Weberian bureaucrat. This conception is now being displaced by a conception that seeks to make the scientist respond to (scientometric-informed) incentives.