Robbins, Textbooks, and the Extreme Value Neutrality View

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Economics textbooks commonly begin with the assertion that there is an indisputable dividing line between positive and normative analysis in economics and also between economics and ethics. Positive analysis is scientific, objective, concerns propositions that can be tested empirically, and draws on the rules of logic, whereas normative analysis is nonscientific and relies on value judgments, which are subjective. When historical justification for this claim is offered, Lionel Robbins is often cited as the uncontested authority on the matter. If Robbins's view is given interpretation, his reference to David Hume's famous guillotine argument is added. Often, Hume's argument is all that needs to be cited. For example, in his 1994 Ely Lecture, Nobel laureate Kenneth Arrow (1994, 1) asserted:

> I am old-fashioned enough to retain David Hume's view that one can never derive "ought" propositions from "is" propositions. The two issues, method and value, are distinct.

But if the matter is all this straightforward, what are we to make of the existence of diametrically opposed positions, such as that of an earlier Nobel laureate, Gunnar Myrdal?

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> A disinterested social science has never existed and, for logical reasons, cannot exist. The value connotations of our main concepts represent our interest in a matter, give direction to our thoughts and significance to our inferences. . . . contrary to widely held opinions, not only the practical conclusions from a scientific analysis, but this analysis itself depends necessarily on value premises. (Myrdal 1958, 1–2)

Clearly Robbins and Myrdal occupy positions at the opposite ends of the spectrum on this issue, Robbins with what may be termed the "extreme neutrality" thesis that takes economics to be thoroughly positive and Myrdal with the "extreme nonneutrality" thesis that takes economics to be thoroughly value-laden (Mongin forthcoming). But Myrdal's position is generally ignored, as are weaker and more persuasive versions of it that are also inconsistent with Robbins's strong position, although most economists are well aware that there exists a not inconsiderable difference of opinion among economists concerning the role value judgments play in economics.

Why, then, are economists so selective and willing to misrepresent the record of historical thinking about economics on this issue? What has effectively occurred is that economists have rewritten their history, and constructed a spurious past for themselves, thus creating a folk tale about economics that most economists do not hesitate to pass on to their students and future economists. Folk tales, we know, have a disarming appeal. Although we know them to be false, we often cannot but believe them to be true. Indeed they typically even deceive their purveyors. Thus, scrutinizing folk tales requires that we understand how they carry off a subtle double task: promoting one view of the world while suppressing another—without at the same time acknowledging the existence of the latter! Here I first look at how the "economics as value neutral" folk tale has achieved this subtle balance, and how it thus constitutes a misuse of the history of economics and an abuse of evidentiary standards of argument with respect to the history of economics that would never be accepted in empirical work in the field. I then close with a brief comment on the consequences for thinking about efficiency.

Robbins's Use of Hume

Robbins's defense of the extreme neutrality thesis can be seen in the following passage on economics and ethics from his famous *Essay on* *the Nature and Significance of Economic Science*. Despite there being many ways in which one might explain the two fields and the relationship between them, Robbins ([1932] 1935, 148–49) reduces the matter to the relatively uncontroversial distinction that Hume makes between two types of statements.

> "Economics," says Mr. Hawtrey, "cannot be dissociated from Ethics." Unfortunately, it does not seem logically possible to associate the two studies in any form but mere juxtaposition. Economics deals with ascertainable facts; ethics with valuations and obligations. The two fields of inquiry are not on the same plane of discourse. Between the generalizations of positive and normative studies there is a logical gulf. . . . Propositions involving the verb "OUGHT" are different in kind from propositions involving the verb "IS."

Two matters, however, that might lead one to hesitate in adopting Robbins's extreme value neutrality position are suppressed in this direction of our focus.

First, we are encouraged to ignore the fact that at the time Robbins wrote this passage many economists and philosophers held that "ought" statements and other normative assertions in ethics should be understood in noncognitive or emotive terms little different from expressions of surprise or pain. Robbins's general view in the *Essay* of value judgments as irremediably subjective shares in this characterization (Davis 1990), and economists who cite Robbins often make essentially the same complaint about them.[1] Indeed, the standard textbook view of the positive/normative distinction which makes it one of objective science versus subjective value judgments became especially influential in the postwar LSE school of welfare economics, which bore Robbins's influence. But this extreme view of "ought" statements and other normative assertions in ethics was—outside of economics—rather short-lived. This is not of course to say that the noncognitivist view of ethics discourse should be thereby dismissed. Rather, what is questionable is the suppression of the fact that the view underlying Robbins's well-known statement has been widely rejected. Textbooks are meant to be authoritative. Yet here we have an example of a view that if anything is contrary to what is

1. E.g., "Value judgments can, then, be recognized by considering what judgments are likely to influence people, not because they describe in colourless unemotive language facts which people already approve of, but because they describe facts in an emotive way, or because they are merely emotive and describe nothing at all" (Little 1957, 70).

authoritative. It is difficult to not come to the conclusion, then, that here we have an abuse of evidentiary standards of argument with respect to the history of economics that would never be accepted in empirical work in the field.

Robbins's recourse to Hume's distinction to interpret the relation between economics and ethics selectively promoted the extreme value neutrality thesis in a second way. As Philippe Mongin (forthcoming) explains, not only are there important logical differences between statements that take the form of prescriptions and those that take the form of evaluations, but evaluative statements need not imply particular prescriptions.[2] Note, then, that Robbins's exclusive attention to "ought" statements in connection with ethics focuses attention strictly on prescriptions, and ignores a possible role for evaluative statements, not only in normative analysis but also in positive analysis. Indeed, it is not unusual for statements in the domain of positive analysis to contain more or less implicit evaluative content, or, in Myrdal's words, possess "value connotations." Mongin thus characterizes Robbins's neutrality position as an exclusive focus on prescriptions à la Hume and a "replacement strategy" that effectively turns attention away from possible value judgments in positive analysis. For a second reason, then, Robbins helps economists perpetuate a folk tale that accomplishes the double task of promoting one view of the world while suppressing attention to another.

Efficiency

The low regard in which normative analysis is held in economics raises the question of the status of the one explicitly normative judgment employed almost universally in the field: the Pareto efficiency judgment. In Robbins's view, as normative, Pareto judgments should not be taken very seriously. But economists generally ignore Robbins when it comes to efficiency, as did Robbins's followers in the postwar LSE school. Matters are made more complicated when we recognize that most economists believe that efficiency and equity need to be traded off against one another. Since equity judgments are clearly normative—and moreover controversial in nature—imagining trade-offs between equity and efficiency would in principle require that economists engage in a kind of normative reasoning that would presumably go much beyond characterizing value

2. Evaluations have a predicate form and prescriptions have a modal form.

judgments as subjective and nonscientific. The particular resolution of these difficulties, however, has been well established for many years: economists content themselves with describing efficient states of affairs, and leave the task of considering trade-offs with equity to policy makers. The presumption this implies is that the latter task is nonscientific whereas the former has a more objective status. Thus most economists agree that efficiency judgments rely on a concept of well-being, which is clearly normative, but regard the idea of a Pareto improvement as so uncontroversial as to justify their position.

In fact, as many have argued (e.g., Sen 1987), Pareto judgments are hardly uncontroversial. Most obviously, they place a greater weight on well-being than on equity concepts such as fairness and justice. Less obviously, Pareto judgments arguably possess an implicit normative content that considerably expands on the concept of welfare. That is, Pareto judgments are favored because they are thought to be impartial (no one may be harmed in making efficiency improvements), place weight on the value of freedom (efficient markets result from the free choices of individuals), and emphasize respect for individuals (since individual preferences count irrespective of their nature). Yet this implicit value content rarely appears in economics textbooks or plays a role in economists' understanding of the positive/normative distinction and economic policy. Why?

From a pragmatic perspective, one can easily see that any admission that the Pareto concept is normatively loaded would seriously complicate not only its role as the only policy recommendation generally accepted in economics, but also economics' self-conception as a positive science. But to say that economists are calculating in this way takes us away from the meaning of Robbins's folk tale. A folk tale is a fable that people believe to be true. Indeed, folk tales are not perceived as such, but rather are simply perceived to be truths. Thus, not only would most economists say that Robbins was right about the positive/normative distinction; they would also likely say that though technically Pareto judgments are normative, the sense in which they are is so insignificant as to permit them to be reasonably considered "quasi-positive."

Yet these conclusions simply put aside as if nonexistent the historical scholarship in economics that contradicts them. Many economists would no doubt respond to this charge that they are unaware of such scholarship. This, however, would only confirm the general conclusion here, namely, that evidentiary standards in historical arguments in economics fall well below those in empirical arguments. And clearly it would be unacceptable were economists to respond to empirical arguments that certain theories were unsupported by saying that they were unaware of the existence of the data.

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