

RESEARCH IN THE HISTORY OF  
ECONOMIC THOUGHT AND  
METHODOLOGY: INCLUDING A  
SYMPOSIUM ON BRUCE  
CALDWELL'S *BEYOND POSITIVISM*  
AFTER 35 YEARS

# RESEARCH IN THE HISTORY OF ECONOMIC THOUGHT AND METHODOLOGY

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RESEARCH IN THE HISTORY OF ECONOMIC THOUGHT  
AND METHODOLOGY VOLUME 36A

**RESEARCH IN THE  
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METHODOLOGY:  
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ON BRUCE CALDWELL'S  
*BEYOND POSITIVISM*  
AFTER 35 YEARS**

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## VOLUME INTRODUCTION

We are delighted to present Volume 36A of *Research in the History of Economic Thought and Methodology*, the first of three volumes planned for 2018. The centerpiece of the volume is a symposium on the impact after 35 years of *Beyond Positivism*, Bruce Caldwell's influential 1982 book on economic methodology. The symposium features several significant contributors to the methodological literature of the past four decades, including Kevin Hoover, Wade Hands, Tony Lawson, and Peter Boettke. Professor Caldwell responds.

Our general-research section includes a review of recent methodological literature by Luis Mireles-Flores as well as Alain Marciano's methodological account of the Stiglerian nature of "Stigler's Coase Theorem."

Last, RHETM coeditor Luca Fiorito offers an archival piece culled from the papers of Frank Knight and John Maurice Clark that sheds light on several matters, including their published controversy concerning the significance of the so-called adding-up theorem.

Luca Fiorito  
Scott Scheall  
Carlos Eduardo Suprinyak  
*Editors*

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**PART I**  
**A SYMPOSIUM ON BRUCE**  
**CALDWELL'S *BEYOND POSITIVISM***  
**AFTER 35 YEARS**

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# INTRODUCTION TO A SYMPOSIUM ON BRUCE CALDWELL'S *BEYOND POSITIVISM* AFTER 35 YEARS

Scott Scheall

It is an honor to introduce this symposium on Bruce Caldwell's *Beyond Positivism* after 35 years. Like several lucky youngish scholars, I count my own career, such as it is, charmed in virtue of Caldwell's influence. Many contemporary historians and philosophers of economics know Caldwell best either as a scholar of the work of F.A. Hayek or as founder and Director of Duke University's Center for the History of Political Economy, North America's (and perhaps the world's) leading research center in the history of economic thought. Caldwell's impact on this field has been profound. It is perhaps somewhat less well remembered that, in 1982, Caldwell published one of the twentieth century's last and most important books on economic methodology.

In large measure, *Beyond Positivism* was groundbreaking because it was ground-clearing. Caldwell showed to be untenable any monolithic conception of economic method, which is to say, in effect, every extant conception. The notion that legitimate economic practice was expressible in terms of anything like necessary and sufficient conditions failed to reflect the variety of economic practice, and encouraged the reification of right-thinking in-groups and dissident out-groups. However, as several authors noted in their individual contributions to the present retrospective, Caldwell's book appeared at a time when

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the economics discipline was suffering another of its occasional crises. As in the 1870s and 1930s, the early 1980s found economists staring at their navels, wondering how the theoretical certainties of bygone days had evaporated like, and along with, the fading value of money and employment prospects in the age of stagflation. Caldwell attributed this malaise to economists' misplaced faith in a terminally flawed philosophy of science. The logical positivism of the Vienna Circle philosophers of science (and its direct descendant, logical empiricism) took theory appraisal to be an algorithmic affair: scientists had merely to choose the theory best supported by the available evidence — as if agreeing upon *this* were a straightforward matter — and all would be well. The application of positivist philosophy of science to economics encouraged the very confidence in prevailing practice that had been so thoroughly undermined over the decade preceding the publication of *Beyond Positivism*.

To make matters worse, by the early 1980s, as Caldwell showed, positivism had long been abandoned by most philosophers and scientists outside economics. In their desire to make economic practice maximally “scientific,” economists had assumed a philosophy of science that, when it was adopted in the immediate postwar years, many in the know already deemed past its sell-by date. Oh, the irony! Somehow, practicing economists had missed the rather deafening death knell of logical empiricism heralded by the publication of (among others) Norwood Russell Hanson's *Patterns of Discovery* in 1958 and Thomas S. Kuhn's *Structure of Scientific Revolutions* in 1962. Among the many insights of this literature was the utter futility of monistic conceptions of science. The notion that all scientists, whatever their particular field and whatever the phenomena under investigation, applied some univocal logic in their evaluations of theoretical rivals was shown to be absurdly naïve.<sup>1</sup>

In place of an approach that sought a single unified method expressive of all legitimate economic practice, Caldwell recommended a methodological pluralism that would take as axiomatic the premise that “no universally applicable, logically compelling method of theory appraisal exists. (Or, more correctly, [that] even if it exists, we can never be sure that we have found it, even if we have)” (Caldwell, 1982, p. 245). Rational reconstruction of the methodological possibilities is the pluralist's affirmative task and evaluation of the content thereby revealed his critical obligation. However, in discharging this latter duty, “it is crucial that the methodologist be aware that its purpose is not the discovery of the optimal method. Indeed, one of the fundamental critical tasks of the methodologist is to repeatedly point out the futility of such a search” (Caldwell, 1982, p. 246). Moreover, not all methodological criticism is equal or equally fair. As far as possible, methodological programs “should be criticized either on their own terms or for failing to show how they can be compared to other programs.” It is not terribly interesting to engage in “external criticism” that assumes epistemological grounds rejected by those criticized: “In many methodological debates, adversaries seem perpetually to talk beyond each other” (Caldwell, 1982, p. 248). Begging the question against one's intellectual

opponents is rarely convincing. "Internal criticism," however, is far more powerful: the methodologist should start from the assumptions of the program under investigation and look to establish from within the framework set by these assumptions either the program's tensions and inconsistencies, or its immunizing strategies. "This approach ensures that novelty is promoted, that criticism is not dogmatic, and that a dialogue takes place among members of alternative research programs" (Caldwell, 1982, p. 248).

\*\*\*\*\*

Given the state of the discipline at the time, as well as the novelty and methodological significance of Caldwell's pluralism, it was perhaps not surprising that several early reviewers chose to criticize the brief statement of pluralism offered in the book's final seven pages rather than the more comprehensive and devastating destruction of methodological monism that occupied its first 245 pages. One as skilled as Caldwell at taking down intellectual opponents should perhaps have anticipated this reaction. Still, as Caldwell points out here in his delightful response to critics, given the obviously nebulous nature of the book's passing positive statement of pluralism, this near-exclusive emphasis on the book's most "juvenile" aspect was perhaps not entirely fair.<sup>2</sup> Mark Blaug (1983, p. 3) even accused Caldwell of channeling Chairman Mao in yearning for the blooming of a hundred methodological flowers!

As it once was, ever shall it be. Several contributors to the present volume also chose to focus on Caldwell's methodological pluralism. Kevin Hoover even repeats the charge of Caldwell's latent methodological Maoism (albeit in a gentle way befitting one of Caldwell's closest colleagues). Hoover takes *Beyond Positivism* to task for its *antinaturalism* and *meta-naturalism*. Hardly a word appears in the book about the actual practice of economists; rather, in keeping with the meta-methodology of the times, the book focuses entirely on the professed methodological commitments of certain eminent economists and the relevance to economics of philosophy of science. Hoover further argues that Caldwell's pluralism as originally stated is at best an ineffective bulwark against, and, at worst, encourages the sort of dogmatism that is the book's real target. A combination of fallibilism and its twin, epistemic humility, is a better defense against dogmatism than what Hoover thinks to be Caldwell's toothless, if not dangerous, advice to let a hundred methodologies bloom.

For his part, Tony Lawson argues that *Beyond Positivism's* negative criticisms of economists' monistic tendencies and affirmative reconstruction of a pluralistic methodology do not go nearly far enough. In particular, Lawson argues, *Beyond Positivism* is inadequate in its inattention to matters of ontology. To Lawson's mind, economists are too little interested in the development of a method appropriate to the nature of economic phenomena. Caldwell's book should have moved past not just positivism, but beyond the *deductivist* model appropriate to the explanation of event-regularities in closed systems,

that is, the kind of systems that, ontologically speaking, natural economies are most certainly *not*. Lawson calls for Caldwell (or some Caldwellian) to rectify this shortcoming by developing a method appropriate to the open nature of economic and other social phenomena. As Lawson notes, the research on F.A. Hayek that has occupied Caldwell for the last 35 years might be relevant to this unfinished project, were he inclined to finish it. Caldwell's response to critics makes clear that he is unlikely to give up historical research for the ontology of economic phenomena, as conceived by Hayek or anyone else, any time soon.

From the sketch of *Beyond Positivism* above, it should be clear to those familiar with Hayek's well-known arguments against *scientism* that Caldwell is not merely the man's scholar and biographer, but one of his intellectual descendants in matters methodological. Though it seems that Caldwell came to appreciate the affinity only after the fact – Hayek's name appears but fleetingly in *Beyond Positivism* – the book's argument against the adequacy for economics of methods that seem successful in other fields is an instance of Hayekian antiscentism (see, e.g., [Hayek \[1952\] 2010](#); [\[1975\] 2014](#)). That which so riled Hayek, the scientific pretense of the direct applicability to the social sciences of what purports to be the method of the physical sciences, is Caldwell's target throughout 99.97% of the book.<sup>3</sup>

Wade Hands' contribution connects *Beyond Positivism* with Hayek's methodology of sciences of complex phenomena, and the latter with the contemporary philosophical literature on scientific models. Especially in biology and economics, many scientific models are meant to explain patterns that might appear in the relevant phenomena, rather than specific events. Hands considers Hayek's arguments for the explanatory and predictive limitations of the sciences that investigate complex phenomena through the lens of the literature on such *hypothetical pattern explanations*. Hayek's distinction between "explanations of the principle" and explanations of particular events is shown to map fairly closely onto the modern philosophical distinction between models that are merely explanatory and those capable of explaining specific events.

Several contributors noted the instrumental role played by *Beyond Positivism* in the subsequent development of economic methodology as a mature field. Where few outlets existed before, academic journals, graduate programs, and research centers dedicated to methodological inquiry appeared in the years following the book's publication. This surely had at least as much to do with prevailing circumstances in both economics and the economy in the early 1980s, but it cannot be denied that *Beyond Positivism* appeared at the juncture of a methodological turn in the economics discipline. However, at least insofar as it exemplified aspects of Caldwell's pluralism, this turn was merely temporary. It is unfortunate, Peter Boettke, Solomon Stein, and Virgil Storr argue, that Caldwell's pluralism was neither widely nor aggressively adopted in the field, and that economists soon returned to their respective silos. The mainstream's methodological monism is destructive of dialogue and contributes to

mutual misunderstanding between members of rival schools of economic thought, several episodes of which are documented in Boettke, Stein, and Storr's paper. The benefits of pluralism lie primarily in its potential to break these walls down and encourage a freer exchange of ideas with those who would otherwise be barred from the conversation. Boettke, Stein, and Storr argue that, if cases of fruitless misunderstanding like those documented in their paper are to be avoided, economists must work harder to make methodological pluralism a reality.

Caldwell's response concludes the symposium. In his typical humble fashion, he accords his critics significant wisdom in their observations on his famous, but now "faded snapshot from a long ago time." Like the excellent historian he is, Caldwell also relates a number of delightful anecdotes about the book's writing and reception, and reflects on its significance both for his own career and the subsequent history of economic methodology.

*Beyond Positivism* is a milestone in this history. Perhaps unfortunately, its best-known and most widely discussed aspect — the brief exposition of methodological pluralism that constitutes the book's final chapter — was also its most immature and nebulous. Whatever might be said about the specifics of pluralism as described in that closing chapter, Caldwell was on to something. The history of economics is far from the sort of progression of unmitigated (or even mitigated) successes that might justify the confidence of mainstream economists in the method bequeathed to them in graduate school. Whether it is full-throated methodological pluralism or something more like the humble fallibilism advocated by Hoover, openness to competing perspectives is prudent. One of the lessons of the hubristic years that preceded the so-called "Great Recession" is that the economics discipline is always on the verge of another crisis and, thus, always awaiting another Caldwell-like nemesis to show up the misplaced nature of this confidence.

## NOTES

1. It is also ironic that Kuhn's book was first published as part of the *International Encyclopedia of Unified Science*, the positivists' house organ. By the time that Kuhn published his famous book, even *self-avowed positivists* were not very positivistic in the traditional philosophical sense of the word.

2. See Caldwell (1988) for a more mature and nuanced statement of methodological (or "critical," as it is called there) pluralism

3. This point is not substantially affected by the changes that occurred over time in Hayek's conception of the relationship between the sciences. The distinction between the physical and social sciences mentioned in the text subsequently evolved into a difference in the degree of complexity of the phenomena investigated by various sciences. Whereas scientism had once meant the inappropriate importation into the social sciences of methods appropriate only, if at all, for the physical sciences, it became the misapplication to complex phenomena of methods at best suited to the investigation of simple phenomena.

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