PLURALISM IN ECONOMICS: FROM EPISTEMOLOGY TO HERMENEUTICS

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Abstract:
The objective of this paper is to bring elements from the philosophical movement of hermeneutics and pragmatism to the discussion on methodology in economics, with a specific concern on the theory of truth. Our aim is to present the concept of the hermeneutic space, developed by the philosopher Richard Rorty, as a rational justification for pluralism in economics. We consider the hermeneutic space an interesting concept which should allow us to overcome the void left by the incapacity of epistemological theories to explain the evolution of sciences. It defends the idea that our culture, values and ways of interpreting things are what build the sciences, not any closed epistemological method. In this sense, pluralism is nothing more than letting the hermeneutic space work, without epistemological barriers, and understanding that this is desirable for the future development of economics as a science. This approach differs from all other methodological justifications for pluralism because it does not rely on any epistemological method, but assumes that the hermeneutic space can entirely fulfill the gap created by them.

Key words: Pluralism, scientific methodology, hermeneutics

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“Take care of freedom and truth will take care of itself” (Richard Rorty 2006).

1. Introduction

Several economists have been discussing the role of pluralism in economics in the last few years (Sent (2005), Garnett (2003), Davis (2003), Warren (1997), Fernández & Pessali (2001), Bianchi (1992), Chick (2004), and Dow (1990, 2005). Dow (1990) bases this growing interest of the academic world in themes related to the methodology of science partly on the observation that the mainstream is going through an important methodological crisis. She presents and criticizes the concept of dualism behind orthodox thinking in contrast with the “Babylonian” way of thinking. Dualism is defined as: “…the practice of organizing thought by means of all-encompassing mutually-exclusive categories, with fixed meanings” (1990, p. 143). The dualist way of thinking has been embedded in the western culture and civilization since the Platonic tradition, which was the first one to separate mind and matter. The Platonic tradition’s defining characteristic is the categorization by means of binary concepts - x and non-x, which excludes any intermediate existence between the two alternatives.

As Dow points out, economic analysis may be understood in terms of a hierarchization, ranging from the most concrete level – concerned with the prescription of policies - to the most abstract level – which makes it necessary to reflect on the theoretical, methodological, and, at last, the way of thinking that lies beneath the methodology adopted. In order to allow for the study of a highly complex and dynamic social reality, the dualist way of thinking seems to be poor and incomplete, as there exist infinite shades of colors in the specter of economic analysis. As Dow points out, the orthodox dualist way of studying economic phenomena– which may also be qualified as Cartesian/Euclidean –, is behind the current methodological crisis in mainstream economics.

The need and virtues of a pluralist perspective are highlighted from such perspective: “The aim of [a pluralist] study would then be to ensure that each of the various possible methodologies is consistent by its own criteria, and to promote mutual understanding among practitioners of different methodologies; such understanding provides a basis not only for tolerance, but also for creative cross-paradigm developments” (Dow, 1990, p.
Samuels (1997), who also advocates methodological pluralism, bases his analysis on the observation that there is no conclusive methodological/epistemological principle that allows an objective selection between different theories. There is no meta-principle that guides the selection between theoretical bodies equally provided with internal limitations, which in his view makes the choice of one over the other dependent on other exogenous social criteria. Our definitions of economic reality, as well as economic theories and methodologies, are socially built; they are made, rather than discovered.

In agreement with such perspectives, and in an attempt to contribute to the debate, our proposal in this article is to carry out a study on neopragmatism and hermeneutics and its possible influence on the methodological discussion of pluralism in economics. The main focus of our work is the connection between pluralism and the concept of the hermeneutic space as defined by Richard Rorty’s neopragmatism. Our broader goal is to present a philosophical perspective that allows us to gain a better understanding of the pluralist movement in general and its application to economics in specific. To this end, in section two of the paper we present the discussions that brought us “from epistemology to hermeneutics”. In section three and four, we discuss Rorty’s neopragmatism and the importance of the “hermeneutic space” for the progress of science and the possible lessons to the practice of economics. Concluding our work we discuss the feasibility and relevance of the hermeneutic, pragmatic, and pluralist perspectives for the methodological discussion in economics.

2. From epistemology to hermeneutics

Based on the work of Rorty (1994a), the history of philosophy of science in the 20th century - from its beginnings with logical positivism, to more recent discussions on the role of rhetoric, hermeneutics, and pragmatism - may be seen as a path that starts with the epistemological debate on the positivist criteria of scientific demarcation and ends with more open and discursive ways in which sciences are seen. On the way, epistemology begins to be put aside in favor of a more interpretative approach. One may understand such process as a long path of gradual discursive opening, on which philosophy of science
increasingly acknowledges that there is no precise and “correct” way of reaching the “truth”.

This first section of our paper examines this opening of the philosophy of science, presenting hermeneutics based on the ideas of the philosopher Richard Rorty as one of the latest stages in such development. As will be discussed later, Rorty ends up abandoning epistemology after he understands that the search for proper methods to reach the “truth” is wrong a priori. However, before going deeper into Rorty’s ideas, it is important to present a brief summary of the main contributions of philosophy of science in the 20th century, showing why and how, according to Rorty and to us, this discipline has been proposing a change from epistemology to hermeneutics.

In Rudolf Carnap's logical positivism of the beginning of 20th the century, there are only two types of genuine knowledge: the analytical one, such as mathematics and logics, which is true in any world, and the empirical one, which is synthetic and true only under certain circumstances. Nonetheless, in addition to proposing this division between what is and what is not valid knowledge, logical positivism also defined what would be the proper manner to “make” science (its demarcation criterion). According to logical positivists, ideas start in sentences about phenomena that can be observed and which, through induction, can be generalized to scientific theories. Thus, scientific theories should be purely descriptive, without trying to go beyond empirical observations (Hands, 2001). In addition, it should be possible to translate them back as observable sentences without loss of meaning. That is, scientific theories would be no more than descriptions of empirical observations expressed in a specific language (the mathematical language, specific to sciences).

The logic positivism of the beginning of the 20th century corresponds therefore to one of the closest contemporary forms of science, for it does not even acknowledge the descriptive value of the various historical experiences that gave content and social meaning to the scientific practices over the centuries. It simply ignores such discussion which would take us to acknowledge the plurality of methods used during the history of scientific thought. It understands that the “truth” should be searched in a unilateral and positive way, a content to be discovered and revealed by means of a method that is privileged, unique, and capable of being reached in a rational manner (scientific epistemology).
The ideas presented by Popper are a step ahead in terms of epistemological opening compared to logical positivism. Popper at least acknowledges that there is no privileged way to reach the “truth”, since the description of reality itself results in Hume's induction problem. He argues that there is no way to logically justify a generalization from specific observations, a problem which logical positivism never really resolved. However, despite acknowledging that there is no method capable of taking theories to the truth, Popper still presents an argumentative structure with a demarcating nature, typical of the epistemological approach. He proposes the existence of at least one method to reject them, as for him it is possible to tell the difference between theories “closest to the truth”, the ones which were not proven wrong yet, and the most distant ones, those which were proven wrong by an empirical test.

Popper’s demarcation method stems from the claim that science should work according to the *modus tollens* logic, which tries to prove theories logically wrong instead of confirming them. Thus, a theory is scientific if it generates forecasts which can potentially be proven wrong. And in case two theories have gone through the same tests and survived, the one which generates the highest amount of forecasts that can be proven wrong is to be chosen, for that is the one with more empirical content (Popper, 1934). However, the Popperian logic still has its own limitations regarding the epistemological treatment of sciences, since falsifiability is still understood as the most appropriate method for getting a theory closer to the truth, (a model regarded as an epistemological ideal for choosing between scientific theories), but which does not care enough about the way through which the sciences are actually built.

Nevertheless, the problem is that even being an ideal selection criterion, Popper's method still seems rationally incomplete, as it does not overcome the logical problems of pure empiricism. Indeed, for Popper, the difficulty of tearing the empirical content of a theory apart from its purely theoretical elements through a scientific test is firmly maintained. This in turn makes the so called crucial experiment difficult since the theories, upon verification, are used in its entirety which leaves it open *a priori* which part of the chain was effectively proven wrong.
The fact that you don’t know which part of the theory was proven wrong was one of the fundamental problems which took Willard Quine to defend the logical impracticability of separating analytical from synthetic knowledge. In practical terms it is thus difficult to maintain that a theory should be rejected by whatever empirical criterion. It will always be possible to logically recover the non-empirical content of a theory, revising it and saving it from a possible rejection. As such, the use of ad hoc hypotheses shall always remain a difficulty for the idealist pretensions of the Popperian epistemology.

In “The two dogmas of empirism”, Quine argues against the opposition of analytical and synthetic knowledge and the belief that each significant empirical preposition is equivalent to some logical construct that refers to immediate experience (reductionism), thus braking up the possibility of building crucial experiments. “Both dogmas, I shall argue, are ill founded. One effect of abandoning them is, as we shall see, a blurring of the supposed boundary between speculative metaphysics and natural science. Another effect is a shift toward pragmatism” (Quine, 1951, p.20). In face of facts that reject a certain theory, the inner reformulation of the main or secondary hypotheses of the model (seen in the positivist universe as analytical knowledge, not subject to being proven wrong) or changes in the ceteris paribus conditions of the empirical test may always save the theory at hand. There is, therefore, an underdetermination problem in empirical tests. It is always possible to claim that the empirical results were not good, as an alternative ceteribus paribus condition was not considered.

Another problem which came to be known in the literature as the Duhem-Quine thesis refers to the problem that the data are always embedded in theory. An empirical test shall always depend on a set of theoretical considerations and definitions. It is these theoretical-empirical packages (Quine’s force-field) that are tested in practice. That being the case, the scientist’s lack of resources to definitively reject different concepts and theories about his object of study and thus represent “reality” in a unique fashion becomes evident.

And it is with reference to such problems in science that Thomas Kuhn, one of the greatest philosophers of science of the 20th century, presents his understanding of the evolution of scientific knowledge based on the concept of “paradigm”. Paradigms correspond to the common understanding of the scientific world about its objects of study and research
practices and about the forms and methodologies used when building its theories. According to Kuhn, the various sciences evolve through paradigm shifts. In periods of normal science, scientists dedicate their time to develop theories based on their current paradigm, whereas in renewal periods or in “scientific revolutions” a certain set of concepts and methodologies are no longer able to explain their object of study and a new set of ideas, a new paradigm starts to emerge. Thus, the evolution of science takes place not only in the periods of normal science, but mostly in periods of revolutions. Such periods are needed and inevitable for new ideas, alien to the common understanding of scientists, to start defining the development of theories (Kuhn 1962).

One of Kuhn’s crucial ideas is that beliefs are essential in building paradigms. Beliefs define the way in which a certain scientific group understands and develops its object of study. As such, beliefs inevitably end up being incorporated in the development of science. Thus, through his emphasis on the role of beliefs and individual values for the evolution of science and the search for “truth”, Kuhn is one step ahead of his predecessors, as he acknowledges that there is no non-valuing and pure way of building science.

The Kuhnian way of thinking already points to an opening of philosophy science towards hermeneutics. The comprehension that sciences are built from the consensuses of their scientific communities opens the field for discussion of how such consensuses are reached. Kuhn points to the importance of language in such process, however he does not discuss the role of rhetoric and hermeneutics as it is done by, among others, authors such as D. McCloskey (1998) and R. Rorty (1994a). Generally speaking, the understanding of these authors is that given the non-existence of a proper way to reach scientific “truths” and the fact that the evolution of sciences takes place by means of a collective construction process, the ways of building, transmitting and interpreting knowledge play an essential role in this process. In this view, science evolves through discussions and debate, and thus hermeneutics and rhetoric become extremely important.

3. Rorty’s neopragmatism

Rorty’s philosophical project unites the criticism to rationalism typical of the pioneer pragmatists (William James, John Dewey, Charles S. Pierce) and the development of the
philosophy of language which came after them. Or, put another way, it attempts to present philosophy as a dynamic activity that tries to free us from the epistemological and positivist impositions of the Cartesian and Kantian traditions, without losing the dimension and critic function of philosophy regarding language (typical of the Anglo-American tradition in analytical philosophy). At the same time, he tries to preserve philosophy’s creative dimension and advance in a hermeneutical dimension that does not allow itself to get involved in epistemological determinisms, which try to limit the field of action of knowledge (such as the ones practiced, for example, by the logic empirism and by Popper’s falsability).

For Rorty, the objective of knowledge should be the creative search for the resolution of new problems that are now more important to us than those that were resolved in the past. Philosophy has an enormous creative potential (which many times is put to waste) to grant us conditions to rebuild our trajectories alongside our objectives and using a scientific knowledge which is in accordance with a practical and human spirit, targeted at the “world of life”, in the same style as the philosophy of William James and Friedrich Nietzsche. According to Rorty, we should search in philosophy and in science, as well as in any other areas of human knowledge, for new ways of thinking about problems which arise more and more dynamically in our societies.

Just as Quine started a “new age” for pragmatism inside the American philosophical thinking, Richard Rorty initiated, in the eighties, a process to rebuild (from Quine) the pragmatist philosophy in a version more oriented towards the pragmatist presuppositions and values present in the philosophy of William James and John Dewey. Richard Rorty’s philosophical project is closer to the tradition started by W. Quine but at the same time it attempts to base pragmatism in a view that is ethical and based on the principle of democracy. The difference lies in the reading and in the level of proximity or distance that both have from the tradition of analytical philosophy and the empiricism of the first half of the 20th century. To that matter, Rorty is antagonistic in relation to the pragmatist, epistemological proposals of Quine and Peirce. He is part of a new generation of philosophers that understand that philosophy and scientific knowledge shall be targeted to life and to the search for the solution of concrete problems, rather than to the “Truth” which is seen as a semantic representation of nature.
According to Rorty, it makes no sense to assume that knowledge may be reached by means of empirical or rational validation methods, which could provide us with evidences for representational judgments that are not normative or practical in nature. Such neutral representational judgments do not exist. For neopragmatists such as Rorty, the uninterrupted search for the “Truth” already seems a choice filled with judgments on value and, therefore, full of valuing implications related to the support of a platonic ideal. Inspired in Nietzsche and William James, Rorty makes us question the practical relevance of searching alleged “Truths”, understood in the essentialistic or semantic-representational sense. That is, he makes us ask ourselves about the following question in a Nietzschean fashion: “Why always the Truth?” Based on what is it possible to affirm that searching the transcendental truth is something important and relevant and which shall have a priority over our “mundane” goals? What is the relevance of assuming the existence of an immutable and definitive essence of processes and things?

Science and philosophy shall attempt to solve the new problems that arise in each specific field and specific society, instead of wasting time with endless debates on what the “Truth” is or what is the essence that supposedly would calm our intellectual and philosophical concerns. The rotation between theories and scientific verification methods observed along the history of the scientific thinking would be, according to Rorty, much less related to mistakes or deviations to the epistemological path pointed out by our philosophers than the alleged changes to the theoretical and applied problems that arise in our societies as they change, creating and recreating new problems. The interesting thing is, according to such perspective, that the creation of theoretical problems itself may be regarded as part of the historical and contingent conditions present in a certain moment, thus escaping from an ethnocentrism that is so typical of traditional philosophers and methodologists.

To that extent, science may not be seen as being independent of the culture and goals of society. That becomes even clearer when one works with sciences regarded as human, for, in such cases, the consequences of the attitude of having dominion over human actions have ethical-social implications that are even more contestable. According to the pragmatist view derived from Richard Rorty's thinking, there is no a priori philosophical condition that allows us to consider a problem epistemologically more relevant than other, whether or not scientific. Thus, we may not refrain from taking responsibility for our choices and
cultural values. There is no choice that is positive, neutral, or made in an uninterested way. Every choice that claims to be uninterested is based on a judgment about value. That is one of the main signs of the neopragmatic tradition as presented by Rorty.

4. The hermeneutic space

Hermeneutics or the study of interpretation and explanation has its origins in the studies of biblical interpretation, law and jurisprudence. In the 20th century, some authors expanded its boundaries to the study of the social sciences and social phenomena. Authors such as Hans G. Gadamer, Karl O. Apel, J. Habermas and Paul Ricouer, among others, helped shaping new strands in the methodological and philosophical debate in social sciences where hermeneutics plays a central role. Richard Rorty discusses through his work the role of hermeneutics in the way sciences evolve. According to him, hermeneutics is not a replacement for epistemology; it is not a new theoretical foundation capable of explaining the way science is built. Where epistemology and all of its theories have failed to show how science really evolves and how we should proceed to find “truth”, hermeneutics comes as an appeal to leave that space open.

According to Rorty’s ideas, all epistemological theories are commensurable, i.e. they are composed of a series of rational rules which allow the creation of sciences from historically defined standards. Following that line of thought, it is not possible to abandon the search for commensurability and rational conversation, but that does not mean that epistemology is the means to do it as many have done along history. Another option would be to search for a way to understand the evolution of sciences and the way in which scientists think and actually perform science. Despite the knowledge that a single method cannot be found, the search for the way science works remains extremely important for it contributes to the pragmatic understanding of the world we live in. That is why Rorty presents hermeneutics, and more specifically the hermeneutic space, as the way through which we may understand the evolution of sciences, i.e. the way through which scientists build science.

According to Rorty, a philosopher may play two roles. First, that of an interlocutor between different discourses, similar to a link between separate chains which unites and assigns them a shared meaning. Second, not fully disconnected from the first one, the philosopher
is the one who knows the substratum that is common to all scientists; he knows what all of them do - even if they themselves do not - because he knows the foundation with which they do it (whether such foundation is the mind, the language, or any other philosophical entity which supposedly is universal).

The first of such roles relates to hermeneutics; the second one to epistemology. But, as we said before, there is no way to reach this so-called “common substratum” of all discourses, not because we lack the means to do so, but because such substratum simply does not exist. Such chimerical entity assumes that the objects and problems being investigated are perennial, which is not true, even when it comes to natural sciences. It is necessary, therefore, to adopt a new instrument to scan science, one which lacks the vices that corrupted the previous one.

And that is the proposal of hermeneutics. Not a new instrument per se, but a new way or approach of viewing the world, which ceases to require the existence of a common substratum and abandons the hope that there is a commensurability between all discourses. The only thing that hermeneutics proposes is the continuation of the debate, for it is this that allows for the hope of consensus to survive. “Epistemology views the participants [of science] united in what Oakeshott calls an Universitas – a group united by mutual interests in achieving a common end. Hermeneutics views them as united in what he calls a societas – persons whose paths through life have fallen together, united by civility rather than by a common goal, much less by a common ground” (Rorty, 1994, p. 318).

The practical approach suggested by epistemology indicated that the discourses should be separated into commensurable and incommensurable, as “normal” and “abnormal” discourses. In the sense Kuhn tried to use such terms, we could identify the normal, commensurable discourse with the practice of normal science (intraparadigmatic) and the abnormal discourse with the ruptures and scientific revolutions. The “abnormal” discourse could be seen as meaningless and useless – without scientific relevance – the reason for which epistemology always refrained from associating itself to it. Hermeneutics attempts to understand such abnormality, even if from the point of view of a “normal” discourse. As such, it is the search for meaning in a language that we are not capable of describing yet and, therefore, to account for from an epistemological point of view.
To that extent, the division created here between the normal and the abnormal discourse - or objective and subjective - is not other than the familiarity one. As stated by Rorty, “We must be hermeneutical where we do not understand what is happening but are honest enough to admit it” (Rorty, 1994, p. 321).

Epistemology attempts to access the objective and uninterested representation of an alleged “universal truth”. But instead, what philosophy of science really needs is to acknowledge that science, in whatever field, is a path of values. There is no way to objectively represent the “universal truth”; there is no “universal truth”. Every object of study is the result of human deliberation, based on values. Our culture and the way through which we interpret things are actually what build theories.

4. Conclusions

D. McCloskey’s emphasis on rhetoric in economics, as well as her criticism of the criterion for demarcation and the semantic concept of “Truth” is closely connected to the influence of Richard Rorty’s neopragmatism (see Rego, 1996). According to McCloskey, such influence arises exactly at the moment in which the empiric tradition of epistemology - Popper's falseability perspective included - seems to follow a path of no return towards a full disconnection from scientific practice regarding the epistemological standards and rules defended by the philosophers of science. Right now, an epistemological abyss seems to exist between the scientific practice and the philosophy of science. In this vein, Lisboa (2001) states that the philosophy of science is currently facing a dilemma: “absolute skepticism or the use of some pre-existing understanding of the world which rejects the need for validation through experience and which, in such case, can not be set apart from the understanding proposed by any theological argument” (Lisboa, 2001, p. 808).

McCloskey, in contrast to Lisboa and other neoclassical economists who follow the empiric tradition, tries to resolve such issues of the official economic methodology not using an empiric resource as the last salvation to define an epistemological criterion. She proposes, rather, seeking to better understand and reflect pragmatically on the philosophical assumptions that for centuries supported the belief of the illuminist tradition that the “Truth” and the demarcation criterion are indispensable elements for the scientific practice.
Therefore, McCloskey follows Rorty when he fundamentally questions the ultimate need for the existence of any epistemological resource for the scientific practice in economy. He claims the irrelevance and apparent nonsense of demarcation attitudes that may serve as instruments capable of generating a philosophical or epistemological control upon the effective practice of economic science.

This opens the following question: what is the role for the epistemological demarcation criterion for the production of scientific knowledge? Following Rorty and McCloskey, we would argue that the answer is “none”. Because all epistemological criterion, to that extent, use a semantic conception of truth that favors the assumption of the existence of an essence to things (“Truth”) regardless of any linguistic, cultural or historical context. The relevance of philosophy for the scientific practice according to such trend of pragmatist authors is in removing epistemological criteria that could represent “authoritarian” instruments seeking to “judge” theories.

The objective of the pragmatist criticism to epistemology as proposed by Rorty and McCloskey is to make our choices clearer and prevent them from being camouflaged by alleged philosophical exemptions in the name of scientific neutrality and objectiveness. According to pragmatism, we can not free ourselves from the responsibility of our own choices and points of view of the world, as well as our interests, whether scientific or not. That being the case, there is no way we can defend, based on a philosophical or epistemological narrative, that our scientific, critical, or religious interests are closer to the “Truth” than any other. This is where we see the importance of the non-epistemological, democratic and argumentative nature of the economic discourse. The main contribution given by the hermeneutical and pragmatic perspectives to the production of knowledge in economics refers to the attempt they make to resolve these inconclusive and non-operational debates regarding epistemological criteria of “Truth” (in which one assumes the transcendental superiority of some theoretical or ontological-metaphysical perspective in relation to other perspectives).

Economists seem to be starting to realize that there is no possible closed epistemology. The method that searches for the best understanding of reality must be a plural one. If philosophy of science indicates to us that it is possible to carry out science using the
hermeneutic approach, humbly opening ourselves to the possibility of studying what was previously regarded as incommensurable, pluralism becomes an interesting and important option for economists. Being plural is being open to deal with the incommensurable, “hermeneutics is not ‘another way of knowing’ [...] It is better seen as another way of coping” (Rorty, 1994, p. 356).

References


