

Ideology

The term 'ideological' has been used at various times in the history of economic thought to mean biased, non-objective, false, value-laden, illusory, normative, political, bourgeois, moralistic, particular and even cosmological and metaphysical. Is economics a 'science' or is it merely 'ideology'? This question, in one form or another, has dogged the pursuit of economic knowledge since at least the time of Adam Smith. The ideological has always been construed as the opposite of the scientific, suggesting an ideal of objective economic inquiry.

The history of economic thought can in fact be read as a series of efforts to distance knowledge claims from the taint of ideology, a continuing struggle to establish the field's scientific merit. At the same time, the criticism that an economic theory is 'ideological' has often served as a way of establishing the superiority of one theory over another (Meeek, 1967). The search for a natural economic order has been an important dimension of the struggle to establish economics as science: From Smith's pursuit of Newtonian laws of economic motion, to Ricardo's exposition of the natural laws of distribution, Jevons' mechanical analogies, Marshall's extensive use of biological metaphors and, finally, to Samuelson's use of the techniques of optimization and dynamics borrowed from physics, economic phenomena have been represented as natural, subject to natural laws. This has linked economics to natural science – a sort of legitimization by association. But the naturalization tendency can also be seen as a manifestation of the more general quest for objectivity in social inquiry, an attempt to purge the influence of ideology.

Until Marx, the methodological struggle for economists was to distinguish political economy from ethics. It is with Marx that the methodological problem in political economy became the demarcation of economic science from ideology. Ideology, as part of the superstructure, reflects the class relations of society, since 'The mode of production of material life conditions the social, political and intellectual life process in general' Marx (1981: 20–21). Accordingly, the dominant ideology supports the interests of the dominant class: hence the term 'vulgar' or 'bourgeois' economics to describe the marginalists as serving to legitimate or apologize for the status quo (Robinson, 1962: 52).

The nineteenth-century conception of ideology as an interpretive frame, dependent on the individual's or group's social position in relation to the 'objective' social relations, is embedded in a theory of consciousness, encompassing epistemology, ethics and aesthetics. With the rise of science in the twentieth century, the issue of ideological bias became focused on the epistemological aspect, and 'the ideological' became associated with anything that was not scientific or objective. This shifted the focus to the question of 'value-ladenness': that is, the degree to which the very concepts and categories of social analysis are imbued with beliefs and norms, despite a veneer of objectivity. According to Gunnar Myrdal,

There is no way of studying social reality other than from the viewpoint of human ideals. A 'disinterested social science' has never existed and, for logical reasons, cannot exist. The value connotation of our main concepts represents our interest in a matter, gives direction to our thoughts and significance to our inferences ... The recognition that our very concepts are value-loaded implies that they cannot be defined except in terms of political valuations. (Myrdal, 1958: 1–2)

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Myrdal argued, furthermore, that as economists rely increasingly on the use of mathematics and econometrics the value-ladenness of its main concepts is not reduced but simply 'easier to disregard' (Myrdal, 1954).

Schumpeter's (1954) distinction between 'vision' and 'analysis' boldly and cleverly circumvented the Myrdal critique. Vision is defined as the prior beliefs and world views that necessarily precede and imbue all economic analysis – what Schumpeter describes as 'the pre-analytic cognitive act'. Analysis is the working out of the systematic aspects of vision-imbued posts. According to Schumpeter (1954: 42), 'Analytic work begins with material provided by our vision of things, and this vision is ideological almost by definition'. But, while vision precedes analysis, Schumpeter argued that it is possible to separate the two and thus to focus exclusively on analysis. Not only is purely analytical progress possible, but such progress is the very essence of science.

As economics moved from its Marshallian to its Samuelsonian mode in the 1950s and 1960s, analysis so dominated the field that vision seemed to have disappeared entirely. The technique of constrained optimization came not only to define the proper scope of economics, but to offer, as John Hicks (1946: 24) wrote, 'a unifying principle for the whole of economics'. The concern with ideological bias was reduced to the much milder and cleaner problem of distinguishing between positive and normative analysis.

Despite the enormous advances in economic analysis since the 1950s, the discipline has not successfully immunized itself against the critique of ideological bias, even while the Schumpeterian distinction between vision and analysis has remained in use. Maurice Dobb (1973: 5–7) criticizes efforts to separate the two in the study of the history of economic ideas. Robert Heilbroner asserts that economic thought is firmly rooted in vision, and thus 'ideological' (that is value-laden) by nature. He writes, 'All systems of thought that describe or examine societies must contain their political character, knowingly and explicitly, or unknowingly and in disguise' (Heilbroner, 1990: 109). But Heilbroner does not draw the usual negative conclusion from this state of affairs. To the contrary, he argues (similar to the later writings of Myrdal) that it is vision – including its value-laden aspect – that provides much of the creative impetus for understanding social life. Consequently, vision should be the subject of open debate. It is not the presence of, but the persistent denial of vision that robs economics of social validity and that leaves contemporary economics so limited as a tool for understanding social life (Heilbroner and Milberg, 1995). Harding (1995), from a feminist perspective, goes one step further, claiming that value-explicit work is more 'objective' than that which claims to be value-free.

The other recent source of doubt about the ability of economics to distinguish its scientific from its non-scientific claims is McCloskey's (1983) rhetorical approach to economic methodology. McCloskey's position is that economic discourse of any sort – verbal, mathematical, econometric – is rhetoric; that is, an effort to persuade. None of these discursive forms should necessarily be privileged over the others unless it is agreed by the community of scholars to be more compelling. Moreover, objective truth drops out as a goal of social inquiry, since 'We have no way to get outside our own human conversations and get in the mind of God in order to tell whether such and such an argument is True' (McCloskey, 1988: 277). McCloskey's views are closely tied to those of postmodernism that have been influential across the social sciences and humanities. While McCloskey (1994: 339) herself has argued that the rhetoric approach has no particular implication for the role of ideology in economics, others have used this approach precisely to unveil the ideological nature of economic argument.

Ideology, in this view, is a particular discourse that is put forth as universal or absolute (Milberg, 1988; Rosetti, 1990).

McCloskey's critique of objectivity in economics has also opened up a rich discussion of the ideology of subjectivity itself. As in the political readings of economic rhetoric, the critical evaluations of the economic subject – *homo economicus* – have emphasized the particularity and narrowness of the various conceptions, and especially of their gender and race bias (Williams, 1993; Hartman and Folbre, 1988). It is the suppression of the contradictory and social aspects of individual identity that reveal the ideology of both the neoclassical and Marxian conceptions of 'man'. The rhetorical approach thus adds a new twist to the critique of the tendency to represent economic phenomena as natural. In sum, a postmodern perspective calls into question both the nineteenth-century efforts to discover natural economic laws and the twentieth-century concern with objective, scientific inquiry (Milberg, 1993).

Is economics a science or is it merely ideology? The answer to this question of course requires a definition of terms. All discourse – even that which we call 'scientific' – is ideological when that term is defined as the portrayal of a particular system of meaning as universal. In language we can intentionally distort, be crudely political in claiming access to absolute truth, or openly admit that social 'constructs' embody our interpretation of social life. The key term in the question posed above is neither science nor ideology, but the pejorative term 'merely'. Ideology, seen as the underlying vision of society and subjectivity, becomes not just an unavoidable component of the process of creating social knowledge, but a necessary element in the creative process of making sense of social life. Only when economists move away from the pursuit of universal knowledge of 'the economy' and towards an acceptance of the necessity of vision and the historical and spatial contingency of knowledge will the concern over ideological 'bias' begin to fade. Such a turn would have important implications for economic method as well, as knowledge claims would increasingly find support, not in models of constrained optimization, but with such techniques as case studies and historical analyses of social institutions and politics.

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Induction

Induction is a mode of inference which has a central place in the methodology of the empirical sciences. It is weaker than logical deduction, since it is not necessarily truth-preserving. But it is also ampliative or knowledge-increasing, since the content of its conclusion is not explicitly or implicitly present in the premises. Thus induction may allow us to expand the domain of our rationally warranted or probable beliefs.

Deductive inference is characterized by the condition that the conclusion is a logical consequence of the premises: whenever the premises are true, the conclusion must be true as well. The first formal system of deductive logic was presented by Aristotle in his theory of syllogistic. Aristotle required that the theorems of special sciences be demonstrated by deductive syllogisms, but he realized that the first premises or axioms cannot be established in this way. The process of reaching these general axioms, he called *epagoge*. This term was translated as *inductio* by the Latin commentators. The standard (but nowadays not unchallenged) interpretation has assumed that Aristotle had two conceptions of induction. First, in intuitive induction, a universal generalization is grasped by a psychological process involving the perception of some particular instances of the generalization. Second, in complete induction, a generalization is obtained by enumerating all of its instances. The latter idea is preserved in the term 'mathematical induction', which refers to a demonstrative method of proving arithmetical generalizations for all natural numbers.

In the theories of enumerative induction, inductive generalization is taken to proceed from an incomplete part to a whole, from a finite sample to a population. For example, all of the ravens observed until now have been black, hence all ravens are black. Statistical generalization goes from a sample to a statistical statement about a population. For example, 10 per cent in a random sample of the citizens of Paris are left-handed, hence 10 per cent of the Parisians are left-handed. Singular inductive inference proceeds from a sample to a new individual from the population. For example, all of the swans observed so far have been white, hence also the next swan to be examined will be white.

Enumerative induction is fallible, since it is possible that the conclusion is false even when the premises are true. The classical example illustrating this was the characteristic of induction, in Australia: if this contrast to truth-preserving deduction is taken as the characteristic of induction, the scope of inductive inference includes also the argument that Charles Peirce called 'statistical deduction', which applies an inference from a statistical statement about a population to an individual or a sample. For example, 90 per cent of the Parisians are Catholic, hence probably