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Introduction to *The Handbook of Economic Methodology*

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Introduction

Our goal for the *Handbook of Economic Methodology* was to provide a detailed and comprehensive coverage of the field of economic methodology. Since economic methodology has only become a self-conscious research area during the last decade or two, some readers might wonder why we decided to edit such a volume at this particular time. Why not wait until the field has expanded and gained wider recognition? When we began the *Handbook* project five years ago, we believed there were at least two important reasons for proceeding with the project. These reasons say a great deal about what type of resource the *Handbook* ultimately became. To understand the first, it helps to have a little history of the development of the field of economic methodology.

Economic methodology, at least late twentieth-century economic methodology, developed in part through a process of borrowing from the philosophy of science. Philosophers of science in the 1960s and 1970s were in the midst of abandoning the 'received view' inherited from logical positivism in the 1930s, and the excitement associated with names such as Karl Popper, Thomas Kuhn and Imre Lakatos soon transferred to a small contingent of historians of economic thought interested in the topic of theory appraisal. This historical literature in turn reinvigorated interest in a number of the classic topics in economic methodology, such as the debate between Robbins and Hutchison, Friedman's instrumentalism and Samuelson's operationalism, and it also served to establish economic methodology as a new field closely linked to the history of economic thought. For a number of years, economic methodology travelled along these lines, with continuing application of the postpositivist tradition within the philosophy of science to economics, and with further investigation into important methodological episodes in the history of economic thought back through the marginalist revolution to classical economics. Thus one reason for our feeling the *Handbook of Economic Methodology* would be useful at this particular time was that by the late 1980s economic methodologists had succeeded both in digesting recent developments from the philosophy of science, and in analysing many of the key methodological episodes in the history of economic thought. In effect, there existed a relatively well agreed upon body of metatheoretical research that had been produced during the immediately preceding period.

However, there was another reason for the *Handbook*, and this second reason seems to be somewhat at odds with our first motivation. Simultaneous with the maturing of the field, there appeared a number of altogether new approaches to various topics in economic methodology, and these new approaches challenged the theory appraisal focus that had been economic methodologists' chief preoccupation during the previous decades. The rhetoric of economics and discourse analysis were the first to be recognized, but realism, the sociology of scientific knowledge and postmodernism also offered new strategies. Associated with these new, relatively autonomous, approaches came a range of new issues and topics that were distinct from the type of methodological debates historians of economic thought had already studied: selectionist arguments, hysteresis, holism, metaphor, reflexivity, microfoundations, experimental economics and folk psychology, to name but a few. Along with this development there was also entry into the field by a variety of individuals who had only modest links, or even no links,

to the history of economic thought. Most prominently, practising philosophers took up the epistemological, logical, ethical and ontological problems associated with economics (a meeting ground that has been enhanced by the publication of the journal, *Economics and Philosophy*, starting in 1985). In addition, a number of practising economists and econometricians began to write about and comment on the methodology of economics, and more recently contributors from science studies have also added new perspectives. Thus in the last dozen or so years the field of economic methodology has expanded conceptually, in disciplinary focus and in terms of the total number of participants. From being a small and relatively self-contained field examining well-known methodological disputes and using standard postpositivist philosophy of science, methodological discourse has now begun to expand in a variety of different directions and to integrate a wide range of new perspectives.

We felt this more recent development was a very important reason for producing the *Handbook of Economic Methodology* at the present time. Since the field is apparently in a transitional phase, we thought it important to register the relative stability and state of consensus that has been achieved, so that future developments would have a common point of reference. Indeed, if the present proliferation of approaches and strategies continues unabated into the future, having an understanding of the various points of departure will be necessary for understanding what will undoubtedly be a very different, and more diverse, kind of methodological enterprise. Of course, the field may evolve in ways that make its origins of comparatively little interest. Against this are forces operating to establish economic methodology as a distinct field and these forces are likely to ensure some continuity of concern amidst the coming diversity of riches. The emergence of a second journal devoted explicitly to economic methodology – the *Journal of Economic Methodology* – is one indication of this development. Another is the increased acceptance of economic methodology as a legitimate mode of investigation within economics (and other fields, such as the philosophy of science). We hope that this *Handbook* becomes an additional force that sustains the perception of economic methodology as a distinct field with a series of antecedents permitting new developments into the future.

Thus our second reason for producing the *Handbook* at the present time is to lay a foundation (or at least common ground) for the future evolution of the field. Our first reason was to characterize that common ground. How are these two rationales different in practical terms? The answer to this question is important for appreciating the structure of the *Handbook* and the different categories of entries it includes. It is one thing to set forth established understanding of economic methodology with entries on such topics as instrumentalism, Popper, Mill and marginalist controversy, but it is quite another thing to attempt to point beyond these standard topics with entries that focus on debates over more philosophical issues, wider intellectual themes and possible future research. Thus, in addition to ensuring that the *Handbook* has entries on as many as possible of the topics traditionally discussed by methodologists, we also sought to include entries on topics that lay behind these discussions, even if these issues are not always obvious to those engaged in the debate. To this end, we have included entries on such topics as probability, metaphor, aggregation, chaos and emergence. We certainly do not know where the interests of economic methodologists will take the field in the future, but these subjects do seem to have been involved in many of the standard long-standing discussions. In effect, such topics have been employed as foundational materials in the formation of the field of economic methodology. The *Handbook* thus contains two broad categories of entries: those that register where methodology has been, and those that signal where methodology may be going.

Cross-cutting this conceptual breakdown is another, four-way, classification of the volume's entries that has also helped shape the *Handbook's* final form. With no existing list of entries to which we might refer, we adopted the following four categories to guide the entry selection process.

First, the *Handbook* includes biographical entries meant to introduce important economists, methodologists and (a few) philosophers. Most of these entries concern individuals from the history of economics and economic methodology, but some are individuals whose work is of more recent vintage. It should be noted that we intentionally did not include a number of living individuals who will undoubtedly figure in the future history of economic methodology. Partly this was on account of the difficulty of evaluating contemporaries and partly it was on account of the difficulty of knowing where to stop. There are many talented and accomplished individuals involved in economic methodology today, and many of them are contributors to this volume.

Second, there are a number of entries that focus on issues in economics where methodological controversy has been central. By nature, these entries are mostly on subjects from the less recent history of economic thought, and thus are among the standard topics that one would consider in a course on economic methodology. As the present recedes into the past, there will be other important debates in economics with important methodological implications and overtones. These episodes would be added to the list of entries of future handbooks. Case studies on these episodes constitute an important area of research in economic methodology (as evidenced by the 1996 International Economic Association conference on methodological case studies) and we hope the entries included here will inspire more of this type of research.

Third, there are many entries in this volume that emphasize the philosophical inheritance that economic methodology has received from the philosophy of science. These again, by and large, concern consensus subjects in the field, but they also reflect the fact that economic methodologists are no longer as dependent as they once were on the postpositivist philosophical framework. In addition, there are entries on a number of new areas of philosophical inquiry – both from general philosophy and from more recent philosophy of science – that represent possible future directions for methodological research. Selecting these entries was one of the more difficult tasks involved in editing the *Handbook*, since not only did we have to speculate about the possible significance of different philosophical views, but also we often found ourselves in disagreement about the importance of certain candidates. As a default strategy, a few such candidates were omitted. We leave it to future editors to evaluate the wisdom of our choices on this category of entries.

Fourth, the *Handbook* includes entries on wider intellectual themes that have impinged on the work in economic methodology. These range from general movements in intellectual history to broad philosophical themes that pervade particular points of view in economics and economic methodology. In some instances, the distinction between well-established traditions and possible future developments is relatively easy to discern, since a number of the new programmes are known to most students of economic methodology, but in other cases we have tried to identify recurring themes that have only recently been recovered from the literature of the past. Because of the generality of many of these topics, it was often difficult to know exactly how to delineate entries, how, so to speak, to cut the literature at the relevant joints. Thus a number of the more general entries actually include subthemes that could have been entries themselves. Readers will need to search through them for many of the threads that are woven into larger fabrics.

Finally, we should emphasize that the *Handbook* is aimed at a general readership that includes both those with a research interest in economic methodology and those concerned with learning the basics of the field. Moreover, we believe that the volume will appeal to those

interested in orthodox as well as heterodox approaches to economics. This volume, however, is not meant to provide a set of narrow tools that might function as a 'hands-on' or practical guide for the practice of economics. The day-to-day practice of economists enters only indirectly into the literature on the field of economic methodology and correspondingly into this volume. One last caveat: for a variety of reasons connected with the exigencies of the publication process, a number of the entries originally intended for the volume were not able to be included. We apologize to users of this volume for these omissions.