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### The etico-political and theoretical reconstruction of contemporary economic doctrines

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The etico-political and theoretical  
reconstruction of contemporary  
economic doctrines

M. Plattel - J. Peil

The ethico-political and theoretical reconstruction of contemporary economic doctrines

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1. Introduction

In economics, like in other social sciences, there are discussions with periodical intermissions on whether the science in question should or could be value-free. The problem is, as far as economics is concerned, not unknown. Even though the first conflict of methods between persons such as G. von Schmoller and C. Menger was primarily about the relationship induction-deduction, fact-theory, yet in the background the problem of 'Wertungen' constituted a fundamental part in the conflict between the historical and the Austrian school.

In the early seventies the discussions about whether economics should or could be value-free, were kindled again and they still continue. It is one of the fundamental issues between the conventional orthodox and the radical unorthodox economic doctrine. The orthodox economic doctrine comprises various neoclassical schools of thought with many post-Keynesian elements - P. Samuelson and R. Solow use the term 'neoclassical synthesis' here - as well as the neo-liberal monetary theories (M. Friedman). The neo-institutionalists, the neo-ricardian, also called the English Cambridge School, and the radical marxist-oriented economists belong to be radical unorthodox economic doctrine.<sup>1)</sup>

The discussion about the postulate whether economics should or could be value-free, originates in the qualms about the work of the scientific community of professional economists. The formalization of economic theory leads, according to its critics, to the loss of a certain sense of realism. Moreover in the late sixties we see everywhere a shift of attention of the individual who acts autonomously, to the external social influence on his behaviour. And if it is also taken into account that the traditional concept of man and the world is liable to erosion, and that the conflict between the different paradigms within economics



is a reflection of the cultural crisis, then the vehemence of the discussions can partly be explained.

## 2. Value-freedom as an academic and political problem

In the periodically recurring debate a lot of aspects of economic theorizing are overturned. However, actual progress in these problems and more understanding of each other's point of view has hardly been reached so far.

Nevertheless, two issues emerge in this problematic nature:

- a) The debates conducted are in danger of degenerating into all sorts of terminological misunderstandings. H. Seiffert remarks that the debaters have no communal use of language and that the same term has a different coloured connotation for each debater. The opposing economic doctrines form virtually closed quotation-communities.<sup>2)</sup> In order to carry on the debate in a sensible way it is therefore of the utmost importance to enunciate the different economic contexts, so that a mutually correct translation of each other's terms can take place.
  
- b) It is not allowed to conclude from what has been said above that the problem in question is only an 'academic' matter, which only concerns language-analysts and philosophers of science. The problem of value-freedom is ultimately one with political implications. In this case the word 'political' should not be taken in its narrow connotation of party-politics, but in its broad connotation i.e. concerning society - think of the Greek connotation of 'polis' -. The problem of value-freedom has to do with a difference in vision about the relationship individual-society and with that a different paradigmatic approach of economic scientific research. The fact that the demarcation line between advocates and opponents of a value-free economic science runs parallel with that between orthodox and unorthodox economists, immediately points in that direction.

The problem of value-freedom is ultimately not a formal methodological problem but depends on the substance of the economic theory that is

supported. This has the following consequences: formal scientific values such as logical precision, consistency and intersubjective empirical testing are not so much the criteria on the basis of which one selects a certain economic theory. The circuit is rather made in an opposite direction. The political vision of economic reality works as a significant a priori concerning the choice of economic theory and the direction of the analysis. So the theory-loaded observation itself is politically committed.<sup>3)</sup> For the problem whether economic science should be devoid of value-judgements, this means that here too the positions taken are not determined by formal scientific arguments but is ultimately legitimated from a political point of view. Therefore this paper will in the first place pay attention to the different frames of reference that both parties use in this debate. However, this immediately leads to the necessity to explicitly state the different world-views, which are at the basis of these conflicting economic theories.

### 3. The various connotations of the term 'positivism'

One of the terms that needs to be defined beforehand, is the term 'positivism'. That is to say the value-freedom debate is characterized as a conflict between positive and normative economic science.

So-called positivism is found in rather different shades of meaning.

a) In A. Comte's case positivism implicitly signifies a philosophy of life. Only a sensory perceptible world exists. Supersensory perceptible realities (e.g. God) do not exist. Classical political economy of persons such as A. Smith and D. Ricardo with its objectivist concept of science has been strongly influenced by a similar positivism that was rising in those days and that later was systematically elaborated by Comte.

b) After A. Comte's positivism neopositivism which was also called logical positivism or logical empiricism, was developed by the Vienna Circle in the years 1930-1936. This neopositivism is not a philosophy of life like classical positivism but a theory of knowledge. According to this doctrine science is the only source of reliable knowledge, and entirely relies upon data from directly sensory perceptions. It is a question of 'pre-theoretical' perception. Here fact performs the function of an independent referee.

- c) The critical rationalism of K. Popper, H. Albert and others speaks of a theory-loaded perception in contrast with logical positivism. According to this critical rationalism the theory is not supported by the bare facts but the facts are also constituted by the theory, or in other words: our perception is always influenced by a certain interpretation. However, K. Popper with his critical dualism which consists of a separation between facts and decisions, advocates a science that is free of value-judgements. In his opinion norms are conventions that can be traced back to human decisions.
- d) In spite of the fact that K. Popper criticizes logical positivism, he is often considered by economists to be a positivist. H. Katouzian and B. Caldwell look upon this as a misunderstanding.<sup>4)</sup> N. Barry reduces this misunderstanding to carelessness in distinguishing between positive and positivistic economics. Positive economics is a science that adopts an independent attitude towards ethical principles.<sup>5)</sup> M. Friedman uses the word positive in this general connotation, when he divides economic science after N.J. Keynes' example into positive economics, normative economics and economics as art.<sup>6)</sup> The popperian point of view with its dichotomy between "is" and "ought" therefore belongs to the positive tradition. The term positivistic economics points at a kind of economics that takes up neopositivism's view on the logical status of economic knowledge. In this connotation K. Popper as an opponent of logical positivism, is no positivist.

The statement that K. Popper is a positivist, becomes somewhat more consistent when looked upon from the situation of the normative economists and especially of those who advocate a dialectic pursuit of science. Political values are of importance to K. Popper, but they should be kept from science, because the rules for rational debate on political values are considered to be distinct from those in science. According to unorthodox economists political values play a role in theory. This normative influence does according to dialecticians not necessarily affect the scientific character of economic knowledge, because these political points of view themselves can be reasoned



rationally.<sup>7)</sup> J. Habermas, for example, talks about normative rationality. Whereas K. Popper turns against logical positivism, because the perception is not pre-theoretical but theory-loaded, he, in his turn, is called a positivist by dialectic economists because of his critical dualism.

#### 4. The double meaning of the term political economy

Conventional economic doctrine concentrates on pure economic theory construction. Critical dissidents therefore reproach orthodox economics with ahistorical and apolitical thought. They themselves support a more social historical approach of economic problems.

Characterizing the distinction between positive and normative economics as a difference between apolitical and political economics does not seem to be very successful in our eyes. When M. Weber advocates value-free economic science, then this postulate itself is socially determined. The so-called depoliticization of economics is itself based on certain political presuppositions.

Here we have to do with the distinction between politics in a transcendental and a categorial connotation. Seen from the transcendental perspective the political dimension is a pre-predicative basic experience which precedes every categorial predicative experience and which is at the basis of this experience. Hence we are concerned with the transcendental political a priori of all factual political attitudes. O. Duintjer tersely defines the characteristics of those transcendental conditions or basic orientation: "by transcendental we do not mean something that is out of human reach - so not transcendent - or an object within that reach - so not immanent - but the reach itself with which we are already familiar".<sup>8)</sup> This horizon of transcendental presuppositions is not immediately visible but only indirectly visible through our actions. The transcendental basis is not immediately given but is given along with all our given interpretations.

If we apply all this to the political dimension, then we will see that being apolitical in the categorial sense always presupposes a certain

form of being political in the transcendental sense. From the transcendental point of view positive economics should in any case be called political, in as far as it is implicitly supported by a political philosophy. Economics in this sense can at best be called apolitical from a categorial point of view in as far as it rejects what J. Schumpeter calls a 'soziale Betrachtungsweise'.

So Weber's option for value-freedom is itself based on a preference for certain political values. In the 'Aufklärung' value-freedom does not mean deliverance from all values but from a certain frame of values, namely that of throne and altar. Enlightened thought, however, realizes too little that it opts for a specific form of political action with that. Therefore it is often said that Enlightenment, in its struggle against authoritarian ideologies, has fallen into the pitfall of its own ideology. Its ideology consists of the belief of being able to remove all presuppositions. The prejudice of this way of thinking is a prejudice against all prejudices itself.

The fact that value-freedom itself is based on a political a priori also enables an ideological reversal to take place behind this term without being noticed. The term 'value-freedom' then represents different political backgrounds. In this way value-freedom which in the days of M. Weber prevented social sciences to become instruments in the hands of the establishment, now threatens to advance this subordination.

##### 5. The reconstruction of the orthodox economic frame of reference

The frame of reference of orthodox economics assumes the rationality of the individual and the market mechanism.<sup>9)</sup> Therefore it is based on a concept of society according to which the economic activities of individual consumers and producers are melted into an economic equilibrium by way of the price- and market-mechanism. The government only has an ad hoc task to correct possible irregularities that disturb this market mechanism.

Logical positivism and popperian thought fully fit into the frame of these orthodox economic theories.<sup>10)</sup> Logical positivism is based on the

same ontological vision. It assumes an individualistic and voluntaristic concept of man. The absolute autonomy, in the sense of independence, of the individual is put in a central position. This sense of autonomy includes further as kernel the separation of subject and object, of subjective and objective sphere. Fact belongs to the objective sphere and norm to the subjective sphere. The criterion of objectivity of this positive concept of experience has, however, not been derived from experience. It is based on an aprioristic presupposition concerning the relationship between man and world. The values are here taken to be the 'inner' activities of the subject. They depend on human decisions and therefore have a highly subjective and arbitrary character.

K. Popper's concept of man and society does not differ from this subjectivistic and voluntaristic philosophy of positivism. The neopositivistic separation of knowing subject and objective reality returns here in the critical dualism because of its disjunction of norms and scientific activities. Values, norms or aims are referred to the domain of individual, personal responsibility by K. Popper. The validity of values is a matter of faith, not of reason. M. Friedman also considers the value-judgement to be a sheer emotional reaction. Most of the times this thesis is supported by quoting this old wisdom: *de gustibus non est disputandum.*<sup>11)</sup>

This critical rationalism with its formal methodological approach fully fits in the frame of thought of neoclassical theories. These theories are, as J. Schumpeter has shown, based on methodological individualism and on the postulate of formal rationality.<sup>12)</sup> Neoclassical thought studies neither the aims nor the means as far as their content and desirability are concerned, according to S. Latouche.<sup>13)</sup>

If within the meaning-context of orthodox economics, which context is based in the philosophical conceptions of positivistic thought, consistency is aimed at, then only a science without value-judgements can be upheld. Norms and values, that depend here voluntaristically on individual and subjective preferences, will not be considered for a scientific approach. Rational approach has to confine itself within this con-



text to the supply of means or to the investigation of possible consequences and side effects of chosen goals.

Orthodox economics behaves consistently in view of its starting-points and the frame of reference that is linked up with it when it rejects evaluative economics. Normative economic science would not fit in this context, for irrational subjective normal preferences as a matter of faith make a rational approach in the sense of the orthodox context impossible. Conventional economics, accepting the idea of a normative science, would then run counter to its own theoretical and philosophical presuppositions about man and society. The negatively defined sense of autonomy of conventional economics necessarily implies freedom of value-judgements.

#### 6. The reconstruction of the unorthodox economic frame of reference

The unorthodox frame of reference greatly differs from that of orthodox economics. It is not based on an individualistic conception of social reality. Compared to the orthodox vision, this frame of reference is based upon a more collectivistic conception of social reality. The economic system and its elements are related to one another and are to be understood only in their relationship. The economic process itself thus forms a subsystem within the entire social process. M. Hollis and E. Nell therefore declare: "This reflects a difference in views about the nature of society and the individual".<sup>14)</sup> The individual does not exist prior to or outside society. Man is seen as a participant in society and society is considered to be a reality that is formed by persons living in this society. Although the different unorthodox theories do not use directly the same elaborated theory, yet it is justified to speak of dialectics. "Dialectics" in the general sense used by J. Habermas in this context means: "the attempt at any moment to understand the analysis as a part of the social process and as its possible critical self-awareness".<sup>15)</sup>

The dialectic philosophy that regards reality as a mutual process between entirety and its parts, fits in the frame of these unorthodox economic theories in the same way as critical rationalism and logical



positivism fit in the framework of orthodox economic thought. In dialectical philosophy, there is no absolute autonomy of the individual such as we find in the frame of reference of orthodox economics. In the dialectical meaning-context individual and society are related to each other in relative autonomy. But this immediately calls for the observation that the expression 'relative autonomy' must be understood in the dialectic sense and not in the sense of absolute autonomy. The latter usually happens and in that case the term 'relative autonomy' gets, in connotation with absolute autonomy, the trivial meaning of a little autonomy. This term, however, signifies a dialectic mutuality, in which both poles of individual and society are related to each other (relative) and at the same time differentiated from each other (autonomous).

The dialectic process and its corresponding method produce the following concept of economic science. The economic object forms a part of and is determined by the totality of social development. Economic science must be widened to political economy. The social process is a meaningful reality. Certain value-patterns are sedimented in its institutions. The facts of economic science are as it were solidified values. In contrast to the logical positivistic method of orthodox economics, the historical and the value- or goal-directed aspect of the economic object is emphasized.

The scientific subject is in its turn influenced by the same social-economic context in its relationship to the economic object. The social-economic world with its determinations is researched by people that are themselves determined by this social-economic world. W. Weisskopf says: "Social reality, for example, the economy, cannot be understood as an object juxtaposed to a detached observing subject".<sup>16)</sup> The political philosopher Ch. Taylor tries to show in what way normative ideas have been incorporated in the language and the concepts that are being used, however neutral of values the claims and the pretensions often may seem with respect to that.<sup>17)</sup> The subject as researcher of the object is biased. So the economic facts have socially been preformed along two sides, on the one hand by the historical social character of the observed economic object and on the other by the historical social position of the observing subject.

The terms subjective and objective, however, must again be understood in the dialectic frame of reference of unorthodox economics. Here we are dealing with an entirely innate relationship between the subject and the object of economic science. Unlike in positivistically-oriented economics the subject bears no external relation to its object of knowledge. This relationship has, however, always been prestructured in a certain way. It is a matter of dialectic mutuality in which both poles are related to each other and therefore remain differentiated from each other. We are here so to speak concerned with a biased objectivity. According to the unorthodox view, the practise of economic theorizing is, like every activity in a certain social context, influenced by group loyalty and in this respect it is biased. This evaluative science does not advocate with this a subjective partiality in the sense that arbitrary, subjective valuations are allowed to take part in scientific pursuits. A biased objectivity is needed as far as an appreciative understanding of the future is concerned, which is already outlined in the social facts of the present. In his paper on the humanistic reconstruction of economic science J. Wisman thinks it necessary to broaden the horizon to the dialectic relationship between scientific pursuits and the broader social setting in which they are located.<sup>18)</sup>

All the same it has become evident that the orthodox and the unorthodox economists look differently at the term values. In the first approach values are rather considered to be a 'quod' whereas the other approach regards them as a 'quo'.<sup>19)</sup> The positivistic approach emphasizes the objectivation in the form of value-judgements, whereas the dialectic approach primarily aims at the nature and directedness of social reality on the basis and in the light of which objectivating value-judgements are arrived at. The scientific value-judgement has nothing to do with subjective-arbitrary valuations and normative economics has no intention at all to impose reality a priori with certain norms, but it wants to discover these norms in the tendencies of reality. What matters are the values which are more or less completely realized in the social process and which the scientists are not to impose on the phenomena from their own personal preference, but which they have to discover in the social phenomena themselves.

It is obvious that within the dialectic context of unorthodox economics no 'value-free' science in the sense of the orthodox economists can be advocated. It would be an unlogical and inconsistent act within its own frame of reference. After all it is assumed that the social process determines everything within its own frame-work and that political values are reflected in theoretical basic concepts. A value-neutrality is neither possible nor desirable in the orthodox frame of reference. In the dialectic vision an attempt to eliminate the subjective element would not lead to a higher degree of objectivity. Only if the political values are critically made explicit, they increase the scientific character.

Some unorthodox economists commit the above mentioned inconsistency. Neo-institutionalist A. Gruchy aims at a political economy but one in which the scientist himself should set about devoid of value-judgements in the orthodox sense of the word.<sup>20)</sup> It strikes us as inconsistent that A. Gruchy argues on the one hand that the individual is a product of a social system, whereas the individual scientist can suddenly shake off this social stipulation. In fact we see here an unorthodox point of view being defended with orthodox notions and arguments.

The normative engagement of science does not make the method of theoretical detachment redundant. The dialectic process with its relative autonomy does not intend to obscure the unity nor the distinction between the subject and object of knowledge. But this scientific 'detachment' should be understood within the frame of reference of unorthodox thought. Relative autonomy means here, as we have already seen above, that both poles are related to each other and it is exactly in this relationship that they perform an independent function. As far as 'relationship' is concerned this means that the social meaning-context without scientific elaboration is empty. Conversely economic science without this philosophical world-view is blind. As far as autonomous function is concerned: the values make up the meaning-context in the light of which science defines its activities. When elaborating scientific theories and critically examining the points of departure science should in its turn observe the internal scientific criteria of logical precision, consistency and empirical testing.



Value-freedom is differently coloured. Sometimes the dialectic economist has been likened to somebody who performs his value-free or autonomous function within a room that is completely value-loaded. Positivistic economics with its idea of absolute autonomy evokes the image of a roofless scientist or rather of someone who can leave the value-loaded room and can look at it from the outside. Dialectic economics sticks to the opinion that the value-loaded room, as a horizon, can only be seen and recognized from the inside.

The dialectic frame of reference does not directly deny the basic presupposition of modern analytical philosophy that norms cannot be derived from facts. However, this principle of D. Hume is again differently looked at. Hume's thesis has as a background the separation of the field of objective scientific knowledge and the field of subjective ethical decisions. In reality this means a philosophical-ideological reflection of the liberal separation of the public and the private domain. Dialectical thought does accept here a distinction but does not accept the absence of any relationship. Even though the 'ought' cannot be derived from the 'is' and conversely the 'is' not from the 'ought', yet it is a different matter whether the 'is' does not influence the 'ought' and whether especially the 'ought' does not influence the 'is' strongly. J. Elliott speaks of 'interdependence' instead of 'independence'.<sup>21)</sup> Dialectic thought especially considers this interdependence, even though it is not logically possible for dialectic thought to derive norms from facts.

#### 7. The problem of translation

So here are many misunderstandings between the practitioners of orthodox and those of unorthodox economics because they speak from different political presuppositions and within different frames of reference. Communication between these worlds of thought remains very difficult because the basic concepts are continually used either slightly different or analogous. A certain term should first be understood as much as possible within its own frame of reference and only then the translation to one's own range of ideas can be attempted. The mistake is usually



made that a term from a different language-system is immediately translated within one's own world of meaning. A false translation is made then because somebody imprints his own frame of signification on the 'strange' world.

It already became evident in the preceding paragraphs that the difference between both parties in the debate on value-freedom is not in a pro or contra autonomy, in a pro or contra value-freedom, in a pro or contra commitment to values. As the basis of the problem can be traced back to a difference in views of man and of society, we have to do here with a different view on autonomy, value-freedom and commitment to values and not with a pro or contra these characteristics.

Some authors use the following threefold distinction which can be traced back to M. Weber to defend the question whether social sciences should be or should not be value-free. Three phases are distinguished in science: namely the input (the 'what', the selection of problems), a second phase of processing (the 'how') and the output (the 'what for', the application) or put differently: the context of discovery, justification and application of economic theory. Positivistic economists such as J. Schumpeter,<sup>22)</sup> F. Hayek, T. Hutchison, H. Albert and many others recognize that the input of the issue heavily depends on political valuations. This is called: 'Selective points of view'. Many even emphasize, like K. Popper, the heuristic value of these ideological presuppositions. "Such value-judgements are regarded by these scientists as 'pre-scientific' and, as such, pose no problems for the view that the process of economic theory itself is, ideally, value-free."<sup>23)</sup> The output or the applications are determined by political value-judgements as well. The intermediate phase of processing or the economic research is free of value-judgements in the one view and not in the other. Many authors it is true like e.g. F. Hayek,<sup>24)</sup> who essentially advocate value-freedom, admit that value-judgements virtually always play a part. The advocates of unorthodox economics, however, do not appreciate this participation as a restriction which should be overcome as much as possible, but as a positive quality. Selective points of view not only limit the range, but also determine the nature or the context of the empirical truth. G. Myrdal, who still thought he could distinguish between values and facts

in his juvenile work: Political Element in the Development of Economic Theory which was published in 1930, reconsidered this problem in his later publications Economic Theory and Underdevelopment Regions, published in 1957, in the chapter: The Logical Crux of All Science. Therefore P. Streeten describes Myrdal's view as follows: "values are not something to be discarded, nor even something to be made explicit in order to be separated from empirical matter, but are ever present and permeate empirical analysis through and through".<sup>25)</sup>

The threefold distinction which has strong connotations with the positivistic frame of reference does not say anything about the political influence of the processing phase. However, the whole issue is to understand this determination correctly, for here too a 'systematic' confusion of notions threatens to arise because of the mixing up of two different systems of language. The one frame of reference talks about a causal explanation and the other about a rational explanation.

In the positivistic view of science social determination is seen as an influence of causal factors. Because the background, or the transcendental frame, of this nomological explanation is formed out of causes by a 'technical interest' in the sense of J. Habermas, the reasons of human action are easily represented as causes. The deceptiveness of scientific attitude is that it makes the reasons appear to be the causes. Kant would call this 'transcendental appearance'.

The transcendental frame of dialectic thought which is less formed by a nomological than by a dialogical attitude, speaks in this social determination in terms of rational explanation, which is to say: it inquires after reason (ratio) and not after the cause (causa) of a certain human action.

It is true that there are many different points of view concerning this rational explanation. According to (socio)linguistics this reason-explanation starts from a rule-directed behaviour, which does not state a causal systematic relationship. The rules namely function as norm or standard. The phenomenological tradition speaks of the human situation, which acts upon the action not as a cause, but as a motive. Hermeneutic

approach speaks in this connection of a horizon which profiles human expressions as a background. The horizon exercises no causal influence, but grants sense. In the more dialectic tradition the human way of life is based on a consensus which is argumentatively regulated.

It is outside the scope of this article to have a closer look at the different views of this rational explanation of social sciences. It appears to be essential that social reality should not be regarded as a natural phenomenon. By reflection in any form whatsoever it is possible to account for human actions and to change these in a critical sense.

The difference in language-systems also gives rise to a systematic misunderstanding of the expression 'politicization of economic science'. Politicization of the economic science in the orthodox economic context with its prejudice, based on absolute autonomy, that the subject dominates the object, means that economic science is forced to enter ideology's service. Politicization of the economic science here means that this science becomes the object of politicization (the term 'of' denotes a genetivus objectivus here). Truly economic science does not want and is not allowed to be politicized.

According to the unorthodox economic frame of interpretation with its dialogical attitude on the basis of relative autonomy economic science is surrounded by a matrix of political presuppositions. Politicization within this context means that economic science should critically consider its political presuppositions and consequences. Politicization of economic science here points at a genetivus subjectivus; economic science is the subject instead of the object of the politicizing activity. Unorthodox economics does not also want to politicize science in the sense that it will aid and abet a political ideology and thereby will simply give up its value-freedom.

#### 8. A comparison of the two language-systems

The preceding paragraphs have, it is hoped, made clear the threat that orthodox and unorthodox economics talk at cross-purposes. As we are concerned with fundamentally different points of departure, a mutual



denunciation has set in. In this context L. Wittgenstein says: "Where two principles really do meet which cannot be reconciled with one another, then each man declares the other a fool and heretic".<sup>26)</sup> The usual accusations to and for are well-known. With these mutual reproaches one looks again too much through one's own spectacles at the other.

In our opinion unorthodox economics is right when it draws the attention to the ideological implications of positivistic orthodox economics. The positivistic postulate of value-freedom means that orthodox economics cannot ascertain its political a priori's, which are in essence founded on normative points of departure. The dialectic method is to be preferred here in as far as it exposes the transcendental political frame of reference, in other words: in as far as it practises ideology-criticism. The merit of transcendental political reflection is that it attempts to come to grips with the political ideologies that are implicitly active in every theoretical argumentation. Orthodox economics itself is unable to lay the content of its theory open to scientific criticism.

Now observe: this criticism is, as J. Habermas has well observed, not directed against the empirical-analytical praxis of orthodox economists, but only against the positivistic interpretation thereof. Orthodox economics takes, as far as its status as a science is concerned, a very advanced rank, but its methodological strength is its weakness at the metalevel.

The positivistic attitude leads to a language-game with a causal explanation of natural economic regularities instead of a language game with a rational explanation, in which economic actions are apperceived as the object of critical reflection. The fact that the orthodox doctrine positivistically interprets the empirical-analytical approach of economic phenomena, gives rise to the complaint that it only promotes the 'status quo' and only describes economy in mechanistic terms of price- and market-mechanism.

The transcendental reflection on the implicit value-background of economic science functions as a critical standard, by which moral success or failure of economic activity can be judged. This is where its merit



is, but at the same time its limitation. Values can never be wielded as premises in order to derive from that conclusions for reality. If one is to regard this transcendental foundation as a first principle from which axiomatically other principles can be derived, then K. Popper's critical rationalism is right in its reproach of an infinite regression. But a person such as K. Apel has exhaustively shown that this foundation is not concerned with a 'previous' datum but with a value-background which is actually present in every social activity.<sup>27)</sup>

Unorthodox economics is constantly threatened by the danger to think that its economic theories possess a 'surplus value' merely on the basis of the fact that they pay attention to ethical aspects through transcendental reflection. The accusation of dogmatic arrogance originates here. Unorthodox economics is never allowed solely on the basis of its value-presuppositions to decide on the falsity of other economic theories nor is it allowed to legitimate its own theory on the basis of this notion without substantial scientific research. Dialectical thought with its ideology-criticism wants, ethically speaking, above all to make the values explicit that play a part in every economic theory and to ask in critical reflection to what extent economic theory approaches or blocks this normative background.

The question that still remains is whether ethics, besides this function of critical standard, which is a rather negative standard, can also give positive instructions for the draft of economic institutions. That it is impossible for ethics to do so without profoundly ascertaining that which can be objectively known, has become clear from the above. The question is, however, whether ethics can make a positive contribution especially at a time in which the consensus on norms and world-views is subject to erosion.

K. Apel, J. Habermas of the 'Frankfurterschule' and P. Lorenzen and O. Schwemmer of the 'Erlanger Schule' occupy themselves with the positive foundability of ethical norms. Their views which of course show mutual differences, are characterized as communicative ethics, because communicative society (Kommunikationsgemeinschaft) takes a central position here. This notion is in fact translation of the notion democracy. It

denotes that all claims and norms should be justified by dialogue. Norms do not have to be proved but should be argued on sound grounds. The logic of argumentation (ars rhetorica) is called on which has a long philosophical tradition and which dates back to Aristotle. Authors like Ch. Perelman and S. Toulmin emphasize that rational and substantial discussions are possible in all sorts of fields without applying the strict rules of intersubjective testing which are required in the field of logical-mathematical and empirical-analytical sciences. Otherwise the danger lurks that many fields are surrendered to irrationalism and subjectivism.<sup>28)</sup>

Notes

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7. Especially J. Habermas has occupied himself with the problems of normative rationality. See: Th. McCarthy: The Critical Theory of Jürgen Habermas, Cambridge, Massachusetts and London, 1978.
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17. Ch. Taylor: Neutrality in Political Science, in: Philosophy, Politics and Secrety, red. P. Laslett and W. Runciman, Third Series, Oxford, 1969, pp. 25 ff.



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19. The same shift of accent is also known in the notion natural law. Either a system of rules that apply by nature can be emphasized or natural tendencies of which natural law is an objectification in the first sense.
  
20. A. Cruchy: Contemporary Economic Thought. The Contribution of Neo-Institutional Economics, Clifton, 1972, p. 292.
  
21. J. Elliott: Fact, Value and Economic Policy Objectives, in: Review of Social Economic, vol. 38, 1980, pp. 1-5.
  
22. In order to prevent misunderstandings it should be mentioned that J. Schumpeter differentiates between ideologies which function a priori in the input-phase and value-judgements which are a posteriori made in the output-phase.  
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26. L. Wittgenstein: On Certainty, ed. by G. Anscombe and G. van Wright, Oxford, 1979, p. 81.
  
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