Economics, Science, and the Positive vs. Normative Distinction

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Is economics a science? What does being a science mean? The scientific image includes being objective, in contrast to subjective, and dealing with facts, in contrast to values. This desire to be scientific has led to economists making a distinction between “positive” and “normative” economics. Positive economics supposedly deals with the facts and what “is”; whereas, normative economics deals with values, morals, and what “ought to be.” In this paper, I will demonstrate that no science, be it economics, chemistry, or biology, can escape values, and, thus, our absolute distinction between “positive” and “normative” economics is misleading. Instead of “positive” and “normative” constituting two opposite poles, there is a spectrum between positive and normative. Furthermore, no matter how careful scientists are, their “positive” statements will still have “normative content.”

As humans we are limited, we do not have the time or energy to give “all” the facts. We may focus on giving all the “relevant” facts but when we decide what is “relevant” we have made a value judgement. Even if we use preestablished criteria to decide what is relevant, we have made value judgements when picking the criteria. For example, I could state the “fact” that the Allied Forces defeated Iraq in less than 100 hours in the ground phase of the 1991 Iraqi War. However, my choice of that fact, instead of the equally true fact that 100,000 Iraqis died in that war, gives the fact used “normative content.”

If there is a Platonic realm of facts, then perhaps the facts in that realm are “value free.” However, when I reach up into that realm and choose a fact (or group of facts), then I have made a value judgement – I have made a choice based on what I think is valuable, relevant, important, or based on some other criteria. The point is that by my choosing which facts to present, I have given those facts normative content. My choice of facts reflects my values.

No scientist can give “all” the facts and when scientists choose which facts to give, they add normative content to those facts. For example, a scientist could state that water is made up of two hydrogen atoms and one oxygen atom. To discern that a value judgement has been made, look for what is missing from this “fact.” If anything has been omitted, then a value judgement has been made about what is important. This statement, for example, has left out how the oxygen is combined with the hydrogen, how this combination makes water an excellent solvent, how typical impurities affect water, how water is used to sustain life, how water reacts under different temperatures and pressures, etc. Furthermore, the scientist’s choice to talk about water, instead of uranium, involves making a value judgement. The scientist may have decided to talk about water, instead of uranium, because he believes “enough” scientists are studying uranium, but even here the word “enough” indicates that a value judgement was made. Alternatively, he may be talking about water because of its importance to life. However, notice that a criteria has been set up what is important to life “ought” to be discussed – and that this criteria is based on a value judgement.

This new way of looking at positive and normative considerations helps to explain how Keynesian, Monetarist, and/or Marxist conclusions can be drawn from “facts” – these different groups have just made different value judgements on what is a “relevant” fact. Given their choice of “facts” their conclusions follow. Furthermore, these groups attack each other’s positions by arguing that the other group did not consider all of the “relevant” facts. Monetarists focus on the strong correlation between money supply and nominal GNP. and Keynesians point out that monetarists do not seriously consider the fact that velocity is not constant. Economists disagreeing is a reflection of different experts viewing different facts as important, and it should not be interpreted as implying that economics is unscientific. All scientists must select their facts out of the infinite number of facts available.

I am not suggesting that we cease trying to be objective. Rather, I would like to see us change our paradigm from a positive-normative dichotomy to a positive-normative spectrum. At
the most "normative" end of the spectrum are individual-specific value judgements like "peach ice cream is delicious." Community-specific value judgements, like "people ought to respect the property rights of others" appear to be more "objective" than the individual-specific judgements. Even more objective appear to be almost universally accepted value judgements like "people ought not to kill each other for private gain." Likewise, the presentation of facts that the advocates of both sides of an issue deem relevant appears to be more objective than the presentation of facts that only one side finds relevant. Thus considering the facts that all major schools of thought would consider important pushes the resulting analysis closer to the "positive" side of the spectrum. But even here, we have not totally escaped the normative since we have to decide what constitutes a "major" school of thought and that decision entails making value judgements.

I believe that replacing a positive-normative dichotomy paradigm with a positive-normative spectrum paradigm would lead to economics being more "objective." This is because under this new paradigm, instead of receiving the label of "objective" (as if this word indicates that we "passed" in a pass/fail classroom situation) for merely presenting some facts, we would get graded on our objectivity based on the extent that we considered the facts deemed relevant by different ideologies.

No science can escape making value judgements because we are limited and must make choices and making choices gives normative content to what we do. We choose which facts to present, we choose what model to use, we even choose how to simplify reality when creating our models. Our choices reflect our values. These choices give normative content to what may appear, on the surface, to be perfectly positive. This, however, does not imply that we should give up trying to be objective, or scientific. Instead, by replacing our paradigm of either "scientific or not scientific" with a positive-normative spectrum we can realize that objectivity comes in degrees. All sciences, including economics, should strive to be more objective by viewing all issues from all major opposing perspectives. Even the preceding statement uses the word "should" - we cannot escape the normative, but we can strive to be as objective as possible.