The Theory versus the Practice of Methodology

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Most economists ignore methodology, and most of those who write on methodology ignore how the economics profession actually accepts knowledge claims. Instead, most of methodology is an exercise in lecturing the rest of the economics profession about what they should or should not do. Here, I suggest that some of those who write on methodology stop and actually examine how our profession makes knowledge claims. If we could give some telling insights into the current methods of accepting knowledge, then, perhaps, our subsequent “shoulds and oughts” will be viewed as more relevant. Below I give some of my own impressions of how our discipline accepts knowledge claims in the hopes that this will stimulate further discussion.

I believe that economics is a community without a legal code. Such a community has several different options by which it can handle disputes. All members could meet and vote on every disagreement and then impose the will of the majority on the minority. This I will call the Hippy Commune Approach. The Orwellian Big Brother Solution is employed when the will of the most powerful is imposed upon the weaker members. If there is a wise man in the group, perhaps the community will allow this sage to arbitrate all controversies. This is the King Solomon Option. The Separatist Alternative is used when the community splits into different factions, each faction with its own viewpoint.

Economics has no single, universally accepted standard for evaluating economic knowledge claims or for judging competing theories. We have filled this void with a mixture of the Hippy Commune, Big Brother, King Solomon, and Separatist Alternatives. We often use the Hippy Commune Approach by labeling things “Knowledge” that the majority of the community accepts. The Big Brother Solution enters the picture via the power of publishing. If not published, your theories and ideas will not even be considered. Furthermore, what works its way into our textbooks becomes economic orthodoxy. Thus to some extent our editors and textbook writers have the power of determining what is and will be economic knowledge. We also turn to our wise men, our Solomons, our experts.

What an authority says about his field is published in our journals and often accepted as current knowledge by the economic community. When experts disagree, we may become separatists and divide into factions — Monetarists, Post-Keynesians, Austrians, etc.

This process of knowledge acquisition and theory appraisal incorporates at least five different checks and balances. These five safe guards lessen the possibility that unexamined knowledge claims and theories will be accepted by the economic community. First, the different factions arguing between themselves may decrease extremism. Second, the importance of publishing refereed articles in modern academia promotes criticalness. Double blind reviews of articles are especially helpful because, by deflecting attention from the author’s identity, they help focus the reviewers attention on two important issues: first, an objective analysis of the technical aspects of the paper and, secondly, a subjective judgment about its relevance and relative worth. Third, journals must carefully consider submitted articles before publishing them because economic journals compete with each other for prestige and subscriptions. Fourth, some publishers of textbooks pay a committee of experts to criticize a proposed textbook before they will publish it. Sometimes textbooks are sent back and forth between the critics and author five or six times. Fifth, the books that do become orthodoxy are the ones that the economic profession uses and adopts. Many books are published that are never used. When this happens the Hippy Commune Approach is counterbalancing the power of the Orwellian editors and writers.

In spite of these checks and balances, economics has become a faddish, limited, subjective, stifling, and stagnant profession. We have adopted the worst, instead of the best, aspects of the Hippy Commune, King Solomon, Big Brother, and Separatist Approaches. We have become faddish, like hippies. For example, when Keynesianism became the fad, business cycle analysis died because it was competing with the fad. Kondratieff was forgotten. Our king Solomons have narrowed the scope of our discipline. We have allowed them to pick and choose small tidbits from...
the history of economic thought and to throw away
the rest. Samuelson’s Foundations was derived from
only a small part of Pareto’s thought. The result of
this subjective picking from the history of thought
is that we have ignored production theory with fixed
and variable proportion factors (Bohm-Bawerk),
leisure (Walras), population (Smith, Cantillon,
Malthus, and Keynes), distribution theory (Marx,
Ricardo, and Pareto), and technology (Cantillon and
Smith). From the Big Brother Press, we have
learned to be critical, not innovative. We have
learned to value complex mathematical
manipulation instead of entrepreneurship — as
Schumpeter predicted, creativity is dying. This
stifling has led to stagnation; we are living off of
the academic capital of the 19th century and we
are not replacing what we use up. Furthermore, a
fatal version of separatism has emerged. The
empiricists and theorists are splitting. As the
theorists become more mathematical and divorced
from reality, the empiricists have become more ad
hoc and divorced from theory.

What can be done about these problems?
Apparently what has not worked is shaking
our index fingers at the profession and telling
it that it should only predict, or describe, or
explain, or say things that can be falsified. That
approach has led to our profession generally
ignoring methodology. Here I have suggested
that some methodologists turn their attention
to “discipline wide, practical” methodology, how
the profession actually accepts knowledge claims,
in contrast to “individual-specific, ideal”
methodology.

This article has raised several additional issues
which need discussion:

1) What is the relationship between the
methodology of a whole discipline and the
methodology of individual members of that
discipline?

2) Why does the practical methodology, which
the economics profession uses, diverge so much
from what methodologists write?

3) Does methodology have anything to say
about how the economics profession actually
accepts knowledge claims?

4) Do the four approaches described above
adequately depict how the profession accepts
knowledge claims and if so then:
   a: which of the approaches dominates?
   b: how do these approaches interact?
   c: can the current system be improved and
      if so how?
   d: have the approaches taken or their relative
      status changed over history?