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PERSPECTIVE

Science versus Science


The question of whether economics is a science arose last summer when The Royal Society, Britain's prestigious scientific academy, elected to fellowship its first modern economist, Sir Partha Sarathi Dasgupta of Cambridge. The Royal Society was founded in 1660 and boasts among its previous fellows Isaac Newton, Charles Darwin, and Albert Einstein.

Dasgupta's election caused some excitement because economists have been considered social scientists and thought to be ineligible for fellowship. But that is not quite clear. The Royal Society says its definition of science has expanded to encompass economics because of its "advanced math and analytical techniques." But according to a Cambridge spokeswoman, Dasgupta was "nominated before these changes were made." He was cited for "uniquely outstanding contributions to several areas of environmental biology and ecology."

Contributing to the confusion is the fact that Adam Smith (1723–1790), the professor of moral philosophy who is often regarded as the first economist, was elected a fellow in 1767, nine years before he published *The Wealth of Nations*. He was cited as "a lover of Natural Knowledge."

Regardless of the confusion, we may still ask, is economics a science? While the social philosophers in Smith's day studied the consequences of people's conduct, this was a descriptive, not a normative, endeavor. As Ludwig von Mises later wrote, that a legal price ceiling on milk will, other things equal, create shortages is not *in itself* an argument against the policy. The economist's role, Mises said, is simply to teach that price controls will make milk less, not more, accessible. Although economics is about the pursuit of values, it is nonetheless value-free, in the sense that economic laws, like physical laws, operate independent of our wishes.

Similarly, for F. A. Hayek economics is scientific in an older sense of the word because it features "the general spirit of disinterested inquiry." But the word "science"



narrowed during the nineteenth century and essentially came to mean physics. In addition, the “hard” sciences were accorded a prestige as especially rigorous that was denied to other disciplines. These two developments, Hayek notes, unfortunately led others to imitate the physicists in order to win respect as real scientists.

The problem is that not all phenomena are open to the methods of physics, for example, how people improve their lives through production and exchange. When we study molecules, all we can do is watch, from the outside, what happens under natural and experimental conditions.

Human action we know from the inside. We understand that when people act, they choose ends and the means suited to achieve them. We know they act entrepreneurially: with imperfect knowledge, they imagine preferred future conditions and undertake risks to make them real.

This insider knowledge permits us to understand social phenomena in a way that we can never understand “natural” phenomena. But although we have this general knowledge, we cannot know the many specific factors that motivate people. That’s why economic planning always fails.

Mises emphasized that human action expresses inequalities. A person acts because he prefers one condition over another. Thus elaborate mathematical equations would seem to have limited pertinence, if that, to an inconstant social world.

If that is so, then The Royal Society’s justification for according economics the status of science—advanced math and analytical techniques—leaves one underwhelmed. Yet proper economics does yield truths about the world.

Maybe we should disinter the older sense of “science.”

* * *

Ludwig von Mises maintained that socialism was not just a bad idea but “impossible.” Richard Ebeling elaborates.

In June a long-hoped-for event occurred: a

private spacecraft was launched. Is this the start of a new space age? Raymond Keating undertakes an exploration.

The burdens of regulation are not abstractions. They are real, and they hit home—and church—hard. William Anderson explains.

Rising gasoline prices predictably elicit bad proposals. Maybe, David Laband and Christopher Westley suggest, the worst idea of all is higher government fuel standards.

If we didn’t know better, we might think that the wealth resulting from the division of labor was due to magic. Manuel Ayau demonstrates how we can get more stuff out without putting more stuff in.

Entrepreneurs earn profits in the marketplace by catering to consumers. It sounds unobjectionable, but particular kinds of services draw objections anyway. Matthew Hisrich has an example.

The member states of the European Union have been writing a constitution, but as Norman Barry reports, it is likely to be a waste of time.

Uruguay was once a thriving country. Then it slid backward into poverty. If things turn around, Luisa Peirano writes, a good deal of credit should go to a lone classical-liberal thinker.

Here’s what catches the fancy of our columnists: Richard Ebeling tells us that advocates of the freedom philosophy can learn from the successes of their socialist opponents. Lawrence Reed wants to know why America needs czars. Thomas Szasz finds similarities between foreign aid and state-sponsored mental-health services. Robert Higgs traces the evolution of a government program. Guest columnist James Dorn looks at China’s resistance to political freedom. And George Leef, encountering the argument that states should have unlimited power in the name of federalism, protests, “It Just Ain’t So!”

Books coming under scrutiny this month examine an Indian free-marketeer, F. A. Hayek, illiberal democracy, and the latest complaint against capitalism.

—SHELDON RICHMAN