

CHAPTER 2

THE ECONOMIC AND THE POLITICAL SPHERE

In this book I intend to develop norms for an ecologically successful economics. By an ecologically successful economics I mean a theory that has our economies as its domain of research and that is influential in the political arena in the sense that it helps political actors to find effective solutions for the problem of sustainability. My research project thus implicitly makes a distinction between the economic and the political sphere. The economic sphere is the domain *about which* economics is meant to provide us with knowledge. The political sphere is the domain *in which* economics is meant to be an influential factor. In the course of my research project I noticed that, within the community of economists, there is some disagreement about whether it is useful to distinguish between the political and the economic sphere or, in other words, to distinguish between economic and political (aspects of) human actions. In this chapter I will argue that this distinction can and should be made.

In order to explain that this distinction *can* be made, I will reflect, in section 1, on economic and political theories as conceptual constructs. Considering economic and political theories as conceptual constructs implies that they are perspectivistic (i.e., value-laden) descriptions of human reality, a multiplicity of theories is possible, and it depends on the conceptual construct used whether the distinction between the economic and the political sphere is deemed significant. In section 2, I will present four possible conceptual constructs of the economic sphere. These conceptual constructs can be discerned in the history of economic theory. (I count both Weber's and Neurath's economic writings as being part of this history.)

In order to defend that this distinction *should* be made, I will start with a presentation of Buchanan's Public Choice theory (section 3). Public Choice theory is a political theory originating from an extension of economics to the political sphere. This implies that Buchanan recognises the existence of both a political and an economic sphere, but considers the rationality of actions occurring in both spheres as similar. In other words, Buchanan's conceptual construct of the political sphere is based on the opinion that it is not very significant to make a distinction between the rationality of human interactions within the political and the economic sphere. This opinion gives, however, rise to a redefinition of typically economic and typically political phenomena. The former are, henceforth, interpreted as voluntary and the latter as involuntary interactions. In section 4, I will present deliberative democracy as an alternative political theory. In section 5, I will argue that an interpretation of

the political sphere in terms of a deliberative democracy is better equipped to deal with the political objective of “sustainability” than is Buchanan’s Public Choice theory.

1 ECONOMIC AND POLITICAL THEORIES AS CONCEPTUAL CONSTRUCTS

In this section, I will argue that economic and political theories are conceptual constructs. This statement implies that we cannot conceptually circumvent the gap between spheres in reality on the one hand and economic or political theories on the other, economic and political theories are not and cannot be neutral, and different economic or political theories referring to the same economic or political sphere are possible. Max Weber and Otto Neurath inspired my thinking over the nature of economic and political theories as social constructs. They both provided us with a thorough analysis of the methodologies of the (social) sciences¹. Despite the differences with respect to their position in the philosophy of science tradition (and their political temper), they agree that social theories cannot be but conceptual constructs.

1.1 *Weber: Social Sciences as Ideal-Typical Conceptual Constructs*

Weber is both a social scientist and a methodologist of the social sciences. As a methodologist, he strongly objects to Comte’s positivist idea that the social sciences do not differ fundamentally from the natural sciences. In his view, the fact that the domain of the social sciences consists of cultural phenomena urges the social scientist to fall back on a different methodology. The term “ideal type” is an essential concept for this methodology. In the following paragraphs, I will briefly explain Weber’s basic ideas.

To start with, Weber states that it is the specificity of the domain of investigation of the social sciences that urges us to understand social sciences as social constructs. According to Weber, the subject matter of the social sciences is always part of a *cultural* reality (MSS 76). Cultural reality consists of cultural phenomena, i.e. meaningful phenomena or phenomena that are related to value ideas. Following Rickert, Weber understands this cultural reality as endlessly complex². It

presents an infinite multiplicity of successively and coexistently emerging and disappearing events, both “within” and “outside” ourselves. The absolute infinitude of this multiplicity is seen to remain undiminished even when our attention is focused on a single “object”, for instance, a concrete act of exchange, as soon as we seriously attempt an exhaustive description of *all* the individual components of this “individual phenomenon”, to say nothing of explaining it causally (MSS 72).

¹ Within the community of economists, there turns out to exist some disagreement about whether economics is a social science or not. I consider economics as one of the social sciences.

² For a more extensive comparison between the thoughts of Rickert and Weber, see Rein de Wilde (1989, 114-124).

The finite human mind cannot tackle this infinite reality without carving a finite portion out of it. The criterion which is used in the social sciences to select this segment is a particular value idea. Whether a phenomenon is of a certain social science type does not depend so much on its objective characteristics, but on its value-relevance. This implies that the meaningfulness of certain empirical data is always presupposed.

We cannot discover, however, what is meaningful to us by means of a "presuppositionless" investigation of empirical data. Rather perception of its meaningfulness to us is the presupposition of its becoming an *object* of investigation (MSS 76).

To recapitulate, a specific value idea makes us perceive some phenomena as meaningful. The set of phenomena that take their meaning from this particular value makes up the subject matter of a social science. Our value ideas thus construct the domain of a social science. Social-sciences are value-laden perspectives on human reality. Whether we distinguish economic from political science depends on whether distinct value ideas are deemed significant to constitute a political and an economic sphere respectively.

Values do, further, not only define the subject matter of the social sciences, but also the concepts and laws that become the instruments of scientific research, and of whole theories. To express the value-relatedness of these theoretical instruments, Weber introduces the term "ideal type".

An ideal type is formed by the one-sided *accentuation* of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent *concrete individual* phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified *analytical* construct (*Gedankenbild*) (MSS 90).

Since ideal-types are arrived at by the accentuation of certain elements of reality which seem important with respect to a specific point of view, they cannot be understood as a reflection of reality (MSS 90-93). They are not *true*: they do not simply correspond to particular empirical phenomena. They are a *logical* ideal, i.e., a well defined analytical construct, a limiting concept which allows us to compare reality with it. Ideal-types have a heuristic and expository function. Comparison between the ideal-type and reality, the estimation of similarities and discrepancies, can make the characteristic features of empirical phenomena clear and understandable. An ideal-type is not a description of reality but

aims to give unambiguous means of expression to such a description. [...] It is no hypothesis but it offers guidance to the construction of hypotheses (MSS 90).

To recapitulate, social-scientific concepts and laws or, in short, social-scientific theories are ideal-typical. This implies that they are not neutral. Not only *science* – in the sense of a particular, for instance, economic or political discipline –, but particular scientific *theories* – in the sense of particular disciplinary paradigms (to use Kuhn's terminology) – are non-neutral social constructs. Economic and political

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