

Economics and Epistemology: A Realist Critique

● It is a remarkable index of the existing distance between models in economic theorising, Marxist or neo-classical, and the social object that they claim to either describe, explain or predict, that few questions are ever addressed to the realist content of their suppositions.¹ Even when these contending paradigms engage each other, rarely is attention directed to what Max Weber might have called ‘fundamental assumptions’;² instead, energy is usually dissipated in struggling over the attendant policy implications or the mechanics of the theoretical apparatus, without an examination of the infrastructure of suppositions upon which the edifice actually rests. Premises being taken as given, the struggle then is joined either over matters of internal consistency or over the policy directions indicated by a model. But ‘models’, more likely than not, tend on average, to be true to their own presumptions, and thus the data and ideas they generate are similarly constrained by their initial assumptions; accordingly, debates between paradigms turn out to be quite generally frustrating, with neither side convinced at all of the arguments of the other.³ Historically, this problem has been raised in the

Bhaskarian Realism offers a vantage point from which both the individualism of neo-classical economic theory, and the collectivism of orthodox Marxism and Stalinism, can equally be rejected in favour of the original insights into the real ontology of societies as found in Marx.

manner of Kuhn as the problem of 'incommensurability' between different schools,⁴ without of course any clue as to how such problems can be adjudicated or surmounted. More than occasionally, this very real problem has been 'resolved' in the manner of the post-Althusserians, suggesting that social truths can only be relative, and therefore that science is only a form of social partisanship where one declares at the outset one's article of faith and then joins the fray, presumably against similarly endowed antagonists.⁵ In various degrees and in various guises, this very Weberian idea has also had the sanction of some mainstream writers, such as Myrdal, Schumpeter etc.

The alternative to this perceptual relativism has been the positivist⁶ tradition, whether amongst the Marxists⁷ or the mainstream. In their domain, facts are alleged to speak for themselves without filters or assistance from theory, with the scientist usually defined as a passive sensor objectively recording reality, with little causal interaction between scientist and the object of study. In standard positivist discourse, the neutrality of the scientist and the scientific enterprise is taken as given, with the world conceived as a closed system such that invariant regularities can be both perceived and recorded. The monism and absolutism of positivism, coupled with an ingenuous naivete about the social nature of science, have turned it usually into an ideology that does not recognise ideology as a thing-in-itself, whether in support of Friedmanite discourse (see Friedman, 1953) or Stalinist dogmatism. Wedded to a narrow empiricism confined to an examination of surface phenomena (and epiphenomena), positivism has, quite notoriously, denied itself the need for a search for generative mechanisms or even for any desire for providing explanations for social phenomena, with prediction being defined as the more instrumental, and inclusive, function of science.

At one level, therefore, social science seemed caught in a bind, between the Scylla of relativism and the Charybdis of positivism, between a denial of the objectivity of knowledge and the dogmatic assertion (without proof) of the neutrality of science conceived in empiricist fashion. At another level, a very definite polarity reigned between individualism and collectivism as approaches towards the study of social phenomena, this duality referring not so much to matters of

epistemology (as in the relativist/absolutist dichotomy), as to ontological issues. Neo-classical theorising, for example, in almost all its forms, has relied upon the atomized individual as the unit of social action and behaviour, in the manner of methodological individualism à la Popper (1962), seeing society as only the plural of the individual, with pre-given motives gratuitously ascribed to *homo economicus*, conceived as a universal historical subject, regardless of space-time referents. At the opposite end of the pole was Durkheimian sociology (Durkheim, 1964; Giddens, 1971) reifying the social and imposing collective determinations on individual spheres of social action; variants of institutionalism and Marxism were prone to use this organicist and positivist model by way of a counterweight against the heroically 'free' individual of neo-classical exaggerations. While the one model denied social agency (or 'interdependencies' as they might be called), the other reified it, leaving the human being a passive object of history. The 'enlightened' Marxist occasionally tried to reconcile the antinomy between these two opposed views by trying to link them 'dialectically' (Berger and Luckman, 1967)—implying that socially predetermined individuals nonetheless were able to react back and change society—succeeding only in reaping the errors of both models, retaining both voluntarism and reification rather than disposing of these twin errors of social formulation.

Organised social science—economics included—found itself in the prison of these apparently irreconcilable dichotomies with disputes routinely falling into the premeasured no-man's land formed by this implacable rivalry. This is not to gainsay unorthodox efforts to break out of this moribund state by way of imaginative excursions, the work of Bachelard (1949; 1958)⁸ and Feyerabend (1978), for instance, in the direction of science as a matter of psychology and science as a matter of little consequence, respectively. While both these non-conservative departures from mainstream views have had considerable influence on recent discussions, neither perspective has been able to dislodge completely the central divides in science as already identified, for reasons that themselves belong to the area of the philosophy of science. The failure in these corrective visions is perhaps best located in their weak ontological visions of the nature of society, something that transcendental realism—as reflected in the

work of Roy Bhaskar (1989)—seeks to set right. As a vital new paradigm in the human sciences, Bhaskarian Realism seeks to resolve the classical antinomies that have divided social science by offering a vantage point from which both individualism and collectivism can be corrected, such that neo-classical theory can be convincingly refuted, while orthodox Marxism and Stalinism can equally be rejected in favour of the original insights in the classical Marx, insights into the real ontology of societies, on whose irreducible basis alone we can hope to construct efficacious categories to explain and understand the dynamics of social existence. In what follows, in stages, the realist vision is described, encapsulating the varied intellectual moments of the oeuvre of Bhaskar.

Realism itself, as a recurrent tendency in social philosophy, has had many varied referents. In its simplest form, realism asserts the independence of the objects of scientific discourse from the activity of science and the scientist. In this general sense, any perspective can bear the realist title for simply asserting the independent existence of the disputed entity in question, be that a universal, a material object, a proposition etc. Consistent with this formulation, scientific realism is validated when we can demonstrate that the terms of the discourse are believed to possess real referents—independently of the theorising. Actually, it is unnecessary to demonstrate that the scientists actually believe in that proposition, so long as it can be shown that their behaviour lends credibility to it. This much, of course, did not require a Bhaskarian elucidation, being a readily identifiable position even if its significance has usually been underrated. The specific Bhaskarian supplement to this is in his bold theorising of a metaphysical realism, an elaboration, in his words, of ‘what the world must be like prior to any empirical investigation of it and for any scientific attitudes or activities to be possible’ (Bhaskar, 1986, p.6). In this rendering, epistemologies must be bound to and referred to ontology; for realism is seen not as a theory of knowledge or of truth, but of being. This is critical, for now both empiricism and rationalism can be rejected for defining being in terms of the very human attributes of experience and reason.

Stated differently, what is being maintained is that every theory of knowledge presupposes a theory of the objects of knowledge, i.e. a theory of what the world must be like for knowledge to be possible at all. This priority of ontology rejects the post-Humean idea (which Bhaskar terms the 'epistemic fallacy') that ontological issues may always be transposed into an epistemological key. Of course, it is not being asserted that knowledge can be reduced to being, for that would be to subscribe to the 'ontic fallacy', something equally to be avoided. Epistemology provides us with the transitive dimension in our studies of the world around us; ontology demands, on the other hand, recognition of the intransitive dimension of reality, a reality that predates and pre-exists this, without need for a human world of perception and experience. The sciences, especially the social ones, have been guilty of the taint of anthropomorphism, centring the universe on human attributes as if—as in the Christian view—it were all designed so as to be perceived by the sovereign human subject.

Transcendental Realism—to use the term favoured by Bhaskar—involves a careful recognition of the various parameters of the transitive and the intransitive in the social study of society. It necessarily involves the following predicates: an ontological realism implying that society is an intransitive, knowledge-independent, irreducible, real object of scientific knowledge; an epistemic relativity in the transitive domain, suggesting that knowledge about the social object cannot be but socio-historically limited and constrained; and the possibility of judgmental rationality, implying that, nonetheless, despite epistemic limitations, it is possible to sort the true from the false in the competing claims to knowledge. Additionally, Bhaskar posits a metacritical dimension allowing for a self-reflexive scrutiny of all the philosophical and sociological presuppositions presumed by the discourse, a metacritique being defined as a logical procedure seeking to identify the 'presence of causally significant absences in thought', or, in other words, to identify what 'cannot be said in a scheme about what is done in the practice into which the scheme is connected' (Bhaskar, 1985, p.26). Bhaskar claims neither uniqueness nor certainty for his approach, but hopes to show, nonetheless, that it is 'demonstrably superior' to the various irrealist accounts in fashion today, the proof of the pudding resting entirely in the eating of it.

The central idea behind transcendental realism is the decisive importance of an ontology of the real for the practice of science. But the real is far from being the flat, 'empirical' terrain beloved by positivism, for the very first recognition is one of ontological depth, i.e. a recognition of the multi-layered stratification of a highly complex, differentiated reality. It is this ontological reality of a layered universe that demands that knowledge move, necessarily, from manifest phenomena to deeper or anterior levels of phenomena, the search being one of locating generative or causal mechanisms within the triple layering of reality, within the domains of the real, the actual and the empirical (generally collapsed into one in positivist discourse, or denied independent legitimacy as with the subjective idealists). By way of illustration, the principle of gravity is irreducibly located in the intransitive realm of the real; it is actualised in the falling apple; and then, should a perceiving subject be proximate, becomes part of the empirically constituted experience of the latter. But nature is not, as in the vulgar positivist view, always so transparent (nor is the observer gifted only with a guileless innocence); in fact, contrary to Hume, constant conjunctions are only rarely visible in nature (if nature were easy to 'read' there would be little need for a 'science' of nature) but need, in fact, to be recreated in the laboratory. The point being made is a powerful one; causal laws (the real) are ontologically distinct from patterns of events; and events (the actual) are similarly distinct from experiences (the empirical). Positivist empirics is guilty therefore of two category mistakes: of reducing causal laws to constant conjunctions of events (confusing powers with their exercise), and the latter to experience, thereby making the real a property of the empirical, rather than the other way around. Gravity, as a property of the real, operated even when its several actualisations remained unperceived or uncomprehended by human subjects; it would, accordingly, remain operational even in a non-human world stripped suddenly of all human experience.

Transcendental realism asserts the non-identity of thought and being, of the objects of the transitive and intransitive dimensions. In so asserting this, the Bhaskarian realist denies empiricism for limiting the concept of the natural order to what is given in human experience; it also denies idealism for seeing it as a human construct. For realism, the cognitive

possibility is determined by the nature of the (independent) object (for it is humanity that is the contingent phenomenon in nature, and knowledge a cosmic accident). The 'forlornness' of the universe, as Heidegger saw it, acquires in Bhaskar, thereby, an important scientific legitimacy.

The implications of transcendental realism for economic theory, although varied and complex, are quite decisive. As mentioned early on, neither neo-classical theorising nor conventional Marxian economic theorising can escape unscathed from the implicit critique immanent in the realist framework. In fact, it could not be otherwise, considering that realism is a devastating refutation of positivism, and positivism—in various referents—has tended to cut across both of these major schools in political economy. Upon subjection to realist scrutiny, it becomes quite apparent that positivism, while purporting to be a method for science, is actually a fairly sophisticated ideology for science, wherein Bhaskar conceives of its (historical and functional) necessity despite its readily identifiable errors.

Bhaskar argues that, while positivism is a theory of the nature, limits and unity of knowledge, it, surprisingly, is not a theory of its possibility, because scientific knowledge is apparently seen as quite an unproblematic affair for, within it, there is no serious contemplation of its own limitations and possibilities. Besides, being a theory of knowledge, it presupposes a very definite ontology of societies, whether or not it is aware of such presuppositions. It is the enduring weaknesses, if not outright error, in this ontology, that renders positivism defunct and irrelevant as a sane method for science. For the positivist posits, implicitly, an ontology of closed systems and atomistic events coupled with the perception of the scientist as a passive sensor and recorder of pregiven, unmediated facts—derived from constant conjunctions—rendering social knowledge an individual attribute. Positivism entails, as already seen, double reduction: causal laws are reduced to constant conjunctions, and the latter foregrounded in individual experience; reducing causal laws to events and events to experience, positivism fails to locate the independent,

intransitive existence of causal laws, while at the same time failing to recognise human experience as a social product and knowledge as a social production (compounding the error in ontology with an error in epistemology). In the words of Bhaskar, positivism ‘can sustain neither the idea of an independent reality nor the idea of a socially produced science’ (Bhaskar, 1989, p.51).

In so doing, positivism gainsays the transience of historical knowledge, the hierarchy and differentiation within reality and the transformational nature of society; further, positivism ignores the possibility of causal interdependency between scientific subject and social object—the transitive dimension—aside from overlooking the fact of the openness of social systems where invariant regularities simply need not occur, barring chance. Reifying and naturalising ‘facts’, positivism effectively dehistoricises them; fetishising science, it fails to see science as a social production; reducing knowledge to human experience, it humanises nature while simultaneously—for its monism—naturalising society. Being at once ahistorical and asocial, it fails to account for both scientific change and any transition in the ‘facts’ that it so very dispassionately brings to light.

It is this very ontological inadequacy that dooms methodological individualism, that near kin to positivism, which maintains that facts pertaining to social phenomena are reducible to facts about individuals, are indeed explained by the latter. In this extraordinarily alienated view, army becomes just the plural for soldier, and society the plural of the individual; in his crushing refutation of this mistaken methodology, Bhaskar points out that any advection to motives or rules for the individual always involves reference to irreducibly social predicates. Thus, writes Bhaskar, ‘a tribesman implies a tribe, the cashing of a cheque a banking system’ (Bhaskar, 1989, p.35); micro statements cannot simply be added up to form coherent macro situations, the logic of the latter cannot be derived from the former. A singularly telling example offered suggests that, in all simplicity, the garbage collector’s reason for collecting garbage is not the reason, usually, that society wants garbage collected; similarly, a soldier’s motive for joining an army might have little to do with the rationale for the existence of such an institution. The logic of the whole is quite apart from the logic of the parts.⁹

Even more strongly, realism challenges the ascription of rationality and maximising behaviour to the sovereign 'free' individuals. As Bhaskar writes, 'to say that men are rational does not explain what they do, but only at best...how they do it' (Bhaskar, 1989, p.37); so, in trying to explain everything, the assumption of rationality explains nothing, being only an a priori attribution without explanatory content, failing only as grand tautology, casting no light whatsoever on actual empirical behaviour.¹⁰ In this light, neo-classical thinking is only a normative theory of efficient action recommending 'a set of techniques for achieving given ends', rather than a social science, for it arrives only at a pre-given praxiology under the delusion of generating a (spurious) sociology. In this regard, the grand collation of mistaken agendas consecrating the triple alliance between positivism, methodological individualism and neo-classical motivational ascriptions, could only constitute a blueprint for a colossal default in the search for a science of economics, a default guaranteed almost a priori by this straightforward denial of the real ontology of societies in general, and capitalism in particular. The articles of doom are underwritten by the double error in neo-classical theorising, the disastrous coupling of an empiricist epistemology with an individualist ontology of society.

Within a realist matrix, revealing the ontological inadequacy of the triad formed by positivism, methodological individualism and neo-classical 'assumptions' about *homo economicus* is indeed simple enough. But the power of the realist critique goes even further, for it is not content simply with demonstrating inadequacy; a true critique, as per Bhaskar, needs to go beyond falsification and demonstrate the conditions for the necessity for the persistence of the false paradigm, i.e. to reveal the ideological intent or content of the intellectual system in question. To designate a system of ideas as 'ideological' requires us, in terms of our alternate theory, to (a) explain most or all of the phenomena covered by it, and (b) to explain additionally significant phenomena not covered by it, then (c) to account for its historical genesis, next (d) to indicate the conditions for its reproduction and their limits, and finally (e) to locate its present function.

The social function of positivism, then, in the words of Bhaskar, is to 'conceal the historically specific structures and relations constituting sense-experience in science' (Bhaskar,

1989, p.61); by naturalising facts—converting social objects into things—positivism effectively dehistoricises them. First atomizing and then reifying social ‘facts’, the positive account induces, aside from its monism, a fusion of the world with experience (in its empirical realism), and the reduction of knowledge to experience. Infusing certainty into scientific knowledge imparts a legitimacy to the scientific status quo, while reducing it to common empirical apprehension lends validation to the postulates of ‘common-sense’. The unmistakable presentiment sanctioned by positivism is that things are as they appear, as they seem (Bhaskar sees in this concession to common-sense the possibility inherent in positivism of justifying the status quo, regardless of ‘whatever and wherever that is’). In this regard, the very denial of the notion of a possible disjuncture between appearance and reality—i.e the absence of a theory of ideology—makes the enterprise itself profoundly ideological. Positivism, in its denial of the trans-factual, independent existence of the scientific object, in its denial of science as a social production, in its limitation of the world to the range of human sense-perception, in its denial of the validity of the cognitive claims of other social practices besides itself, functions as the ‘limit form of empiricism’—as an ideology *for science*.

Similarly, neo-classical assumptions universalise for all times one possible set of behavioural characteristics, arguing, à la Hume, that ‘mankind is much the same in all times and all places’, a comment that flies in the face of the most trivial discoveries of modern social anthropology. The real irony in this anti-historical stance is that positivism, originally with Comte, purported to be a theory of history. The conceptual world of positivism is flat for the lack of differentiation in reality; the real world is stripped of all its concealed or opaque mechanisms, of its ontological subtlety, of deceptive appearances, of powers and potentialities of which we might be unaware, consisting only of ‘the passing flux of experience, as described by common-sense’, a closed system ruled by constant conjunctions; its shallowness matched only by its everyday accessibility. Auguste Comte, of course had been quite forthright about the political intent of positivism (which he considered a deterrent to the negative—meaning critical—philosophy of the Enlightenment): in his words ‘...the positive spirit tends to consolidate order, by the rational development of a wise resignation to incurable

political evils... a true resignation—that is, a permanent disposition to endure steadily, and without hope of compensation, all inevitable evils...' (Comte, 1893, pp.37-8).

Transcendental realism offers a penetrating critique not merely of neo-classical pretensions, but also of vulgar Marxism and some aspects of Marx's own intellectual predilections, for the critique of positivism is not a chariot that may be arrested at will. The critique of Marxism, similarly, takes the form of pointing to enduring ontological inadequacies in the Marxian schema which render some of its suppositions invalid. Central to a critique of Marx is a rejection of the 'material base/ideational superstructure' metaphor, an important element of both Stalinist and non-Stalinist discourse, the main difficulty here traditionally being the unsuccessful effort to reconcile the thesis of the relative autonomy of the superstructures with the idea of their determination—in the last instance—by the base. The metaphor itself provides the inspiration for the two common errors plaguing Marxian discourse, these being (a) super idealism, where the superstructure is completely emancipated from the base (as in Althusser,¹¹ where science is totally autonomous) and (b) reductionism, where the superstructure is simply an epiphenomenon of the base (as with Lukacs,¹² where science is an expression of it). The very notion of a base/superstructure disjunction allows for the errors of theoretical idealism and economic reductionism.

Bhaskar's suggestions for a restructuration of Marxian discourse are of critical interest. He argues that there is something very misconceived in the traditional Marxian manner of lumping together all ideas, indiscriminately, to form a bloc termed a superstructure, as distinguished from a 'material' base, for, quite simply, even purely economic activity necessarily has an inalienable ideational component (all activity, economic or otherwise, necessarily carries with it the presumption of some conception carried by the agent as to what and why he/she is doing). The Marxian error in this regard may be located quite unmistakably; Marx provided a decisive critique of the Hegelian error of positing the autonomous existence of the ideal (aside from arguing for the primacy of the material over the ideal), but the Hegelian thesis

can hardly be inverted: there can be no grounds for arguing for a purist autonomy of the material in social existence, for the material sphere is inextricably bound up with ideas—to the extent that we are speaking of human society. It follows, then, that the distinction between base and superstructure, as originally formulated, is false and misleading, specially so in the hands of immature and rash Marxists eager to apply instant formulae to the diversity of history.

The suggested alternative procedure then, closer to the inspiration of Marx if not the letter, is to conceive instead of different (multiple) ideologies associated with different practices, these different and varied practices having autonomous ‘bases’ of their own. Different ensembles of practices generate their own rationalising ideologies; in this view, then, religion is a real social practice with its own justifying ideology enjoying a real autonomy from other practices such as politics, despite the fact of linkages, connections and homologies between them and other ideologies. The material conditions for the reproduction of these practices may still be traced to the social economy that sustains all social life; but this is not to imply any determination of the practices themselves. The point is of extraordinary significance for Marxian theorising: ideational structures are not reflexes of an all-determining material ‘base’—in fact the idea of a material determination is devoid of content altogether. Away from the stasis of a fixed ‘base’, Bhaskar offers the dynamics of social practices as the ultimately ‘determining’ agency, for ideologies bear determinant links with practices.

At the next remove, Marx’s ideas come in for castigation on account of their flirtation with elements of positivism (the Marxian critique of idealism, so thoroughly made in *German Ideology*, was never followed through with a similar critique of empiricism, despite many apprehensions of the importance of the latter critique)—the idea of ‘laws of motion’ so cheerfully repeated by generations of Marx scholars. Again, law-like regularities are only characteristic of closed systems (the assumption of positivism) but society, being an open system, is not subject to such immanent ‘laws’. Much of the non-historical accounts in *Capital*, for instance, need therefore to be dropped (including the scenarios of anticipation of an indeterminate future, such as the visions of communism and the ‘withering away’ of the state etc.), for there Marx comes

close to fetishising economic categories with a kind of naturalism (the cost of trying to subvert the classical economics from within) that simply cannot be sustained given the ontology of societies. ‘Laws’ such as the ‘falling rate of profit’ simply cannot be taken as such, and it is small wonder that Marxian economists—armed with econometrics, that special tool of positivism—operating in that area are such devotees of positivist methodology in practice. The point can be made quite simply; prediction, in an open system, is virtually impossible (which is why neither Friedmanite neo-classicals nor positivist Marxians have ever displayed anything but a sorry record in this regard). The social sciences—at best—can only aspire to explanation, not prediction, for social life has to do with meanings, and meanings can only be understood, not measured. So, precision in meaning assumes the place of accuracy in measurement (as an a posteriori arbiter): to quote Bhaskar, ‘Language here stands...to social science as geometry stands to physics’ (Bhaskar, 1979, p.59).

All in all, then, a good bit of Marxian baggage gets jettisoned, having to be trimmed (a) in the light of ontological realities of society, and consequently (b) in the light of a methodology appropriate to (a); the tremendous content gain for Marxism despite this radical surgery is in the salvation—beyond criticism—of its central insights into social life at the cost only of abandoning unsustainable flourishes that do violence to reality. The sophisticated Marxian will now have to accept the fact that social phenomena are conjuncturally determined, requiring explanation with respect to a multiplicity of causes, with no place for either determinism or historicism, social life needing to be grasped as a totality, a totality whose configuration is continually changing. The different moments of this totality will need, of course, to be asymmetrically weighted, ‘primed’, as Bhaskar puts it, ‘with differential causal force’ depending on the issue in question. Truly, then, realism encompasses Marxism and surpasses it as a genuine critique would and should.

As a competent methodology in the social sciences radically current in its apprehension of the discoveries of modern-day philosophy of science (something that neither neo-classical

economics nor conventional Marxism can lay claim to), it would seem as if transcendental realism would need no further justification, no other strengths with which to parade its potency as a devastating critique of the ruling pretensions in social science. But Bhaskarian realism offers more than a sedentary methodology of science; it offers also a perspective on human emancipation that is solidly based on the underlabour of science. ‘The philosophers’, complained Marx in a well-known statement, ‘have only interpreted the world; the point, however, is to change it.’ (Marx, 1888). For too many Marxians, this declaration has led to the denigration of the cognitive enterprise, flinging themselves into the struggle for change, perhaps, at some cost in terms of missed cognitive apprehensions. Realism strongly insists on the view that science is, ipso facto, revolutionary or emancipatory in that it helps to pierce the necessary veil of illusion that envelops social practices. Thus, for Bhaskar, no a priori, subjective declaration of the emancipatory agenda is needed as a preface to science, for science itself, if taken seriously and carried through, counteracts ideology and provides enlightenment. By a similar token, even work preceded by reactionary motives can unwittingly serve emancipation, provided the scientific programme has not been wantonly abridged in the process.

Of course, the emancipation that science provides is of a cognitive nature, and, as Bhaskar frankly concedes, ‘dissonance not liberation may be the immediate result of enlightenment’ (Bhaskar, 1979, p.112); and this dissonance could just as easily lead to revolutionary activity as to plain and simple ‘despair’. There is a logical gap, Bhaskar reminds us (contrary to the chiliastic hopes of many a Marxist) between ‘knowing and doing’, and no science can—logically—lead an individual from one to the other. Although this very well- founded scepticism is a sane counsel for caution, nonetheless Bhaskar argues for the general emancipatory potential of explanatory knowledge which ‘increases the range of real (non-utopian) human possibilities’, swinging the balance of the ‘argument’ against the status quo. In this respect, the dominated and exploited classes, peoples etc., are deemed to have (should have?) an interest in knowledge as a necessary condition for emancipation. In keeping with ontological realism, Bhaskar is careful to preclude any necessary scenarios of liberation. Unlike the fancies of some forms of Marxism, knowledge may

not be either a necessary nor a sufficient condition for social change.

By any token, transcendental realism poses a real challenge to the long reign of positivist intuitions (be it logical or empirical positivism) in economic science, whether of the Marxian or neo-classical variety. It does so in each case by explicitly denying the possibility of making arbitrary ontological assumptions (something ruled as a methodological virtue in Friedman and a practical inevitability in Max Weber) in a social science. It does so in each case by denying that an adequate epistemology is possible upon the basis of an inaccurate ontology. The rather desperate—though not necessarily waning—Ricardo-Robbins¹³ tradition of arguing for an economics based only on a radical apriorism of inspired introspection is likely to meet, in this critique, rather fatal objections to its clumsy pretenses. On the other hand ultra-empiricism, or the ‘instrumentalist’ variant of mainstream economics, is likely to see its positivist rudder flounder quite hopelessly—at least on a logical plane—in the face of its own revealed myopia and counter-factuality. In this respect, it is important to remember that transcendental realism provides a correction and a critique both to ruling epistemologies and the ontologies they conceal. Neither positivist inspired monism nor its obverse, a plural neo-Kantian hermeneutics live up to the ontological demands of social reality. Monism fails for not recognising the transitive dimension in social science, the causal interdependency between subject and object in the social production of knowledge; hermeneutics, for all its correct emphasis on the *verstehen* idea, implying that in social life we are always dealing with a pre-interpreted reality, nonetheless fails to come through for its misapprehension of the intransitive dimension of society; in other words, the presence of causal interdependence does not contradict the possibility of the existential intransitivity of the social object of investigation. Put in Bhaskar’s words, ‘...although the processes of production may be interdependent, once some object exists...however it has been produced, it constitutes a possible object of scientific investigation. And its existence (or not), and properties, are quite independent of the...process of

investigation...even though such an investigation...may radically modify it' (Bhaskar, 1979, p.60). The point, made against both positivism and hermeneutics, could not be clearer: the human sciences can be sciences in 'exactly the same sense, though not in exactly the same way', as the natural ones. Realism, therefore, demands a series of necessary modifications in the nature of economic theorising, specially with regard to the nature of 'assumptions' made about the human units of analysis, both with respect to intentions and activities, for both predicates of purpose and action need to be derived from a legitimate specification of the matrix of social relations in which they arise and exist; motives can neither be ascribed nor assumed—they need to be derived, in all their defying complexity—from the structure of social relations within which their meanings are realised. Stated simply, the challenge to neo-classical theorising consists in demanding that it get its anthropology right (and its political sociology) in a real world of unequal strata, power differentials, exploitation and unequal access. Even apologetics needs be based, it would seem, on sound conceptions of the social order. This vital ontological correction reveals both the strength and the limitations of the realist challenge; for realism does not—perhaps cannot—provide a substantive economic theory, although it can point to the construction of a stable scaffolding upon which such a social economics (the very term 'economics' itself betraying an irrealist fragmentation of the unity of social life) may be erected. At this stage, at any rate, realism offers more a critique than a complete reconstruction of economic categories; but it is a critique that shares little of the wishful thinking common to both Marxian and neo-classical visions, basing itself instead on logically and empirically sustainable propositions.

The foregoing necessarily implies that the ruling currents are unlikely to be displaced by the sheer strength of the logical critique of realism; for the great strength of paradigms—as tested in my own work on Ricardo (Kanth, 1986) has less to do with logical rigour than to conformity with the ruling perceptions of order. In that respect, realism is unlikely to supplant—except at the fringes—the main body of erroneous doctrine, the kiss of realism leaving asleep (but not undisturbed) in dogmatic slumber the wayward princess of mainstream political economy.

The mechanics of paradigm-shift have to do with material, not logical truths (Kanth, 1985, pp.157-87). But, though socially and materially inspired, paradigms in social theory still need to shore up their logical apparatus. It is in this regard that the realist challenge will impose enormous strain on the main corpus of economic theory by way of the requirement for readjustment of its defences. The monist variant of positivism, in qualified retreat ever since the hermeneutical tradition launched its critique of naturalism, may well be further sequestered by the realist assault. However, it is likely that the neo-Kantians¹⁴—within the ruling orthodoxy—might be the early beneficiaries of this waning of positivist influence. Similarly, at a different pole a cautious institutionalism (Samuels, 1988) might receive a renewed lease on life, since they were among the first to recognise indeterminacy and overdetermination in social life, bringing them a step closer to accurate ontological apprehensions than either the neo-classicals or the vulgar Marxists. In this respect, realism can probably only register vicarious triumphs, as it helps prod social thinking to closer approximate the domain of the real. To use a metaphor drawn from Bachelard, it will be a while—if ever—before the nocturnal philosophy of realism can overshadow the diurnal practice of positive science: a pity—but then again the owl of Minerva was never intended, perhaps, to fly at dawn.

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1. The Friedman variant of positivism actually went to the extent of denying any need for a realist scrutiny of assumptions on the doubtful grounds that predictive efficiency neutralises any errors in the prior specification. In fact, in what Samuelson characterised as the 'F-Twist'. Friedman almost implied that predictive accuracy was related in a simple fashion to the degree of irrealism of the assumptions. For a discussion of this issue, see Blaug, 1980, pp.103-14.
 2. Max Weber's explicit directives on method are to be found in Weber, 1949. A more contemporary discussion is available in Giddens, 1971.
 3. The Capital Controversy between the two Cambridges might well be treated as a case in point.

Notes

4. See Kuhn, 1970. For a fuller statement on the Kuhn debate, see Lakatos and Musgrave, 1970.
5. For arguments in this vein, see Hindess and Hirst, 1975. Not dissimilar is the orientation of H. Cleaver, 1970.
6. On the mainstream tradition of Positivism, see Kolokowski, 1972. For a discussion of Positivism in relation to social theory, see Giddens, 1974; as regards Economics, see the classic *Essays in Positive Economics* (Friedman, 1953), and Coddington, 1972; in the area of Philosophy, see Ayer, 1952. As for classical Humean sources of positivist and many neo-classical utilitarian ideas, see Hume, 1875; 1967.
7. In the Marxian variant, the revisionism of the Second International, some aspects of Bolshevik thinking, and of course Stalinism, represented Marxism as an empirical science of social engineering. See, in this regard, Neurath, 1973; see also Bukharin, 1926; and Plekhanov, 1972. More recently, the work of John Roemer and Jon Elster is illustrative of this tendency, given in their embrace of analytic philosophy.
8. For the Bachelardian influence on Marxian views, see Lecourt, 1975.
9. In striking consonance, Keynes argued the case for the paradox of thrift. In fact, much of Keynesian economics is based on the rather simple—yet important—proposition that a macroeconomics may not be constructed as a simple extension of micro-propositions. It is in this regard that Keynesianism is a step closer to realism than the Neoclassical system it tried to criticise.
10. The theory of consumer behaviour is a good example of a completely axiomatised deductive system unable to predict (surprisingly, given the emphasis placed on prediction as a necessary function of science) virtually any case of empirical consumer behaviour, although ready to ‘explain’—post factum—any given instance of behaviour. Stated simply, the law of demand boils down in practice to the proposition that anything is possible: quantity demanded may rise, fall or remain stationary, given an original change in price. All these disparate behaviours may subsequently be titled as ‘rational’, depending upon the premise used to justify each instance separately. In this case, the attribution of ‘rationality’ to all possible behaviours makes the concept a caricature.
11. Althusser, 1971. See also Gerratana, 1977, pp.101-2; and Hirst, 1976, p.396.
12. See Oldrini, 1979; Lukacs, 1971; and Stedman-Jones, 1971.
13. An excellent discussion of this and other methodological controversies in economics may be found in Blaug, 1980.
14. The neo-Kantian writ runs large upon contemporary theory; see Winch, 1958; in Economics, see Myrdal, 1959, 1970. For a placement of the Verstehen tradition in social science, see Outhwaite, 1975.

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