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1997

## Comment: Frank Knight's Pluralism

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### Recommended Citation

Davis, John B., "Comment: Frank Knight's Pluralism" (1997). *Economics Faculty Research and Publications*. 433.

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## COMMENT

**John B. Davis**

Wade Hands has given us a valuable and intriguing account of Frank Knight's methodological thinking, arguing that Knight reasoned much as do contemporary 'contextualists', opposing positivism and scientism about social science, and often adopting hermeneutical strategies in a social constructivist manner that served to emphasize the social character of human knowledge. At the same time, Hands notes that Knight's methodological pluralism was accompanied by a theoretical monism. Whereas Knight was a pluralist about the various categories of human inquiry, he also held the traditional neoclassical view that economics is the investigation of goal-directed rationality, where 'economic laws in any very strict and distinctive meaning are reached through isolating by abstraction a particular aspect of conduct and ignoring much that is quite as real and important' (Knight, 1946, p. 111). Other approaches to economic analysis Knight resisted. In particular, Knight was often critical of institutionalist thinking which had a much wider following at the time when he wrote than it does now. Hands suggests that there may be a tension here, and indeed some have argued that this is indeed the case (McKinney, 1977). I would like to argue that Knight's example – the combination of a methodological pluralism and theoretical monism – raises interesting questions regarding the nature of pluralism itself. Many, it seems fair to say, might suppose that the openness methodological pluralism implies should also apply to economic theory. That is, methodological pluralism should go hand in hand with theoretical pluralism. Is this the case?

An important idea behind methodological pluralism is that no single approach seems fully satisfactory as an explication of economic method, whether it is the sort of normative, rule-based approach of the Popperians or rather purely descriptive efforts to understand economists' practice of more recent vintage (e.g., de Marchi, 1992). Given this, economic methodologists should be open to different methodological approaches. A posture of methodological openness would then in turn seem to imply the need for an accompanying theoretical pluralism, since different methodological strategies are likely to give credibility to different kinds of economic theory. One then might be termed a theoretical pluralist were one – contra Knight – to believe that among the different kinds of economic theory none is superior to all others. Different kinds of theory, it might thus be said, suit different explanatory

purposes, and since we have many such purposes, we must also have many kinds of economic theory.

A view not unlike this has been expressed by Bruce Caldwell in a discussion of contemporary trends in methodological thinking (1989). Caldwell distinguishes between a traditional methodological thinking meant to tease out the implications of the philosophy of science for economics and more recent efforts on the part of economic methodologists to explain the actual practice of economists. Methodological pluralism emerges in this new environment, because methodologists seem to be less inclined to impose abstract philosophical views on economics, and because they recognize that economists' practices are not easily reducible to pre-given theoretical categories. Indeed, economists' practices often cut across different theoretical approaches. Thus methodological work in economics needs to be pluralist, because the practical strategies and modes of argument of economists are themselves diverse and irreducible to one another.

I think there is considerable plausibility to this view, but wonder whether economists and particularly economic theorists are likely to be as sympathetic to the idea of being pluralistic and openminded in the way that many economic methodologists have now argued is desirable. Knight is a case in point. If we give him the benefit of the doubt, and suppose that he was reasonably well aware of the particular combination of postures he embraced – methodological pluralism and theoretical monism – then we must conclude that he likely rejected arguments like the ones advanced above, and thought rather that a methodological pluralism should go hand in hand with theoretical monism. How might he have argued such a thing?

One might conclude that methodological pluralism goes hand in hand with theoretical monism were one to argue as follows. We again say that different methodological strategies are likely to give credibility to different types of economic theory. Now suppose additionally that different types of economic theory are essentially distinct in that they share no substantive concepts or principles, while economic theorists deny that no theory is fully adequate. Indeed, different economic theorists believe that their own theories are correct, and that those of others are mistaken. Then, if it is still believed that no methodological approaches are fully adequate, economic theorists may be both theoretical monists and methodological pluralists. They accept that there is no method for demonstrating the superiority of their own theoretical views, but nonetheless continue to believe in that superiority. As Warren Samuels, in his contribution to this volume and conference, puts the situation, methodological pluralism involves not a *theoretical tolerance*, but rather a *practical tolerance*. Because we do not agree about different types of economic theory, we agree to adopt a 'live and let live' strategy at a methodological level, and accordingly methodological pluralism only arises in the context of competing

theoretical monisms. Indeed, were we all truly theoretical pluralists and believed different theories all simultaneously correct, then it seems it would be redundant to call for a methodology of openness in the first place.

This argument, no doubt, may seem counter-intuitive to many. Somehow, if one is open methodologically, one should also be open theoretically. But as Hands notes, many of those who are the strongest proponents of methodological pluralism – heterodox economists – are entirely critical of neoclassical economics. Their motivation, I would conjecture, is not that their own theoretical approaches are *also* correct – a theoretical pluralist view – but rather that neoclassical economics is mistaken and misguided in its most basic assumptions, and that their own approaches remedy the deficiencies of neoclassicism – a theoretical monist view. In practice, then, theoretical monism often seems to accompany methodological pluralism. Heterodox economists and neoclassical economists dispute the worth of each other's approaches, and sometimes also the worth of their associated methodological strategies, but tend to maintain an openness on the latter score, because methodological disputes appear irresolvable while economic theories are thought distinct and non-overlapping.

Where does Caldwell's view stand in relation to all of this? Recall that his view is focused on practices rather than on the sort of paradigmatic approaches to theory implicitly referred to above. Practices, it is probably fair to say, can be shared across paradigms, which themselves arguably do not share substantive concepts and principles. For example, both neo-Ricardian and neoclassical theory rely on the practice of reasoning in general equilibrium terms, but are at the same time radically different in that the former uses a production-based approach to value, where the latter uses an exchange-based approach to value. We could of course speak of a theoretical pluralism at the level of practices, and in that sense methodological pluralism and theoretical pluralism would presumably go hand in hand. But thinking about economic theory usually involves paradigm-specific level concepts and principles, and in this sense it seems that the isolation of theories as paradigms from one another implies methodological pluralism is better understood as a *practical tolerance for theoretical intolerance*.

Put in these terms, however, we can perhaps begin to see how the argument that methodological pluralism combined with theoretical monism manages to reach its conclusion. When economists dismiss other economists' paradigmatic approaches, they often tend to exaggerate those approaches and their own as monolithic, tightly structured, self-contained, non-communicating systems of theorization. They thus lend credibility to the second premise of our argument for the methodological pluralism–theoretical monism combination, namely, that different paradigms do not share substantive concepts or principles. But of course though theories can be represented by assumptions re-

garded as paradigm-specific, assumptions also tend to be subject to different interpretations. Indeed assumptions subject to different interpretations often distinguish different camps *within* broader approaches or paradigms, such as when different types of Keynesians are distinguished by competing interpretations of assumptions about labour markets. This suggests that theories or paradigms may not really have the self-contained, non-communicating character that is needed to drive the Knightian, pluralism–monism argument above to its conclusion. If different approaches within paradigms share assumptions differently interpreted, then it is also reasonable to think that entirely different paradigms share assumptions differently interpreted. On this view, paradigms are rarely as distinct as they are often made out to be, so that it turns out that the business of describing what theoretical monism amounts to is not all that clear.

I want to suggest that these conclusions point toward an interesting comment on methodological pluralism and pluralism in general. Theoretical monist projects of compartmentalizing kinds of theory, it seems, can be said to depend upon our having what may be termed *identity criteria* for individuating different paradigms or discourses as distinct and non-communicating. That is, just as one distinguishes and differentiates individuals by establishing criteria for how we identify and distinguish one person from another, so speaking of individual paradigms or discourses in economic theory or other disciplines requires that we explain the terms on which we identify and distinguish one paradigm or discourse from another. Can it be said that there do indeed exist identity conditions for individuating discourses from one to the next as the Knight position requires? The irony is that in supposing we might achieve agreement on identity conditions for individuating discourses as seemingly non-communicating we thereby presuppose some shared meta-discourse, the existence of which would itself bring into question the project of distinguishing discourses as distinct and non-communicating. And surely any shared meta-discourse regarding what distinguishes different paradigms in economics would require a background field of substantive concepts and notions common to different paradigms as the principal resource for making the distinctions registered between paradigms. Paradigms on this reading would then be only relatively distinct, and their non-communication would then chiefly be a matter of the *practical* intolerance of different theorists towards each other's different approaches.

It seems, then, that Knight was mistaken in adopting a strong theoretical monist view of economic theory, and that he would have done well to think further about the relationship between methodology and theory. But on the argument here this would not imply that one should simply fall back upon the methodological pluralism–theoretical pluralism position first advanced above. Indeed, given what has just been argued, there is still some truth to Knight's

view of the relation between methodology and theory. First, when theorists stress the autonomy and adequacy of their respective approaches, they automatically invite methodologists' commentary on identity conditions for paradigms and encourage the argument that theories are only relatively autonomous. Their theoretical monism is thus leavened with an element of pluralism. Second, when methodologists emphasize their openness to different methodological strategies in regard to the credibility these strategies offer to different kinds of theory, they implicitly place themselves in agreement with one another on the need to elaborate identity conditions to distinguish different kinds of theory. Their methodological pluralism is thus leavened with an element of monism. Both theorists and methodologists, that is, really have more hybrid sorts of views than initially appears the case, and this takes us beyond both of the views advanced above.

Is there a straightforward way to characterize this third combination of methodology and theory? Methodologists need to be aware that there are limits to openness. Theorists need to be aware that there are limits to closemindedness. In effect methodological pluralists need to develop rational forms of intolerance, and theorists would be better off being a bit more tolerant towards one another. For the former this is a theoretical matter, the business of elaborating a shared discourse regarding identity criteria for paradigms. For the latter this is a matter of civility and good conduct toward others, essentially a practical concern. Our final position thus combines something of a theoretically intolerant methodological pluralism with a more practically tolerant theoretical monism. The first half of this pair sets an agenda for future development of methodological pluralism.

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