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Review of The History and Philosophy of Social Science by S. Gordon

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the LLR aid has been provided at greatly subsidized interest rates, needlessly adding to the cost of the TLTF policy. Accordingly, Kaufman takes the view that effective reform of deposit insurance also requires reform of both LLR and TLTF policies.

It has frequently been argued that accounting techniques have played a significant part in the interaction of depository institutions and federal deposit insurance and regulation. The last two papers in this book focus on the attributes of market-value accounting. The paper by William Beaver, Srikan Datar, and Mark Wolfson take the position that it is unclear that, given the closure track record of regulators in this country, market-value accounting would necessarily improve the efficiency with which financial institutions are regulated. In the paper by George Benston, Mike Carhill, and Brian Olasov, empirical evidence is provided to the effect that even very generic forms of market-valuation are preferred to the traditional accounting principles.

This is a book of articles is written by distinguished researchers. It is a significant contribution that increases our knowledge and broadens our perspectives on an important policy issue. It should be required reading for all persons having a serious interest in making our financial system work better.

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The History and Philosophy of Social Science.

This is a rare and masterful book that will doubtless constitute a key resource for many future scholars. Scott Gordon has produced a most erudite survey of the fundamental issues involved in the development of social science, including economics, sociology, history, and political science. His orientation on his subject, he tells us, is "to maintain a strong focus on the flow of theoretical ideas in the history of social science, and to connect that history with issues in the philosophy of the subject" [p. viii]. Thus the book does not attempt to comprehensively survey all identifiable contributions to social science, but rather seeks to explain the broad strategies of explanation adopted since the Enlightenment to extend natural science methodologies to the analysis of society. This makes the issue of the differences between natural and social science a central theme of Gordon's book, and one that he treats with considerable skill and perception across a variety of subjects and individuals.

But much more of methodological and philosophical import occupies this history as well. This is most evident in the book's system of organization which alternates chapters relating important historical episodes (e.g., Chapter 5, "Physiocracy: The First Economic Model," Chapter 7, "The Scottish Enlightenment of the Eighteenth Century," Chapter 9, "Classical Political Economy," and Chapter 11, "Utilitarianism") with systematic chapters investigating underlying themes and methodologies (Chapter 6, "The Methodology of Modelling," Chapter 8, "Progress and Perfection," and Chapter 10, "The Idea of Harmonious Order"). The effect of this strategy of organization is to impress upon the student of individual contributions the theoretical contexts in which ideas operate. The book can also be read selectively across its systematic chapters with reference to historical contributions as necessary (one must not overlook, however, systematic sections that fall within the contributions chapters).

For economists of more theoretical orientation the book possesses two related virtues. On the one hand, Gordon shows special interest in economic ideas and considerable sophistication in their explanation (Gordon was trained as an economist). Historians of economic thought will rarely find judgments in his pages to dispute, and indeed the chapters on the history of economic thought in the book are sufficient to constitute a text in themselves. On the other hand, because the book approaches economics from the perspective of the theoretical development of social science, it offers insight to economists who have not asked themselves what their discipline shares with other social sciences. This latter contribution should not be underestimated. Perhaps the dominant theme of the 1991 centenary issue of the Economic Journal devoted to short essays by noted economists regarding the next one hundred years of economics was that economics as a field is likely to diversify through a process of specialization that appropriates ideas and themes from beyond the traditional purview of the subject. Indeed, casual inspection of recent Nobel Prizes in economics provides evidence of this. Thus Gordon's book, in emphasizing common concerns and problems social scientists have confronted in attempting to explain social behavior, provides a valuable opportunity for reflection on the goals economists pursue, all too often unconsciously.

Of particular interest to economic methodologists is Gordon's final chapter, "The Foundations of
Science” that includes sections entitled “The philosophy of science” and “The study of social phenomena.” Gordon begins by noting that though practicing scientists have generally claimed to have made rapid progress in their respective fields in recent decades, paradoxically philosophers and methodologists have struggled over seemingly intractable confusions and dilemmas in the epistemology of science. Recalling an earlier discussion of the goals of progress and perfection in political theory and social philosophy, Gordon suggests that the philosophy of science has also been torn over whether to demand certainty for scientific knowledge, or allow that objectivity and progress are possible in science without it. He then recounts the recent history of the rise and fall of positivism in a discussion that culminates with a survey of the bewilderingly diverse contemporary range of epistemological theories of science (including among economic methodologies, instrumentalism, rhetorical analysis, evolutionary views, Kuhn, Lakatos, and the ‘strong programme’ sociology of science). From this vantage point, the theory that Gordon has himself come to, cognitive instrumentalism, is explained and defended.

This epistemology sets up no specific science as representing the ideal, and makes limited prescriptive demands that can, in principle, be satisfied by scientific investigation in all domains. According to cognitive instrumentalism, theories and empirical data must function as complementary implements of investigation, and the only rules that must be followed are that theories should be coherent and logically sound, and articulate with observation data that are objectively obtained and properly processed. Except for those who reject empiricism, these are rules that are, in fact, accepted as binding by social as well as natural scientists [p. 639].

Much could be said about this characterization which is broad and open-ended. Its appeal for Gordon, clearly, lies in its capacity to both include a vast array of investigations of social behavior in the framework of social science, and to put natural science and social science on essentially the same footing, while of course allowing for their unmistakable differences.

These differences—seen from the perspective of the distinctive concerns and requirements of social science—are of course Gordon’s fundamental preoccupation in his long and interesting book. Thus, in closing, and in response to skeptical views about the scientific credentials of the social disciplines, Gordon addresses what he believes to be three crucial issues in the philosophy of social science, which his cognitive instrumentalism enables him to evaluate. First, in regard to the relation between natural science and social science, Gordon concludes that “recognition of the ontological distinctiveness of social systems does not mean that there is an epistemic difference between the social and natural sciences” [p. 644]. Second, in regard to the epistemic status of mental states and the debate between individualism and holism, Gordon concludes that “reference to introspectively known mental states is serviceable in rendering social phenomena intelligible” [p. 649], and that there exists between methodological individualism and a holism attributing purposes and objectives to society a third view that holds “societies belong to a distinct ontological category” whose defining property is the principle of organization [p. 658]. Finally, regarding the problem of objectivity, Gordon notes the more intimate relationship between social science and values, but concludes that objectivity, “like certainty, must be regarded as a philosophical ideal rather than a characterizing property of scientific knowledge” [p. 666].

This brief summary, however, hardly does justice to the richness of Gordon’s effort. The book deserves patient reading and regular use as a reference.

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Educating Economists.

Because of their concerns about how new economists are educated and trained, the members of the A.E.A. Executive Committee created the Commission on Graduate Education in Economics (COGEE) in early 1988. After surveying economics faculty and graduate students in Ph.D. granting departments, the commissioners offered their analysis and recommendations at the 1990 A.E.A. meetings.

This anthology, which derives from a 1990 conference at Middlebury College on the education of economists, provides another set of diagnoses and prescriptions. Although it shares a number of conclusions