



Review

Leland B. Yeager (2001) *Ethics as Social Science: The Moral Philosophy of Social Cooperation*, Northampton: Edward Elgar.

What is a good Austrian subjectivist to do? On the one hand, he believes that human action is driven by subjectively held values, perceptions and expectations that are, in themselves, unobservable and vary across individuals, and that this implies that, in many cases, there is no automatic tendency for action to be coordinated around a set of commonly held values, perceptions and expectations;¹ and further that all normative pronouncements that rely on such coordination for the application of value metrics to social outcomes are, in its absence, doomed to failure. On the other hand, he also believes that it ought to be possible to say something normatively meaningful about social outcomes in general and economic policy in particular. But how can one judge policies in the absence of an agreement on both the affects that it will produce and on how to value these effects?

At one level the problem is solved by the so-called value-fact dichotomy—while the economist-*qua*-economist cannot judge between outcomes as objectively better or worse, he can, using good economic science, often describe the most likely outcomes and point out where they deviate from what policy-makers and others intend or desire. So, for example, while the economist cannot say that minimum wages are necessarily a bad thing, he presumably can say that the imposition of an effectively-enforced minimum wage above the market wage will have the effect of raising the level of unemployment especially for those who are the targeted beneficiaries of such a policy.

This is likely to be less than completely satisfactory, however, for the analyst who wants to be able to say more, for example, that societies that adopt regulatory policies like minimum wages will achieve a lower level of coordination than those who do not. The problem here is “measuring” the “level of coordination.” For a subjectivist it is clear that human action may be discoordinating as well as coordinating, depending on whether plans are facilitated or frustrated—the abolition of minimum wages will frustrate some peoples’ plans and enhance the plans of others—and there appears no way in principle to weigh the former against the latter. One cannot simply tally up the number of plans advanced against the number frustrated or some such crude arithmetic, under the assumption that all plans are equal in importance. This, of course, is an instance of the species of problems falling under what we may call the “incommensurability problem.” Its most familiar form is the inability to make “interpersonal comparisons of utility” which, depending on how “utility” is interpreted is actually a catchall phrase implying that thoroughgoing subjectivist economists are impotent in the face of alternative economic policies.² So the original dilemma remains.

Such was my state of mind, though dimly perceived, when as a young graduate economist I discovered Leland Yeager’s approach to these questions (Yeager 1978). I found in Yeager’s article a profoundly simple, compelling, yet neglected approach to the role of policy in

economic theorizing. And I have returned with admiration over the years to his intermittent revisiting of these issues (Yeager 1984, 1985, 1988, 1993). Now, at last, there is a full length work communicating his valuable insights.³

I thus approached this book expecting to find in one place a useful extended treatment and summary of Yeager's general approach. I was not disappointed, though the book was a little different from what I had expected. It turned out to be much more than what I expected, and I found it a little harder work than I had anticipated. It is more than just a rehash or expansion of his early related work. It is really a complete reworking and in-depth extension. The layout is somewhat unconventional in that fundamental ideas are introduced and discussed early on and then further developed and reexamined later at various points in the book as their interrelationships become more manifest. So there is a kind of spiraling effect that requires the reader's careful concentration. Rather than attempting to summarize the work chapter by chapter, the reader may thus be better served if I try just to articulate the basic thesis leaving it up to the reader to discover for herself the full richness of the work.

As I understand it Yeager's general point is rather simple. In making pronouncements about the world, certain fundamental distinctions apply. First there is David Hume's basic distinction between normative and positive statements—"ought" statements versus "is" statements—and the implication that one can never derive an ought from an is. One can never derive a proposition about how things ought to be (what policy ought to be adopted, which type of institutional structure is to be preferred, etc.) exclusively from an observation of how things are. One has to provide a way of *evaluating* consequences and circumstances. Normative criteria must be combined with positive observations to yield policy prescriptions. "No one can prove in a purely objective way, free of any trace of evaluation or intuition or emotion, that considerateness and kindness are good and that torture and murder are wrong" (p. 18).⁴ Obviously, positive observations (investigations of the nature of the natural and social world) are a legitimate (and Yeager vigorously affirms important) part of the policy-recommendation or comparative-systems exercise. Thus "ethics" is a legitimate part of social science. Indeed the relationship goes both ways. Ethical sensibilities inform what ought to be studied and how the results are to be evaluated and these results in turn may influence such evaluations causing, for example, a change in priorities. Ethics illuminates economics and economics illuminates ethics.

It is this last point that leads to the second type of distinction that needs to be made—that between normative judgments that are *fundamental* and normative judgements that are *specific*. The former are more sweeping and inclusive, the latter are less so. Specific value judgments can be seen to rely on, and are instrumental to, more fundamental values; at the highest level fundamental values are not derived from anything. Fundamental normative judgments are thus an expression of a value not derived from any more ultimate value.

The distinction between fundamental and specific (or instrumental) values would appear to be logically undeniable—a kind of Misesian apodictic imperative. It also clarifies much in the relation that different approaches to the role of ethics in social science—contractarian, natural rights, or any other—bear to one another. The basic point is this: whatever criterion one uses as a justifying or motivating cause for a preference or action must be either

functioning in the service of some more ultimate value or else must itself be the most ultimate, the last word in the matter. Otherwise in the attempt to seek justification one gets either an infinite regress or a circular argument. “Asking how to validate a value judgment means asking what acknowledged higher norm it falls under” (p. 28). Understanding this suggests a search for the most ultimate value. But clearly this search cannot be informed by reason or by induction (again in line with Hume). “The closest one can come to arguing for a fundamental value judgment is to employ effective rhetoric in identifying an intuition that one expects one’s listeners to share” (p. 30).

Yeager suggests that in this context all roads lead back to some perception of what constitutes the “good life” for the individual and would include evocative words like “flourishing” “peace” and of course, that most serviceable of all words, “happiness.” The happiness-criterion would seem to be the most ultimate of criteria. If it is not, then some other word will simply have to be substituted for what it is that stands behind (or above) all other ethical criteria and eventually an end must be found. This applies to all justification systems be it the assertion that societies ought to be organized by the kind of implicit consensus to be found in a “social contract” (how does one know what hypothetically would/should be agreed to?); or by the discernment and exercise of “natural rights” (which rights are those; how does one know which rights are “intrinsic,” those that serve “human happiness?”); or by the discovery and interpretation of the “word of God”; or any other set of criteria. In this he claims to be an indirect-utilitarian. *All* normative arguments ultimately come down to some ultimate criterion like happiness or utility *broadly conceived*. All arguments come down to the support or opposition to policies and actions on the bases on how they contribute or detract from one’s conception of what constitutes the “good society.” In this sense *all* such arguments are and must be consequentialist. And recognizing and acknowledging this leads to better research and policy discussion.

For one thing it suggests (echoing a theme of Milton Friedman’s) that all apparent disagreements ought to be considered potentially resolvable until it can be shown that there is a real difference in fundamental values. It is no use arguing with someone who believes in “evil” or is a pure narcissist, but in many cases apparent disagreements could be resolved if agreement in the fundamentals or near-fundamentals (“we both want peace and security for our citizens”) could be uncovered and the argument turned to the question of how best to achieve these shared goals. “In real life, disputes over courses of action almost never hinge on divergent *ultimate* intuitions about intrinsic value” (...).

Ultimate values are not influenced by states of the world, but instrumental values may be. That is to say (as intimated above) factual knowledge about how the world *is* can never influence what one feels about the ultimate good, but it can influence one’s opinion about how it ought to be achieved. In economic terminology, factual knowledge may help clarify the trade-offs involved and help us choose between instrumental values. “People do not automatically understand all the probable consequences of contemplated changes in policy. They do not fully understand how particular measures may eventually change the general character of their society” (p. 33). In this way one sees again the relationship between ethics and social science.

Words may be inadequate to describe the most ultimate of values—the one that lies behind all normative pronouncements, which is probably why words like “utility” and “flourishing”

are so fraught with controversy. Conversations about this thus tend to circulate endlessly as protagonists grasp for ever more expressive terms of what it is that we all ultimately strive for, as individuals and for the societies in which we live. Thus Yeager suggests that such a search may prove unfruitful and that we should, instead, focus on the near ultimate criterion identified by many social philosophers as “social cooperation”—hence the subtitle of the book. “Direct appeal to an actually ultimate normative criterion is rarely necessary. Social cooperation flourishes through institutions, rules, and practices that improve people’s chances of predicting each other’s behavior and coordinating their activities. Voluntary cooperation accords better than coercion with each person’s having projects, purposes, and ideals of his own and with his having only one life to live. Emphasis on voluntary cooperation warns against imposing unfair sacrifices on individuals for the supposed greater good of a greater number” (pp. 81–82).

This last suggests that what we have here is no crude arithmetic utilitarianism that has been fodder for the creation of so many “utility monsters.” In fact I wonder if the word “utilitarian,” like the word “consequentialist” might not be too emotionally charged, given its exegetical history, to fit what Yeager is trying to say. Whatever one calls it, however, the indirect-utilitarian approach, as explained and vigorously defended by Yeager, is formidably compelling in its logic.

This has not stopped the critics, of which there are many. Yeager’s approach is provocative. He has tried to anticipate arguments—indeed he appears to have considered every possible criticism (though of course one can never be sure). I cannot here deal with them all or even a large subset. I will mention only one, the criticism that his approach is vacuous, that it says essentially nothing since the notion of the “utility” implied in the indirect-utility approach is wide enough to accommodate any possible objection. Yeager’s argument is a species of rule-utilitarianism, as opposed to act-utilitarianism, so as to rule out exclusive consideration of the utility attached to single acts. Acts must be considered in the context of the time and place that they occur with an eye to their relationship to other acts past and future. Trade-offs may have to be made but they cannot avoid appealing to some notion of what is best for the achievement of social cooperation. Does this come down simply to saying the best is what one considers best—what is good is what one considers good?

This brings me back to the dilemma with which I started. In appraising alternative policy prescriptions one apparently cannot avoid either articulating what one believes to be the likely effects of the policies considered (a positive judgment) *and* what one believes about the desirability or otherwise of these effects (a normative judgment). The former is influenced by uncertainty relating to the way the world works (including the effects of subjectively held expectations, etc.) and the belief expressed is “subjective” to that extent; the latter is “subjective” in a different way—it is an expression of subjective value. But this does not mean that the subjectivist in either sense need avoid (or, indeed, can avoid) entering into policy discussions. It simply means that one must do so with open eyes. Thus, when an economist says that this or that policy is “efficient,” what she really means is that, in her judgment, it will produce particular effects and that these effects are likely to be conducive to fostering the kind of society that is desirable given the alternatives. In making this argument she may be required to articulate in great detail why she believes this; why the policy

will lead to the results she claims and why these results should be considered desirable (efficient). And in making the latter argument she cannot avoid the indirect-utilitarian logic that Yeager has explained. My dilemma appears solved. But the reader must find this out for herself.

This book reflects Yeager's wide reading and conscientious attempt to find precedents to his assertions. He makes no claim whatsoever to originality and is particularly clear about his debt to Henry Hazlitt's work (1964 [1972]). Perhaps after all he is too modest. The particular blend of ideas and the clarity of expression is surely quite original and I found that reading Hazlitt's masterpiece was much easier after reading Yeager, an example of synergy. The book is wide-ranging, reaching into ethical philosophy (there is a wonderful appendix on the forever troubling question of free-will) and scientific reality, including the role of culture and genetics in economic development. Ethics apply to human beings and therefore must take account of the human condition. Yeager provides windows into many strands of literature. He confronts many puzzles and paradoxes. The book will profit those who read and reread it.

Notes

1. To be sure, some types of expectations do tend to converge, otherwise action would not be possible. For a discussion of how different types of knowledge imply different types of convergent processes (see Lewin 1997).
2. Economists have, of course, agonized over such questions in welfare economics. The most straightforward and intuitive approach is to use the criterion of Pareto optimality to identify changes for which the gains outweigh the loss regardless of who receives or bears them. A number of problems have beset this approach. In the first place, the decision to use the Pareto criterion is itself not a scientific (non-normative) decision. Even setting this aside we must face a host of well-known problems associated with the obvious connection between the size of the gains and losses and their distribution—a connection that implies, among other things, that Pareto optima are not unique and, indeed, may be infinite in number (see, for example, Yeager 1978, 1985).
3. While my admiration of Yeager's indirect utilitarian approach is obvious, I should hasten to disclose that I am not competent to judge his work as a professional philosopher might. For such a judgment the reader will have to look elsewhere. I confine myself here to assessing the value of this book to economists, in general, and to Austrian economists in particular. I am dealing here with Yeager the economist/political economist, not Yeager the philosopher/political philosopher.
4. Yeager is an admirer of Hume in an age when it has become fashionable to think him passé. I, and I imagine many other pedestrian thinkers, have always thought Hume's distinction to be undeniable and, for what its worth, I found Yeager's admission that he too has never been able to understand the Kantian claim to have bridged the is-ought divide quite reassuring.

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