

PHD THESIS SUMMARY:
Elucidating the Role of Value Judgments in Normative Economics

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My thesis claims that normative economics should be recognized as a science and that this status should be maintained and strengthened. For this reason, the aim of this thesis is to answer the following question: What is the role of value judgments in the study of normative economics?

I proceed to answer this question in three chapters. In the first chapter, I address the research question from a general perspective by drawing a distinction between the value judgments of economists and those of economic agents. This allows me to analyze, in the second chapter, how economists study and characterize the value of freedom in relation to the value judgments of economic agents (as represented by their preferences). I focus on analyzing the freedom of choice that an individual has over an opportunity set at a given moment. My purpose is to determine how the opportunity or preference-based approaches use the tools of social choice theory to develop the conception of freedom in economics. The study of the value of freedom leads me, in the third chapter, to consider the importance of value judgments in the elaboration and interpretation of normative economic theories, specifically in Arrow's impossibility theorem, given its importance in the history of normative economics. Through the study of these three chapters, I seek to show that economists cannot dispense with value judgments in the study of normative economics.

In the first chapter, I argue that the distinction between the value judgments of economists and those of economic agents has not been explicitly established in welfare economics, which has typically treated economics as a neutral social science. The importance of making this distinction lies in determining whether economists may make value judgments in their professional work and how value judgments may be crucial to justify the economic agents' preferences.

Two approaches can be useful in order to make the distinction: Sen's (1967) classification of value judgments and Mongin's (2006) theses about value neutrality in economics. The criteria proposed by Sen offer elements of an answer to the way economic agents justify their preferences. Thus, economic agents justify their preferences (i) if there is a set of evaluative judgments that can play a determining role in their choice; (ii) if there are categorical or hypothetical imperatives to which the agents agree; and (iii) if there is a change in factual circumstances that leads agents to make a value judgment. According to Mongin's analysis, the weak non-neutrality thesis is the most appropriate to study the role of values of economists in their professional work. This means keeping two things in mind: (i) the importance of the nature of predicates in the statements made by economists, which will be crucial to determine if a statement is logically evaluative or logically factual and (ii) that it is difficult to make a clear distinction between normative and positive economics.

Then, I use the subject of interpersonal comparisons of utility to discuss this distinction, more specifically the analysis of Harsanyi's (1955, 1977) impartial observer theorem. This starts from the assumption that economists take on this role because they can make judgments of values and judgments of facts about individuals' well-being with a certain degree of neutrality, while I contend that the value judgments of economic agents justify their preferences when making choices. The analysis of this case study allows me to show that it is not possible to 'objectify' subjective attitudes of economic agents, and that economists cannot avoid value judgments when they recommend an action for the benefit of the society.

In the second chapter, I consider three ways in which preferences are conceptualized in the measurement of freedom of choice, i.e., over *actual* preferences, over *future* preferences, and over *reasonable* preferences. In examining the origins of these conceptions I identified three tools of social choice theory that influence the study of preference-based approaches. First, the association between freedom and the individual's preferences is related to the importance of *preferences* in social choice theory, where preferences are at the basis of social choices. Second, the important place given to *consequences* in social choice theory leads me to consider two aspects when assessing freedom: the process aspect of freedom concerned with procedure of autonomous choice and the opportunity aspect of freedom concerned with the real opportunities that individuals have in order to achieve things that they value. Third, the notions of *incompleteness and maximality* that come from social choice theory

play an important role in the preference-rankings for the evaluation of freedom. The evaluation of freedom does not lie in being able to rank each set of options *vis-à-vis* the others, but rather in making use of as much reasoning as possible to rank different alternatives in a very definitive way.

In the third chapter, I inquire how Arrow's own values and cultural context influenced his methodological choice. I argue that the academic context surrounding Arrow, his own interest in mathematical logic and in election systems, and the geopolitical context characterized by the beginning of the Cold War were all essential to his formulation of social choice theory.

However, value judgments did not only influence Arrow's methodological choices, but they have also had an impact on how his impossibility result has been interpreted. I analyze Arrow's impossibility theorem from the perspective of Mongin (1999, 2002, 2006). I take as my starting point the interpretations proposed by Mongin (1999) to study how Arrow considers value judgments in his impossibility theorem. I consider Mongin's (2002) analysis of the impact of Arrow's development of social choice theory in the progress of normative economics. I also examine Mongin's (2006) hypothesis that Arrow can be considered a weak-neutrality theorist, meaning that Arrow considers it logically possible for an economist *qua* economist to make value judgments, and that there are occasions in which they might, and even should, make value judgments. Mongin's value neutrality classification is useful to determine that Arrow cannot dispense with making value judgments when stating his impossibility theorem and its possible solutions.

I show throughout the three chapters of the thesis that economists cannot dispense with value judgments in the study of normative economics. Value judgments are thus essential not only to choose the methods and criteria that are useful for evaluating the desirable or undesirable character of economic situations, but also when formulating prescriptions for the implementation of these methods and criteria.

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Nestor Lovera Nieto will join the Center for the History of Political Economy at Duke University as a Visiting Scholar to begin September 2023. His research combines the philosophy of economics and the history of economic thought to show that economists cannot dispense with value judgments in studying normative economics. He received a double doctoral degree, a Doctorate in Economics from Université de Reims Champagne-Ardenne, and a Ph.D. in Management from Neoma Business School in 2022.

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