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Review of Conrad Heilmann and Julian Reiss' (eds.) *The Routledge Handbook of Philosophy of Economics.* New York, NY: Routledge, 2022, xvi + 516 pp.

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The field of the philosophy of economics has clearly expanded rapidly over the last two decades and Heilmann and Reiss wanted their handbook to reflect these changes. As they say in their introduction:

> The sheer number and quality of contributions and contributors we see in conferences, journals, and book publications and the proliferation of first-rate study programs are all testimony to the simple fact that the philosophy of economics is now a field in its own right. Philosophers of economics are everywhere: the leading academic programs and institutes in the field have grown, and there are more of them too. Philosophy of economics has arrived. (2)

But the increased volume of research and the number of contributing scholars are not the only motivations for *The Routledge Handbook of Philosophy of Economics*. It was also a response to the expansion of the set of philosophical ideas at work in the field, as well as changes in both the field's disciplinary orientation and the demographics of its contributors.

I will elaborate on these motivations and many of the details of the volume below, but I think it is useful here to note that it is a large and wide-ranging collection. It has thirty-six total chapters opening with the editors' introduction in chapter one. The remaining thirty-five chapters are grouped into eight broad categories (Parts I–VIII)—Rationality, Cooperation and Interaction, Methodology, Values, Causality and Explanation, Experimentation and Simulation, Evidence, and Policy—with each part containing four or five chapters. As one would expect from a volume with this range of topics, there are many chapters presenting material that could easily been assigned to more than one of the eight parts. In general, I think the editors did an excellent job dividing up the chapters into the relevant parts and I doubt it was an easy task.

This volume is one of many handbook-style volumes on the philosophy of economics published in recent years. Others include Kincaid and

Ross (2009), Mäki (2012), and Kincaid and Ross (2021) and it is useful to contrast these volumes with the Heilmann and Reiss volume. While these three handbooks differ in many ways, they were also quite similar in one respect. The vast majority of chapters in these volumes examined topics associated with what economists have traditionally called 'economic methodology' and philosophers have typically called 'philosophy of economics', which is, broadly, research on the intersection of philosophy of science and economics. Of course, different authors and different editors can, and often do, characterize economics and philosophy of science in quite different ways. This means that there is a lot of variation among books and chapters, but broadly speaking, the recipe for 'philosophy of economics' is roughly the same for these other handbooks: combine some part/parts of 'economics' with some part/parts of 'the philosophy of science' and blend.

Although research on these traditional epistemological and methodological topics still define the subject matter for the majority of the chapters in the Heilman and Reiss volume, there are also quite a few that examine topics quite removed from the traditional philosophy of economics literature. Of course, some of the differences between this volume and the earlier 2009 and 2012 handbooks has to do with changes in economics itself. For example, topics such as behavioral welfare economics and its relationship to public policy (Lecouteux, chap. 4; Grüne-Yanoff, chap. 35) and randomized controlled trials (Favereau, chap. 25; Khosrowi, chap. 27) have only recently begun to receive wide-spread attention. Although changes in economics certainly matter, Heilmann and Reiss emphasize a number of other recent developments that helped guide their choice of the handbook's topics and contributors.

The first is a significant change in the demographics of the field: "In regard to younger generations and recent developments, our *Handbook* features, deliberately so, a broad range of scholarly generations" (2). To this, one could also add greater diversity among the authors with respect to a variety of other characteristics in addition to generational differences. Secondly, there have been changes in disciplinary affiliation. In particular there has been "a 'philosophical turn' in the relationship between philosophy and economics: currently, the academic discipline of philosophy hosts the main study programs, scholar, journals, and conferences" (3). This recognized, they also go out of their way to note that the increasing one-sidedness is not necessarily a good thing; it "is an empirical fact that we assert, not a value we hold" (3). The third involves a broadening of the set of philosophical ideas involved in the philosophy of economics. In particular, "value-related research, whether it be on ethical aspects of economics, formal ethics, or economically informed political philosophy, has gained in relevance" (3). Finally, Heilman and Reiss emphasize the movement away from Big-M methodology (economic methodology employing grand philosophy of science such as positivism, Popper, instrumentalism, etc. and generally targeting grand economic theorizing such as neoclassicism, New Classical Macroeconomics, etc.) and toward small-m methodology (applied philosophical inquiry directed at practical concerns and more narrow areas of economic theory and practice).[1] This change was to some extent taking place in the 1990s and was given some attention in the three other volumes discussed above; it is also a change that is very well-documented by the empirical bibliographic and network analysis of Claveau et al. (chap. 11).

Given that the volume has thirty-six chapters involving forty-one different authors, it is unreasonable to give a summary of each chapter in the space of a review; it is also unnecessary since Heilmann and Reiss provide an excellent summary of each chapter in their introduction. That said, it also seems like some discussion of at least some chapters would be useful for this review. Given that I also want to discuss some of the details of the volume with respect to the four changes in the philosophy of economics literature the editors identified, I will begin with some commentary on these changes and then, toward the end of the review, discuss a few chapters that I found to be of particular interest.

It seems clear to me that the demographics of those working in the field of philosophy of economics has changed—there is more interest on the part of younger scholars, but there is also, I would say, more demographic smoothness (for want of a better term). In the 1980s and 1990s there seemed to be a group of junior scholars and also a more senior group, while in recent decades the demographics appear to be more evenly spread out and there is less correlation between the set of topics an author discusses and their years of professional experience. There also seems to be more collaborative research going on as well as more diversity in gender, ethnicity, and regional affiliation. While these latter changes may be a characteristic of academic research in general, it is still an important change that has an impact on the type of research that gets produced in the philosophy of economics. I believe that, all in all, the ed-

[1] The terms Big-M and small-m were popularized by McCloskey (1994).

itors were quite successful in bringing together 'a broad range of scholarly generations', as well as fostering diversity along other dimensions, and these are worthy accomplishments.

The disciplinary affiliation of the philosophy of economics has clearly moved from economics to philosophy, primarily but no longer exclusively, philosophy of science. As the editors say, there has been a philosophical turn, but they also emphasize that they are merely reporting, not endorsing, this fact. It is difficult to see how having fewer economists thinking and writing about the epistemological issues associated with economics would be a good thing, but there are both costs and benefits associated with change in the disciplinary affiliation of the field. Consider the decision-making of a student with an interest in an academic career which combines economics and philosophy. On the economics side there are many professional benefits to being an economist. For example, economists generally receive higher compensation as well as "the opportunity to obtain income from consulting fees, private investment and partnerships, and membership on corporate boards" (Fourcade, Ollion, and Algan 2015, 89–90). The problem is that these financial benefits are much more likely to accrue economists specializing in areas like finance or applied microeconomics rather than to those specializing in economic methodology. Similarly, the most prestigious journals in economics almost never publish papers on economic methodology and the economics journals that do publish methodology are not ranked very highly in most economics departments. On the other hand, while most philosophers do not have the compensation or consulting options of economists, research in the philosophy of economics—at least in recent years—is well-received by prestigious philosophy of science journals as well as in most philosophy departments. Thinking about the disciplinary affiliation question in terms of the growth of knowledge in the field rather than in terms of private professional benefits of the scholars involved, there does not seem to be a clear picture of whether having economics or philosophy as the primary disciplinary affiliation is beneficial. One might think that the dominance of philosophers within the field would produce more research of a grand philosophizing sort (Big-M economic methodology) and that the dominance of economists would produce more research that is more practical and cost-benefit oriented (that is, small-m economic methodology), but historically that has not been the case. The recent increase in the influence of philosophers in the field has coincided with a movement away from Big-M and toward small-m research. This said, there are probably far too many confounders at work during this period of time to know whether disciplinary dominance played a significant role. Perhaps the most reasonable take on the issue of disciplinary affiliation is simply that of the editors: acknowledge the (descriptive) fact that philosophers are now the majority of contributors to the field but remain neutral on the (normative) question of whether that is good or bad (for either the scholars involved or for the growth of knowledge in the field).

Broadening the set of philosophical ideas involved in the philosophy of economics is probably the most important thing that distinguishes this volume from the other three handbooks noted above and, for that matter, distinguishes it from the majority of the philosophy of economics literature in general (at least since the early 1970s).[2] It should be noted that while the philosophical net is cast much wider in this handbook than what we have grown to expect in the philosophy of economics, the widening is almost exclusively in terms of what the editors call 'value-related' research: specifically ideas traditionally associated with ethics and political philosophy. Although it is important to recognize that the philosophical net is wider, it may not be wide enough to satisfy some philosophers and/or heterodox economists. This said, I understand the editors' decision to expand the set of philosophical ideas by highlighting the contact points that economics has with ethics and political philosophy. There are a number of reasons for this: it is clear there has been a lot more of this type of research going on in the field in recent years, it increases the relevance of the philosophy of economics for real world social and economic policy, and it reconnects contemporary philosophy of economics with ethical and political links that go back to Adam Smith and other classical economists, links that became severed during the heyday of positivist ideas.

The fourth change that Heilman and Reiss emphasize is the change from so-called Big-M methodological literature to small-m methodological literature. There is no doubt this change has taken place, it is a substantive change, and it has been underway for many years. Of course, there has been a turn away from grand theorizing in almost every academic discipline and this includes philosophy of science where universal general theories of scientific knowledge (for example, versions of positivism, Popper, Lakatos, van Fraassen, and so on) have generally been displaced by more narrowly defined and more naturalistic and pragmatic inquiries into

[2] See Hausman (2017) for a nice discussion of the history of economic methodology/philosophy of economics since the 1970s.

specific aspects of scientific knowledge. So too for economics where there is much less grand theorizing of the Walrasian sort (or on the heterodox side the Marxian sort) and much more emphasis on economics which is more empirical, more practically focused, and more context dependent. Behavioral economics has opened the door to a flood of economic research where outcomes are deeply context dependent and game theory has made strategy and multiple equilibria a standard feature of economic modeling. While these movements away from grand philosophizing and grand economic theorizing have undoubtedly had an impact on the way that contemporary philosophy of economics investigates economic theory and practice, small-m methodology is more than just the result of these two forces.

Heilmann and Reiss do not introduce the Big/small terminology until their discussion of Part III of the volume, the part specifically on "Methodology", but it seems to me that it is relevant to most chapters in the other parts of the volume as well. The emphasis on Big-X is an emphasis on grand sweeping and/or universal ideas and topics while small-x is an emphasis on ideas and topics that are more applied, pragmatic, practical, and context sensitive, and these seem to be distinctions that can apply not only to different epistemological or methodological approaches, but to the more value-related research as well.

To get a feel for how small-m methodology and small-v (value related ethics and political philosophy) works in contemporary practice it is useful to discuss a few examples to see what such philosophy of economics research looks like. Fortunately, Heilmann and Reiss' volume has plenty of nice examples. I will discuss three of these. The first two focus on methodological-epistemological issues while the third explicitly considers both epistemic and ethical concerns. Obviously three out of thirty-six chapters clearly neglects many chapters that could easily have served as exemplars just as well as the three I will discuss.

Guilhem Lecouteux's chapter 4 on "Behavioral Welfare Economics and Consumer Sovereignty" explains the dilemma that led to the current debate in behavioral welfare economics. Traditional Paretian welfare theory uses individual preference satisfaction as the normative standard for what does and does not increase welfare. Of course, behavioral economics has demonstrated that individuals do not necessarily, or even systematically, act in a way that is consistent with acting optimally on well-ordered preferences. Thus the "aim of *behavioral welfare economics* (BWE) consists, then, of looking for strategies to recover a normatively satisfactory notion of 'economic welfare' from the possibly incoherent choices of the agents" (57). This undermines both the more abstract welfare theorizing of the middle of the 20th century such as the First Fundamental Theorem as well as the foundational basis for basically all microeconomics-driven social policy. Lecouteux argues there is no straightforward solution to the dilemma of reconciling traditional Paretian welfare economics and behavioral economics. The path out need not abandon the importance of preference to welfare, but instead to recognize that the "normative problem does not lie in the preferences but in the process of preference formation"; that BWE should "acknowledge both the individual and the social determinants of our preferences and behaviors, rather than blaming the defective psychology of individual agent taken in isolation" (63). Not everyone will agree with this assessment of course, but it is a critical assessment based on a close examination of the specific details of the tension that exists at the intersection of behavioral and welfare economics and provides a constructive small-m suggestion about how the tension might be defused.

Another example is Judith Favereau's chapter 25 on randomized controlled trials (randomized field experiments: RFEs). She reviews the rise of RFEs, particularly in development economics, as an experimental and policy-oriented area of economics that uses randomization to "test local development policy and do not rely on any theoretical framework" (343).[3] She argues that the structure of RFEs basically transforms field experiments into laboratory experiments, which results in strong internal validity but weak external validity. Favereau provides a historical overview of field experiments in economics, discusses a number of specific examples in development economics and other areas, and notes many of the criticisms that have been raised about RFEs in the recent literature. She closes with a discussion of qualitative studies as a possible way to get around RFEs' external validity problem, while preserving the benefits of their internal validity. Again, not everyone will agree with either the critique or the proposed work-around, but the chapter provides a nice, sharply focused discussion of the history and methodological problems of RFEs and provides a small-m suggestion about how the epistemic value and practical usefulness of the approach could be improved.

[3] Favereau doesn't call attention to the fact that advocates of RFEs frequently say that no theoretical framework is involved, but they must really mean that 'no theoretical framework from economics is involved'. Obviously, one doing randomized controlled trials must employ theories of randomization, various statistical theories, and many other theoretical frameworks.

Grüne-Yanoff's chapter 35 examines an important debate in contemporary philosophy of economics and does so by employing both small-m and small-v resources. Since it concerns behavioral public policy (BPP), there is a bit of overlap with chapter 4, but it is not significant since Grüne-Yanoff is much more directed at the policy side of the BPP debate: his goal is to provide a framework for improved evaluation of both the "effectiveness and ethical acceptability" (480) of BPP.[4] He begins by discussing the diversity of ways to talk about and implement BPP—nudges and boosts in particular—and argues that such "diversity is problematic because it makes BPPs' effectiveness and ethical evaluation context sensitive", that is, "the same intervention is effective and ethically acceptable in one context, but not in another" (482). The problem is that since context matters, different policies affect "behavior through different causal pathways" (483), that is, the different causal mechanisms by which they operate. It should be noted that while he is advocating a better understanding of various causal mechanisms at work in any particular BPP, he is not employing the traditional ontic conception of mechanisms, but rather treating mechanisms as abstracting models (484). Returning to the two main BPP policies, nudges and boosts, he concludes "effectiveness and ethical acceptability of a BPP […] can be derived from this mechanistic distinction between nudges and boosts" (491). While some finesse may be necessary to pass safely through the philosophical underbrush of non-ontic mechanisms, Grüne-Yanoff provides a detailed discussion of both the practical and philosophical issues that currently swirl around BPP and offers an improvement that works on both the effectiveness (epistemic) and ethical side of the debate.

Finally, in addition to the chapters specifically noted above, I would like to briefly say a few words about a sample of the additional chapters that I thought were particularly valuable contributions. They may be valuable because they addressed an important but relatively neglected topic, stood out as notably clear and coherent, handled the balance between surveying the relevant literature and making an original contribution particularly well, or frankly, just because I personally found them to be interesting contributions. They are, though, just a sample.

Moscati (chap. 1) is more historical than any other chapter but does an excellent job summarizing the long and many-faceted history of utility theory. Vredenburgh (chap. 5) is an excellent chapter on "the puzzling,

[4] The expression 'effectiveness and ethical acceptability' is first introduced on page 480 but is used throughout the chapter.

seeming co-existence of psychological and non-psychological interpretations of 'preference' in economics" (67); the chapter is primarily philosophy of economics but also does an excellent job with the historical discussion. Claveau et al.'s chapter 11 is not like any other chapter in the volume. It is an empirical bibliometric study of the economic methodology literature over three decades; it is a novel approach, and the results should be extremely interesting to anyone in the field. Chao (chap. 13) is a nice discussion of the literature on scientific representation with particular attention to economics; it ends by supporting "a pluralistic view of economic representation" (196). Chapter 14 by Vergara-Fernández and de Bruin is a philosophical examination of finance and financial economics—important fields of economics which receive little attention within the philosophy of economics literature. White's chapter 17 surveys "the various ways that approaches other than utilitarianism have been incorporated into theory, policy, and practice" (237) and does so in a particularly clear and concise way. Chapter 22 by Verreault-Julien and chapter 23 by Jhun both address explanation in economics and, in particular, the relationship between how-actually explanations (HAEs) and how-possibly explanations (HPEs). This is an extremely difficult and contentious, but also important, question about the exact and/or proper relationship between idealized economic models and their associated explanatory targets. Neither author finds an easy or obvious solution—and nor do I—but both have suggestions for moving the discussion in a more constructive direction. For Verreault-Julien there should be more attention to the fact that "adoption of a specific account of explanation may also constrain what economics ends up being about" (308) and thinking more about the fit between explanatory account and economic explanandum may be necessary. For Jhun, there is "no algorithmic route from the model that provides a how-possibly explanation to the model that provides a how-actually explanation" (322) and she argues for the narrative approach of Mary Morgan and others to bridge the gap. Nagatsu's chapter 24 introduces two typologies of economic experiments—standard and extended which "reveal the different epistemic and nonepistemic interests underlying experiments in economics" (329). He uses Francesco Guala's distinction between 'the tester's tradition' (individual level) and 'the builder's tradition' (aggregate and interactive systems) and makes the case that psychology is associated with the former and economics the latter. Chapter 26 by Lehtinen and Kuorikoski addresses computer simulation in economics. It seems that simulation should be an important tool and yet it is less important than one might expect. They examine three approaches to economic simulation and suggest that methods "that can be conceptualized simply in terms of computational solutions […] are readily accepted in the mainstream methodological palette, whereas simulations that are more about directly mimicking dynamic processes […] face methodological resistance" (365). Hausman's chapter 31 examines the methodological issues connected with measuring the health improvements from medical treatments. The main points of his argument are that health cannot be directly measured, but it can be valued, and one of the primary ways to do that is to assign quantitative quality states. He discusses eight problems associated with these quantitative measures and "concludes that the quantification of health is a precarious endeavor" (434).

Overall, *The Routledge Handbook of Philosophy of Economics* is well-organized, timely, and an important contribution to the literature. There is always some unevenness among the chapters when a volume involves so many authors and so many topics, but that is inevitably the case, and the editors did a very good job keeping it as cohesive as possible. Although I appreciate the editors' desire to include chapters that were philosophically more value-oriented (ethics and political philosophy in particular) as well as the more traditional philosophy of science-based contributions, it does make the organization more difficult than it would be for a volume with a narrower philosophical focus. Readers coming from the epistemology-methodology side may not have the requisite background for the value-oriented chapters, and of course vice versa. Nonetheless, it seems to work out, and the final product is an extremely valuable contribution to the literature. My experience has been that editing a handbook, or any other anthology, is a very difficult job and one that is best thought of in satisficing, rather than optimizing, terms.

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