

Review of *Economics for real: Uskali Mäki and the place of truth in economics*, edited by Aki Lehtinen, Jaakko Kuorikoski, and Petri Ylikoski. Routledge, 2012, 282 pp.

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Uskali Mäki has been one of the major thinkers in economic methodology during the last decades and devoting a book to his philosophy of economics is a natural and appropriate step. Let me already at this stage admit that I am not really neutral about Mäki's work. On several occasions I have myself applied it to contemporary issues in economics. From my own experience I know that Mäki's ideas about realism, realisticness, isolation, commonsensibles, ontology, and so forth, have the potential to be successfully communicated to practicing economists, other social scientists and even politicians. This kind of potential is noteworthy and not common in economic methodology.

The editors have managed to put together a very interesting book (and, according to the preface, within a short time frame). The book is organized around the following four parts intended to cover Mäki's extensive philosophy of economics: isolating truth in economic models; the commonsensical basis of economics; the proper domain of economics; and rethinking realism(s). I will briefly discuss each of these parts and then conclude with some reflections on the contents and scope of the book.

Since no contribution by Mäki is included in the book, the introductory chapter plays a vital role. Aki Lehtinen provides a great overview of Mäki's work that succeeds in capturing and analyzing its dynamics and is worth reading on its own. He goes back to the early writings of Mäki in the beginning of the 1980s; covers the well-known work on isolation, commonsensibles, realisticness, and so on; and also addresses recent work such as MISS (Models as Isolations and Surrogate Systems). Lehtinen also claims that the book "should be of interest not only to philosophers of economics but also to social scientists and economists reflecting on the nature of their science" (p. 3). Obviously I agree that Mäki's work has this kind of potential. However to what

extent the book fulfills this aim is something I will return to at the end of this review.

Part I of the book, “Isolating truth in economic models”, contains five essays. Frank Hindriks analyzes how Mäki’s ‘significant-truth’ strategy (a theory can express a significant truth even if it involves falsehoods) compromises the realist ideal of true theories. From the latter perspective, Hindriks instead favors either the ‘future-truth’ strategy (falsehoods are temporary and therefore unproblematic) or the ‘truth-of-the-counterfactual’ strategy (idealizations are not to be viewed as falsehoods but as antecedents of counterfactuals). Ilkka Niiniluoto examines the relation between Mäki’s MISS, Sugden’s “credible worlds” and the concept of verisimilitude. Daniel Hausman focuses on MISS, viewing it as “clearly a hit—maybe not a home run—but definitely not a strikeout or a foul ball” (p. 81).

The final two chapters are the most fascinating. Till Grüne-Yanoff distinguishes three kinds of isolation used by Mäki over the years—essential, formal and minimal—and convincingly connects them to different phases of Mäki’s work. Jack Vromen investigates to what extent we can benefit from applying de-isolation and re-isolation when dealing with the dynamics of (theoretical) dispute and provides an intriguing case study of crowding-out versus non-standard price effects. Probably a matter of taste, but the analysis could perhaps gain by more fully adopting the formal framework proposed by Mäki (2004).

Part II, “The commonsensical basis of economics”, contains two essays. Francesco Guala examines the realism of commonsensibles, focusing on rational choice theory as well as developments in behavioral economics. Mäki’s commonsense realism is criticized as a philosophical position that tends towards behaviorism. Wade Hands looks specifically at the relation between the theory of revealed preferences and Mäki’s views on commonsensibles. Interestingly, although the case study shows that the relation is problematic, in the end Hands’s analysis offers support for Mäki’s general work on realism in economics.

Part III, “The proper domain of economics”, contains two essays. Don Ross criticizes Mäki’s philosophy of economics, focusing on the interaction between economics, psychology, and neuroscience. He illuminates the differences between commonsensibles and the economic conception of choice. According to Ross, applying Mäki’s philosophy of economics leads to a misidentification of the scope of economics. It is a provocative and interesting chapter. However, the

argumentation is sometimes unnecessarily complicated and I am not convinced by its analysis and conclusions.

I agree with Ross that Mäki's views on neuroeconomics can be further developed, especially by developing relations with his earlier work. But Ross also argues that "the economic conception of choice, unlike the psychological conception, is an intrinsically abstract one that is not derived from a Mäkian commonsensible" (p. 191). This view of economic choice puzzles me. For me a typical economic choice involves strategic interaction in one way or another (although there are other kinds of choices as well). But cannot theories of strategic interaction be connected to commonsensibles? In the early 1980s more or less the whole population of Sweden was made aware of the basic issues in the development of cartels by watching the soap opera *Dallas*. In fact, I am quite confident that the theory of cartels in microeconomics is just rearrangements and modifications of those commonsense views. Regarding how choice is understood in economics compared to psychology, I also wonder how bridging approaches such as work on dual processes by Stanovich and West (2000), combining analytical and intuitive reasoning, would affect the analysis.

John Davis investigates the results of applying Mäki's ideas about economic expansionism and imperialism to recent developments in economics. Basically we get a blurry picture with different economics research programs drawing on other fields and disciplines. Some research programs are rivals, others are just parallel. We also have expansionism and imperialism within the discipline of economics. This is a rewarding chapter, and given the popularity of interdisciplinarity today this kind of analysis will be important in the future development of the philosophy of economics.

Part IV, "Rethinking realism(s)", contains three essays. Kevin Hoover's point of departure is the methodological views of econometricians. In order to understand this, Hoover suggests applying Giere's perspective realism (complemented with Pierce's pragmatism). Taking the methodological views of practicing economists as a starting point for analysis is an approach I find fascinating. Jesús Zamora-Bonilla takes on the rhetoric versus realism debate between Mäki and Deirdre McCloskey through a formal approach that represents it as a persuasion game. The last chapter is a favorite of mine. Jaakko Kuorikoski and Petri Ylikoski compare how Tony Lawson and Mäki approach realism. This is an exciting chapter, revealing the

difficulties in applying critical realism but also clarifying its advantages. A part of me thinks it is too bad that the book could not include contributions by McCloskey and Lawson themselves. At the same time, one must be realistic (!), and these chapters do a good job.

Let me end with two reflections. The first concerns the absence of any contribution by Mäki himself. I think it is a good choice not to incorporate comments or any end chapter by the subject of a book since it can change the focus too much. But some interview or career reflecting chapter would have been nice, and we have some recent examples of that (e.g., Mäki 2008; 2009).

The second remark is that I would prefer to see more on the application of Mäki's work. With the exception of the chapters by Davis, Hands, and Vromen, there is a clear emphasis on philosophical perspectives in the book. Work like "Theoretical isolation in contract theory" by Kirsten Foss and Nicolai Foss (2000), the best example of applying Mäki's work in economic analysis that I know of, is invaluable in reaching out to reflecting economists (in that case, those interested in contract theory and entrepreneurship). Thus, although I believe that this book is very interesting and important, I do not believe it will succeed in reaching reflecting economists.

It would also have been interesting to address how Mäki's views about applying his work have developed over the years. In the realism debate with Hausman, Mäki once said: "my experience has been that not all the concepts and ideas needed can be found in philosophy; one has to make up a few" (Mäki 2000, 110). This quote was important to me when I started doing applied economic methodology. I interpreted it as saying that economic methodology was not just applying contemporary philosophy of science to economics. And that if you want to reach practicing economists some flexibility is preferable. But I am not sure if that quote and this interpretation still apply today.

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