Part 6

Miscellaneous Essays

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Was Milton Friedman a Causal Realist?

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When I discovered the Austrian school of economics back in 2008 as an undergraduate student at Humboldt University in Berlin, my journey started with Hayek. For obvious reasons I was interested in the theory of business cycles. There was a lecture series—a *Ringvorlesung*—on the various explanations of the financial crisis held at our department. One of our professors was very fond of Hayek. Another one, more a Keynesian, would at least refer to Hayek from time to time. With a thoughtful look, he once said in one of his lectures: “Maybe he was right after all.” From Hayek’s early work of the 1920s and 30s on economic crises, I quickly made my way to Mises and Rothbard. I was deeply impressed by their masterpieces *Human Action* and *Man, Economy, and State*.[[1]](#footnote-1) They were entirely different from the economics I have learned in the lecture halls and the assigned university textbooks.

There was no doubt in my mind that the defining characteristic of the Austrian approach is one of method. But is it the right one? Not all modern “Austrians” agree. Some would not even ask the question of what the right method is. They would say it is a mistake to stick too firmly to one specific methodology. There should be a “methodological pluralism.” Others criticize or even ridicule the praxeological approach of Mises and Rothbard as too dogmatic and unscientific. I was not convinced by the critics’ arguments. But was I convinced of praxeology? What, if not praxeology, makes Austrian economics stand out?

Mises himself wrote on methodology, most notably in *Theory and History* and *The Ultimate Foundation of Economic Science*.[[2]](#footnote-2) I found these books fascinating, but it was only through reading a particular book by Professor Hoppe that I became ultimately convinced that the Austrian approach is the way to go. It was his *Kritik der kausalwissenschaftlichen Sozialforschung*.[[3]](#footnote-3) I discovered the book towards the end of my master studies. I was reading Applied Statistics at the University of Oxford. There I was, having made my way from the most revered to the most reviled representative of the Austrian school: from Hayek to Hoppe.

I decided then to pursue doctoral studies in economics and Professor Hoppe’s work on the methodology of the social sciences has guided me. As a young wannabe scholar entering the field, it did not take long for me to understand that you are allowed to make and build upon Professor Hoppe’s arguments. You are just not supposed to quote him favorably in certain circles. Just pretend you base your analysis on the Lucas Critique, and you are good to go. If people were to assess Robert Lucas’s paper from 1976 and Professor Hoppe’s book from 1983 with an open mind, they would realize that Professor Hoppe made a much deeper argument with stronger implications. In my view, he made the more important argument. One is worth a Nobel Prize; the other is not supposed to be quoted. Academia can be terribly petty.

Very few contemporary writers on the methodology of the social sciences have made contributions comparable in significance to those of Professor Hoppe. And even fewer share his sharp and clear analytical style. In what follows, I will dissect a prime example of what could be considered a “muddleheaded” argument by two of the leading authors in economic methodology.

**I. Introduction**

Positivism and instrumentalism as epistemological and methodological positions have had a transformative impact on economics in the 20th century, and they are closely intertwined. Positivism has been one of the driving forces of the instrumentalist take on economic theory.[[4]](#footnote-4) According to the latter, economic theories and models are first and foremost tools for generating empirical-quantitative predictions about the future state of the economy, often to guide economic policies and regulations. The accuracy of predictions, albeit never perfect over extended periods of time, becomes the ultimate test of a model or a theory. Roughly speaking, this view was sparked by the core postulates of modern  
econometrics as first espoused by Ragnar Frisch and reinforced to become one of the dominant positions by Friedman‘s *Methodology of Positive economics*.[[5]](#footnote-5) This text, for short F53, has remained the object of many critical and occasionally controversial discussions in economic methodology to this day.

Despite the existence of a dominant strand, modern economics has never been a field of widespread agreement, or even consensus, on fundamental questions of methodology. Unexplained and unforeseen real-world economic calamities have often induced intellectual efforts to question and discuss the relative merits of dominant over neglected approaches. Such discussions also take place today. Various recent publications that provide introductions to heterodox approaches can be seen as evidence.[[6]](#footnote-6)

The growing interest in alternative views over the past years has also triggered some discussions on the foundations of economics. Within the methodological literature we can observe a shift away from scientific instrumentalism and practical questions concerning the *what, where*, and *when* of economic phenomena, towards scientific realism and questions concerning the *why* and *how*. It has been pointed out that “many different faces of ‘realism’ are now emerging within the methodological literature.”[[7]](#footnote-7) A closer look certainly confirms this claim. Given this development, it is indispensable to maintain terminological clarity and to highlight important substantive differences between diverging positions. The aim of this article is primarily to serve this purpose.

Since the 1990s it has been argued that Friedman’s methodology contains realist elements.[[8]](#footnote-8) These arguments are mostly related to Friedman’s methodology in practice as opposed to his stated methodology, or they build on his declared methodological affinity to Alfred Marshall.[[9]](#footnote-9) More recently, however, Kevin Hoover and Uskali Mäki have argued that one can interpret Friedman’s famous essay (F53) itself as a representation of realism, or even causal realism.[[10]](#footnote-10) This reinterpretation is a grave misrepresentation and in what follows we will argue against it.

For this purpose, it is important to first explain as accurately as necessary what lies behind the terms *realism* and *causal realism*. Without aiming at a comprehensive treatment, we will then show that Friedman’s stated methodological views cannot be put under these labels without causing serious terminological confusion. Friedman’s stated methodological stance is better seen as an example of scientific instrumentalism as forcefully argued in various earlier contributions.[[11]](#footnote-11) Moreover, we show that Uskali Mäki’s earlier work on scientific realism in connection to Austrian economics cannot easily be reconciled with his more recent writings on the alleged realism of F53.

**II. Causal Realism in Economics**

There are evidently many different philosophical doctrines that are called realist, and not only are there differences in degree, but also in kind.[[12]](#footnote-12) We cannot flesh out the various forms of realism in much detail. The following discussion will focus only on the important elements for the question at hand and must thus necessarily remain fragmentary.

Two of the unifying elements in realist positions are claims to *existence* and *independence*. This means that the objects of a subject matter are considered to exist, being in some sense real, having certain properties, and that they do so independently of how we talk and think about them, or how we conceptualize them.

Realist positions on aspects and objects of the external physical world may seem very common. These, however, are not the defining parts of the subject matter of economics. Economics is concerned with elements of what might be called the internal or mental world, namely, with the common-sense notions of human choice and action. The aim of the instrumentalist approach to economics is to predict the consequences of choices and actions, at least on an aggregated level, based on observable variables. It tries to reduce choice and action to configurations of external factors. It is reductionist in this sense. One could argue that it does not, within the framework of economic theories and models, leave room for choice and action to exist in a more meaningful sense than as the reflexive behavior of human beings in response to measurable data.

The traditional opponent of instrumentalism is realism. There are, according to Mäki, two schools of economic thought that “are obviously amenable to realist interpretation and reconstruction,” namely, the Marxian and the Austrian.[[13]](#footnote-13) It needs to be emphasized, however, that the non-Marxian realist tradition in economics is broader than merely Austrian. And it is also older. During the time of classical economics and even before, there are many writers that would fall in this tradition.[[14]](#footnote-14)

However, in modern economics, which is where our focus lies, the realist tradition is predominantly held up by Austrians and most notably by Ludwig von Mises and his intellectual followers. Mises has devoted more time and effort than most other economists to clarifying the relation between economic theory and social reality. In the first chapter of *Human Action* he states: “The main question that economics is bound to answer is what the relation of its statements is to the reality of human action whose mental grasp is the objective of economic studies” (p. 6). The reality of human action is taken as a given.

In another early piece on the topic, Mäki argues that although Austrian economics has been seen as a bit more realistic than neoclassical economics, it is still seen as being “on the ‘unrealistic’ side of the dividing line, at least when compared to American institutionalism or to Menger’s actual opponent, German historicism.” He further clarifies that “these sorts of assessment seem to be rooted deep in ordinary economists’ unreflected intuitions” and sets out “to show that a case can be made for Austrian theories being realistic in a very ambitious sense and that therefore a radically realist view of Austrian economics is defensible.”[[15]](#footnote-15) We share this position.

 Human choice and action are given a central position in Austrian economics. This has been seen as a unique feature by Mises: “What distinguishes the Austrian School and will lend it immortal fame is precisely the fact that it created a theory of economic action and not of economic equilibrium or non-action.”[[16]](#footnote-16) In other words, the concept of action is what Austrian economics seeks to *explain*, not in the sense of predicting action and its observable effects or identifying its material causes but analyzing what is logically implied in it. This includes adopting related concepts, such as purposes, means, ends, preferences and values in their relation to action and their subjective nature. Mäki (1990b, p. 315) explains how these concepts fit into a realist position:

Austrians characterize an essential element in their approach as ‘subjectivism’, and the import of this is simply that reference to mental entities such as valuations, purposes and expectations of human individuals should have a prominent role in economic theories and explanations.

Consequently, the relevant version of scientific realism should allow mental entities to exist as scientific objects. To exist in what sense? Clearly, we have to put aside those versions of realism which specify the concept of existence merely in terms of externality or independence with respect to the human mind. Mental entities - unlike material entities - do not exist externally to and independently of human minds. We can, however, say that purposes, expectations, etc. of economic agents may exist objectively, that is, independently of and unconstituted by economists‘ beliefs about them. Thus, it is the notion of existence as objective existence which should be part of the relevant version of scientific realism.[[17]](#footnote-17)

The fundamental components of economic theory are considered to have objective existence. However, they are far from being completely explained based on material factors, and hence are not observable empirically in an encompassing sense. Some of their consequences, i.e. material effects, are observable, but a causal explanation of the latter presupposes an understanding of the meaning of action and related concepts. According to Austrian economics, these concepts are a *priori*.[[18]](#footnote-18) Action as such is not observable. Only the rearrangement and transformation of matter in the external world that it causes is. Abstract propositions that relate to human action in general are thus not testable empirically, which is not to say that there is no way of evaluating their truth claims.

They are arrived at by logical deduction from the self-evidently true or common-sensical proposition that humans act, that is, they purposefully employ means to attain chosen ends, and certain auxiliary assumptions. The truth claim of a theoretical proposition is then evaluated on the basis of the logical consistency of the chain of reasoning that leads to it. The proposition is applicable whenever and wherever the auxiliary assumptions are an accurate description of reality.

Strictly speaking, what Austrians assert when it comes to methodology is not that all their theoretical utterances are irrefutably true, but rather that there are objective truths to be discovered about the unobservable common-sense concepts that constitute the subject matter of economics, that finding these truths is the primary goal of economics, that our theoretical proposition should and in principle can conform to these truths, and that these truths are independent of how we think about them.

One central difference to the modern instrumentalist position lies in the use of assumptions or abstractions. Both approaches, as any scientific procedure, require abstractions, but they are of a very different kind. The instrumentalist-positivist position regards accurate empirical prediction as the highest goal of economic theory and modeling. Any assumption that is deemed conducive to this goal is acceptable. Modern DSGE modeling, for example, assumes specific forms of utility functions and inputs to these functions that determine consumer welfare and quantifiable optimal behavior, etc. In other words, the numerous factors potentially influencing the agents’ preferences and behavior are either assumed away or assumed to have precise, quantifiable and measurable form. After all, whether these assumptions are realistic or not is irrelevant. They serve the purpose of formulating testable quantitative-empirical predictions about agents’ behavior and market outcomes. This type of abstraction is called *precisive*.

A realist approach, too, as exemplified here by Austrian economics, requires abstraction. Yet, our lack of knowledge about the causes of action and the driving forces behind preferences, utility, or expectations, is not filled by precise and unrealistic assumptions or simply disregarded for the purpose of economic model building. It is explicitly acknowledged in taking human action and choice as an “ultimate given” (Mises 1998, pp. 17ff.), not to be traced back to its causal factors, at least not in the field of economics. Instead of giving action a precise shape of unrealistic specifications, it is made the cornerstone of economic theory in its general and abstract form. This type of abstraction is *nonprecisive*.  Roderick Long describes the distinction as follows: “In short, a precisive abstraction is one in which certain actual characteristics are *specified as absent*, while a nonprecisive abstraction is one in which certain actual characteristics are *absent from specification*.”[[19]](#footnote-19)

Nonprecisive abstractions are characteristic of the realist approach to economics. Theoretical economics in the sense of Mises (1998) takes a nonprecisive abstraction of action to be the logical starting point from which to analyze all economic phenomena: “The starting point [...] is not a choice of axioms and a decision about methods of procedure, but reflection about the essence of action” (p. 39). The primary goal is thus a cognitive one, namely that of finding truth about the subject matter, and not merely a practical one, such as empirical prediction.

The theoretical science of economics in Mises’s view is thus occupied with the *essence* or the *universal*, that is, the time-and-place invariant, aspects of human action. Economic history, while always employing economic theory, uses additional methods of inquiry to analyze the particular, time-and-place contingent, circumstances of human action. This also involves empirical-quantitative methods,   
statistics, and econometrics.

Moreover, individual human action and subjective valuation are always taken to be the *causes* of the phenomena to be explained by economic theory. The importance of cause-and-effect analysis in understanding economic phenomena, and all other phenomena for that matter, is reflected in the very first sentence of Menger’s *Principles*: “All things are subject to the law of cause and effect.” Indeed, the cause-and-effect analysis of the Austrian school stays in stark contrast to mutual determination in systems of simultaneous equations, characteristic of the Walrasian neoclassical approach. As Stigler in criticizing the causal-realist theory of price formation developed by Böhm-Bawerk claimed: “Mutual determination is spurned for the older concept of cause and effect” (as cited in Rothbard 2009, p. 327). In other words, neoclassical economics tries to do without cause-and-effect analysis. Hence, one might adopt the more precise attribute *causal-realist* instead of merely *realist* to describe the methodological stance of the Austrian school.[[20]](#footnote-20)

**III. Was Milton Friedman a Causal Realist?**

A recent argument merits some critical reflection. While Uskali Mäki has persuasively argued that Austrian economics stands in the tradition of philosophical realism, he has also recently suggested that Milton Friedman’s methodological essay (F53) can be interpreted as a realist statement, although this, in Mäki‘s own words, might require some “rereading” and in fact “rewriting” of F53. Mäki describes his attempt as follows:

To the extent that my *rereading* fails to be a matter of unbiased discovery of what is already there, hidden in the text of F53, it can also be taken as a project of *rewriting* the essay. It is a matter of rewriting by selection and correction so as to eliminate its flaws and to make it more agreeable to a variety of audiences. On this rereading (or rewriting) F53 emerges as a realist (rather than instrumentalist) manifesto with strong fallibilist and social constructivist sensitivities (in contrast to standard textbook positivism).[[21]](#footnote-21)

We suggest that we stick to what Friedman wrote himself, although rewriting his essay might render things more entertaining at times.

Hoover echoes Mäki’s interpretation of Friedman and concludes that the text “is best read as advocating causal realism.”[[22]](#footnote-22) The standard interpretation is obviously in conflict with these controversial claims.[[23]](#footnote-23) Friedman’s essay is commonly seen as a driving force behind the formalist revolution of new classical economics. This thesis is based on the more common interpretation of Friedman as an advocate of methodological instrumentalism. He is neither concerned with the realism of underlying assumptions, nor the real existence of central concepts of a theory, nor the truth of theoretical propositions. Mäki acknowledges that “[t]he instrumentalist interpretation of F53 used to be the dominant one” and suggests that it nonetheless “may have to give way to a diametrically opposing realist reading.”[[24]](#footnote-24) In his article he concludes:

I have reread F53 by focusing on a selected set of ambiguities that open up opportunities for reinterpretation. I have exploited these opportunities by highlighting the partly hidden realism in F53‘s conception of economic science. On this basis, F53 could be rewritten as an unambiguous and consistent realist manifesto. It conveys a methodology of economics that conforms to the tradition of viewing theories or models as partial but potentially true descriptions of causally significant mechanisms. Their primary service is to convey explanatory understanding (answers to why- and how-questions) and only secondarily to yield predictions (answers to what-, when-, and where-questions).[[25]](#footnote-25)

Sure enough, if it were possible to literally rewrite Friedman’s text, we could make it a manifesto of whatever is desired. Alternatively, one can stretch definitions. As pointed out above, there are different kinds of realism, and Mäki would probably not argue that Friedman falls into the same camp as the Austrians. At the very least it would have to be a different type of realism. So, one might simply blame it on semantic divergences. Yet, it is rather difficult to convince oneself of the alleged secondary role of empirical prediction in Friedman’s stated methodology after a disinterested reading and interpretation of his essay, not based on its “ambiguities” but on what he explicitly states.

Friedman (F53, p. 7) writes, for example, that it is the “ultimate goal of a positive science” to develop “a ‘theory’ or ‘hypothesis’ that yields valid and meaningful (i.e., not truistic) predictions about phenomena not yet observed.” For him it is a “fundamental methodological principle that a hypothesis can be tested only by the conformity of its implications or predictions with observable phenomena” (p. 40). Moreover, he claims that, with respect to the criterion of accurate prediction, as a general rule “the more significant a theory, the more unrealistic the assumptions” (p. 14). These passages must have been subject to rewriting in Mäki’s account. For someone reading the original text of F53, it can hardly be overlooked that Friedman is not concerned with the cognitive goal of finding truth about the subject matter of economics. As Hausman argues, he can be considered a “contextualist instrumentalist”[[26]](#footnote-26) who is for the most part agnostic about the truth or falsehood of theoretical statements involving unobservables.

Friedman very openly declares empirical prediction to be the only relevant benchmark for the assessment of models, which Mäki does in fact acknowledge, but he squares this view with a “realist” position by simply reducing the meaning of realistic assumptions, or what he calls “approximate truth of assumptions” (p. 95), to precisely their predictive performance. He clarifies that “one is advised [by Friedman] to pay attention” to the assumption’s “actual degree of realisticness and to judge whether it is sufficiently high for the purposes at hand.”[[27]](#footnote-27) And the purpose is empirical prediction. Anybody, who feels so inclined, is of course free to choose and can call this a “realist” position. After all, it focuses exclusively on what is observable, measurable, and hence existent in the material world. However, this must be regarded as a rather confusing use of language, given the traditional meaning of realism and the subject matter of economics, which does involve unobservable common-sense notions, such as choice and action.

F53 lines out an empiricist or positivist position, and more precisely, an instrumentalist-positivist position. The feasibility of empirical prediction as a benchmark for evaluating theories and models could only emerge as a corollary to an actual understanding of the nature of the subject matter. But Friedman simply declared prediction to be the primary goal and quality benchmark of economic theory without any reflection on its actual subject matter. The assumptions on which a theory or model is based are supposed to serve this purpose. And Mäki defines their “realisticness” or approximate truth very pragmatically by how well they do.

 Hoover acknowledges that Friedman’s essay “was a contributing cause in the suppression of causal language in economics.” He shows in his article that Friedman barely ever mentions the terms “cause” and “causal” although he uses some words that can be regarded as synonymous. Friedman himself stated that he tries to avoid the term “cause” for being “tricky and unsatisfactory.”[[28]](#footnote-28) This should not come as a surprise, since, strictly speaking, there is no way of identifying causal relationships in the social sciences based on empirical analysis. This is widely accepted despite the use of misleading terms like *Granger causality*, which really boils down to an assessment of predictive power of one variable for another over a specific historical period. Unless one wants to reduce the meaning of causality in Humean spirit to empirical prediction, the predicate “causal-realist” for Friedman’s stated methodology is even more misleading than a mere “realist.”

 It thus needs to be emphasized, for the purpose of terminological clarity, that Friedman’s position, and by extension the methodological basis of instrumentalist-positivist economics, is very distinct from what Mäki referred to as realist in his earlier writings, and what others have referred to as causal-realist. Austrian economics might, seem extraordinary, given the dominance of positivism. A more hostile interpretation calls it “cranky and idiosyncratic.”[[29]](#footnote-29) However, plagiarizing Shakespeare, one might confer that there is a method to this madness. The idiosyncrasy of the Austrian school is partly due to its thoroughly realist stance, which at least to that degree is rather exceptional in modern economics.

**IV. Conclusion**

For the discussion of underlying methodological and epistemological views in economics it is of utmost importance to maintain terminological clarity. Stretching the definitions of terms beyond recognition should be avoided and, if encountered, be corrected. Subsuming Milton Friedman’s stated methodology of positive economics under the umbrella of causal realism is such a case. His methodology is better seen as one of the primary expositions of the instrumentalist position in 20th century economics, that is, the opposite of a realist stance.

1. “Ludwig von Mises, *Human Action: A Treatise on Economics*, Scholar’s ed. (Auburn, Ala: Mises Institute, 1998; https://mises.org/library/human-action-0); “Murray N. Rothbard, *Man, Economy, and State, with Power and Market*, Scholars ed., 2d ed. (Auburn, Ala.: Mises Institute, 2009; https://mises.org/library/man-economy-and-state-power-and-market). [↑](#footnote-ref-1)
2. Ludwig von Mises, *Theory and History: An Interpretation of Social and Economic Evolution* (Auburn, Ala.: Mises Institute, 2007 [1957]; https://mises.org/library/theory-and-history-interpretation-social-and-economic-evolution); *idem, The Ultimate Foundation of Economic Science: An Essay on Method* (Princeton, N.J.: D. Van Nostrand Company, Inc., 1962; https://mises.org/library/ultimate-foundation-economic-science). [↑](#footnote-ref-2)
3. Hans-Hermann Hoppe, *Kritik der kausalwissenschaftlichen Sozialforschung: Untersuchungen zu Grundlegung der Soziologie und Ökonomie* (Opladen: Westdeutscher Verlag, 1983; www.hanshoppe.com/german). [↑](#footnote-ref-3)
4. See Daniel M. Hausman, “Problems with Realism in Economics,” *Economics and Philosophy* 14 (2) (1998): 185–213. He lists empiricist epistemology or positivism as one of three sources of instrumentalism. The other two sources are American pragmatism and pessimism “about making literal sense of particular successful scientific theories” (p. 187). [↑](#footnote-ref-4)
5. Ragnar Frisch, “Sur un problème d’économie pure,” *Norsk Matematisk Forenings Skrifter* Series 1 (16) (1926): 1–40; Milton Friedman, “The Methodology of Positive Economics,” in *Essays in Positive Economics* (Chicago and London: The University of Chicago Press, 1953), pp. 3–43. [↑](#footnote-ref-5)
6. Fischer, Liliann et al., eds. *Rethinking Economics: An Introduction to Pluralist Economics*  
   (London and New York: Routledge, 2018); Edward Fullbrook, ed., Pluralist Economics (London and New York: Zed Books, 2013). [↑](#footnote-ref-6)
7. D. Wade Hands, “Economic Methodology Is Dead—Long Live Economic Methodology: Thirteen Theses on the New Economic Methodology,” *Journal of Economic Methodology* 8 (1) (2001): 49–63. [↑](#footnote-ref-7)
8. J. Daniel Hammond, “Realism in Friedman’s Essays in Positive Economics,” in D.E. Moggridge, ed., *Perspectives on the History of Economic Thought*, Vol. 4 (Aldershot: Edward Elgar; 1990); *idem*, *Theory and Measurement: Causality Issues in Milton Friedman’s Monetary Economics* (Cambridge, MA: Cambridge University Press, 1996); Abraham Hirsch and Neil De Marchi, Milton Friedman: Economics in Theory and Practice (Hertfordshire: Harvester Wheatsheaf, 1990); Tony Lawson, “Realism, Closed Systems and Friedman,” *Research in the History of Economic Thought and Methodology* 10 (1992): 149–69. [↑](#footnote-ref-8)
9. Edward Mariyani-Squire, “Milton Friedman’s Causal Realist Stance?”, *Oxford Economic Papers* 17 (3) (2018): 719–40. [↑](#footnote-ref-9)
10. Uskali Mäki, “The Methodology of Positive Economics’ (1953) Does Not Give Us the Methodology of Positive Economics,” *Journal of Economic Methodology* 10 (4) (2003): 495–505; idem, “Unrealistic Assumptions and Unnecessary Confusions: Rereading and Rewriting F53 as a Realist Statement,” in *The Methodology of Positive Economics: Reflections on the Milton Friedman Legacy*, Uskali Mäki, ed. (Cambridge: Cambridge University Press, 2009), pp. 90–116; and in the same volume, see Kevin D. Hoover, “Milton Friedman’s Stance: The Methodology of Causal Realism,” 303–20. [↑](#footnote-ref-10)
11. Stanley Wong, “The ‘F-Twist’ and the Methodology of Paul Samuelson,” *American Economic Review* 63 (3) (1973): 312–25; Lawrence A. Boland, “A Critique of Friedman’s Critics,” *Journal of Economic Literature* 17 (2) (1979): 503–22. [↑](#footnote-ref-11)
12. Alexander Miller, “Realism,” in Edward N. Zalta, ed., *The Stanford Encyclopedia of Philosophy* (2016). Miller writes in his introduction: “Although it would be possible to accept (or reject) realism across the board, it is more common for philosophers to be selectively realist or non-realist about various topics: thus it would be perfectly possible to be a realist about the everyday world of macroscopic objects and their properties, but a non-realist about aesthetic and moral value. In addition, it is misleading to think that there is a straightforward and clear-cut choice between being a realist and a non-realist about a particular subject matter. It is rather the case that one can be more-or-less realist about a particular subject matter. Also, there are many different forms that realism and non-realism can take.” [↑](#footnote-ref-12)
13. Uskali Mäki, “Scientific Realism and Austrian Explanation,” *Review of Political Economy* 2 (3) (1990): 310–44. [↑](#footnote-ref-13)
14. See for example Murray N. Rothbard, *Economic Thought Before Adam Smith: An Austrian Perspective on the History of Economic Thought Volume I* and *Classical Economics: An Austrian Perspective on the History of Economic Thought Volume II* (Auburn, AL: Ludwig von Mises Institute, 2006). [↑](#footnote-ref-14)
15. Uskali Mäki, “Mengerian Economics in Realist Perspective,” *History of Political Economy* 22 (Annual Suppl., 1990): 289–310. [↑](#footnote-ref-15)
16. Ludwig von Mises, *Notes and Recollections: With the Historical Setting of the Austrian School of Economics*, Bettina Bien Greaves, ed. (Indianapolis: Liberty Fund, 2013). [↑](#footnote-ref-16)
17. Mäki, “Scientific Realism and Austrian Explanation,” p. 315. [↑](#footnote-ref-17)
18. Hans-Hermann Hoppe*, Economic Science and the Austrian Method* (Auburn, AL: Ludwig von Mises Institute, 1995; www.hanshoppe.com/esam). [↑](#footnote-ref-18)
19. Roderick T. Long, “Realism and Abstraction in Economics: Aristotle and Mises versus Friedman*,” The Quarterly Journal of Austrian Economics* 9 (3) (2006): 3–23. The distinction between precisive and nonprecisive abstractions goes back to Aristotelian philosophy which had an important impact on Austrian economics through the Viennese philosopher Franz Brentano. On this see Barry Smith, *Austrian Philosophy: The Legacy of Franz Brentano* (Open Court, 1994). [↑](#footnote-ref-19)
20. Peter G. Klein, “Foreword,” in Carl Menger’s *Principles of Economics*, (Auburn, AL: Ludwig von Mises Institute, 2006), pp. 7–10; idem, “The Mundane Economics of the Austrian School,” *The Quarterly Journal of Austrian Economics* 11 (3) (2008): 165–87. [↑](#footnote-ref-20)
21. Mäki,“Unrealistic Assumptions and Unnecessary Confusions: Rereading and Rewriting F53 as a Realist Statement,” p. 91. [↑](#footnote-ref-21)
22. Hoover, “Milton Friedman’s Stance,” p. 319. [↑](#footnote-ref-22)
23. Terence W. Hutchison, *Changing Aims in Economics* (Oxford: Blackwell Publishing Ltd, 1992); *idem*, *On the Methodology of Economics and the Formalist Revolution* (Cheltenham: Edward Elgar, 2000); Mark Blaug, *“Is There Really Progress in Economics?”,* in S. Boehm, C. Gehrke, H. D. Kurz, and R. Sturn, eds., Is There Progress in Economics? (Cheltenham: Edward Elgar, 2002); *idem*, “Ugly Currents in Modern Economics,” in *Fact and Fiction in Economics: Models, Realism, and Social Construction*, Uskali Mäki, ed. (Cambridge: Cambridge University Press, 2002). [↑](#footnote-ref-23)
24. Uskali Mäki, “Reading the Methodological Essay in Twentieth-Century Economics: Map of Multiple Perspectives,” in Uskali Mäki, ed., The Methodology of Positive Economics: Reflections on the Milton Friedman Legacy (Cambridge: Cambridge University Press, 2009), pp. 47–67. [↑](#footnote-ref-24)
25. Mäki, “Unrealistic Assumptions and Unnecessary Confusions: Rereading and Rewriting F53 as a Realist Statement,” p. 113. [↑](#footnote-ref-25)
26. Hausman, “Problems with Realism in Economics,” p. 189. [↑](#footnote-ref-26)
27. Mäki,“Unrealistic Assumptions and Unnecessary Confusions: Rereading and Rewriting F53 as a Realist Statement,” p. 95. [↑](#footnote-ref-27)
28. Hoover, “Milton Friedman’s Stance,” p. 319. [↑](#footnote-ref-28)
29. Mark Blaug, *The Methodology of Economics* (Cambridge, MA: Cambridge University Press, 1980). In a passage that Professor Hoppe himself referred to in his writings, Blaug commented on Mises’s methodological position as follows: “His writings on the foundations of economic science are so cranky and idiosyncratic that one can only wonder that they have been taken seriously by anyone” (p. 93). [↑](#footnote-ref-29)