
Forms of Life and Horses for Courses: Introductory Remarks

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'Don't ask for the meaning, ask
for the use'

- Ludwig Wittgenstein

Abstract

The object of the paper is to discuss Geoff Harcourt's 'Horses for Courses Approach' (HCA) to economics in conjunction with Wittgenstein's concept of 'Forms of Life'. It addresses the problems of coherence and arbitrariness in post-Keynesian thought, suggesting the HCA as an explanation for coherence among diversity of practices and activities. The coherence is found not at the level of substantive or methodological elements but at a philosophical level. A Wittgensteinian reading of the HCA suggests the argument that theories are different not because they are incoherent but because theories express elements comprised of different activities and contexts.

1. Introduction

I have called this paper 'Forms of Life and Horses for Courses' because it aims to examine Geoff Harcourt's proposal for a 'Horses for Courses Approach' to economics in conjunction with Wittgenstein's concept of 'Forms of Life'. Interest in this relation has been motivated by the aspiration to provide a philosophically informed account of post-Keynesian theory based on a common sense notion of reality. Emphasis is put on the idea that the whole criticism of

post-Keynesian economics as an arbitrary, incoherent and *ad hoc* group of theories must be reassessed in the light of its attempts to understand social reality from the perspective of the notion of efficient discourse. The main purpose of this paper is to suggest that Harcourt's 'Horses for Courses Approach' is a possible solution to the problem of coherence and arbitrariness in post-Keynesian economics because it could provide a foundation and a justification for the practices and analytical procedures which are so characteristic of post-Keynesianism.

The paper is organised into three parts. The first part discusses the meaning of 'Horses for Courses', stressing its importance for post-Keynesian thought. The second part examines the problems of coherence and arbitrariness in post-Keynesian Thought, emphasising how these shortcomings might constitute an obstacle to the contemporary and future relevance of post-Keynesianism. The third part outlines Wittgenstein's notion of 'Forms of Life' and its significance for social philosophy and economics. It suggests that Harcourt's notion of 'Horses for Courses' can be interpreted as an analogous discourse to Wittgenstein's notion of 'Forms of Life' since both discourses are based on a pragmatic understanding of common sense knowledge, according to which we organise our ideas about social reality.

2. The 'Horses for Courses' approach

Harcourt (1985) sees post-Keynesianism as a simultaneous expression of similarities² and differences among different strands. It is in the context of similarities, referring to Riach's qualification of the thesis that 'higher real wages cause unemployment' in the Australian case, that Harcourt mentions - I believe for the first time- the 'Horses for Courses Approach' (hereafter HCA). In his words:

Riach's approach reflects the 'horses for courses' approach of post-Keynesian theory - a number of outcomes are possible, depending upon concrete situations and circumstances, rather than the simple, slightly dogmatic, views which follow from the universalist nature of much modern neoclassical theory- the sort of theory which allows people to give advice as they step off the plane, as Eric Russell used to put it. (Harcourt, 1985, p.138-9)

Note how the 'horses for courses approach of post-Keynesian theory' is intimately related to the use of economic theory (whatever that theory might be). There is a practical constraint associated with the translation of general theoretical information into a particular theoretical setting. The basic postulate here is of a proper theorisation, that is, a theorisation based on the context of a given situation. He contrasts this approach to 'the universalist nature of much modern neoclassical theory' which is unable to provide this necessary contextualisation of theory according to different settings. In this context, the sort of (internal) coherence provided by context-adaptation seems to have priority over the (external) coherence among different strands of post-Keynesianism - as long as they obey the context-adaptation 'rule'.

Subsequently, Hamouda and Harcourt (1988/1992) put forward the HCA as a direct answer to the problem of coherence among different strands in post-Keynesian economics. Because they consider that (1988/1992, p.230) any attempt 'to synthesise the strands in order to see whether a coherent whole emerges' is a 'misplaced exercise', they had to provide another principle of (external) coherence among the different post-Keynesian strands that would do the job that a complete framework does for mainstream theory. The HCA is this principle of coherence. In this case, the HCA was not limited to the issue of a proper theorisation, as in Harcourt (1985), but it was extended to the coordination of different ways of tackling issues in economics, which includes i) the different nature of different issues and ii) the different levels of abstraction involved in different theoretical purposes. As they put it:

Thus post-Keynesian theory is holistic in terms of world view, not in terms of technique. It is the policy problem which determines the choice of method and technique - the neo-Ricardians may be an exception. In mainstream theory the technique tends to determine what problems may be addressed. (Harcourt and Hamouda, (1988/1992, p.232, n. 17)

Although it seems that some neo-Ricardians would not qualify as post-Keynesians due to their support for a deductivist methodology, they are included in this group for their historical rather than analytical importance. Yet, it should be borne in mind that they illustrate well an important point of the HCA, that is, that some issues in economics are compatible with a high degree of abstraction.

Now, the important point is that according to the HCA, it is the *use* of economic theory that influences the way in which techniques

are chosen. From this perspective, economics is seen as a scientific tool and not as a way of producing science for science's sake. The conflict between a technique-laden option and a reality-laden option in the choice of subject emerges from the belief that the exercise of judgement and discretionary reasoning is important to the act of theory building. From what Hamouda and Harcourt tell us above, it seems that the HCA resembles abductive inference, which is a process of interpretative inference from data.³ Abduction can be restricted to the hypothesis-generation phase, but it can also be applied to the whole process of generation, criticism and acceptance of explanatory hypotheses as well. Little more than that is discussed in these early statements of the HCA. These statements are a complementary (and I would say minor) device used first to refer to the importance of contextualising theoretical knowledge and second to establish a principle of unification among different post-Keynesian strands.

A more complete picture of the HCA comes with Harcourt (1996) in his paper 'How I Do Economics'. It is interesting to note that the methodological balance he advocates for the HCA seems to be rooted in his personal history. For instance, he mentions (p.93) that his two specialisations in his final undergraduate years were History of Economic Thought and Mathematical Economics and that his undergraduate dissertation was a 'mixture of theory and applied work'. His constant reference to his interest in policy must also be noted. Now, it is in the context of his biographical notes that a more complete picture of the HCA emerges. In his words:

So how do I think we ought to do economics? With Eric Russell, Nicky Kaldor, Joan Robinson and Michal

Kalecki and, of course, Keynes as mentors, I am a 'horses for courses' person - how you do it depends upon what the purpose is. If doctrinal debate is the issue - the robustness of a fundamental intuition or insight in a particular approach, say price as an index of scarcity in neoclassical economics, surplus labour and value as the origin of profits in the capitalist mode of production in Marxian economics- it is right and proper to operate at a high level of abstraction, to use simple, very unrealistic models which are appropriately closed, for capturing the essence of the problem but which exclude all other 'matters of the real world' as irrelevant for the purpose in hand. (Harcourt, 1996, p.95)

Two points deserve attention here. First, in this late formulation, the HCA is neither restricted to a context-laden principle of theorisation nor to an organising principle able to provide coherence to post-Keynesianism. These aspects are obviously related but the main emphasis here is on a balance between theory-making and theory-*using*. In order to stress the need for this balance, the HCA appears here as supporting high levels of abstraction and very unrealistic models in doctrinal debates. But how, one might think, is this possible within the post-Keynesian tradition, as represented by Harcourt, of emphasis on a realistic economics? As Nagel (1963), Musgrave (1981) and Mäki (1992) and (1994) have argued, there are different senses in which a model or assumption can be considered unrealistic.⁴ In order to illustrate the meaning of 'unrealistic' in the HCA, it is important to distinguish between two broadly different senses of unrealisticness:

(a) an assumption or model is unrealistic if it does not present a perfect correspondence with reality. 'Unrealistic' is used to describe the partial, abstract and unobservable aspects that are present in all theories. Because no theory can represent a perfect correspondence with reality, this sense of unrealisticness implies a very weak constraint on theories;

(b) an assumption or model is unrealistic if it does not correspond to the truth about reality, to the essence of the phenomena studied. This is in general considered an unsatisfactory case.

Now, we can see that Harcourt, when claiming that 'it is right and proper to operate at a high level of abstraction, to use simple very unrealistic models' is referring to unrealisticness in the sense (a). This is the amount of 'unrealisticness' needed in order to achieve a better understanding of the phenomena under study, which leads to a reduction of unrealisticness in the sense (b). To a certain extent, his use of unrealistic in the sense (a) reveals his belief in the fictional nature of theorising. Therefore, there is no problem in the HCA formulation of the issue of abstraction and realism as long as it aims for a better correspondence with the essence of the phenomena in question. The issue I believe he wants to defuse is that of economists being blamed for excessive levels of abstraction or unrealism. What he is saying is that this might be acceptable if associated with (at least) some purpose, what in my view paints a much more pessimistic picture of aimless abstractions being carried out by contemporary mainstream economists, and, perhaps, by some post-Keynesians.

The second point to be noted is that Harcourt refers to the HCA not only as a personal philosophy but also as a wider tradition shared (and inspired) by other economists. It is difficult to establish the boundaries of this wider tradition, but we can

say that it includes elements of the Political Economy Tradition, of the Cambridge Tradition (Keynes, Kaldor, Kalecki and Joan Robinson) and of the Australian Tradition (Eric Russell⁵).

In general terms, the HCA might produce different methodological guidelines according to the nature of the problem to be examined. Harcourt lists, as a first approximation I believe, three different contexts in which different criteria of relevance must be applied. They are the contexts of i) high theory, ii) applied work and iii) intermediate cases. In the context of high theory, or doctrinal debate, which Harcourt (1996, p.96) exemplifies with Ian Steedman's debate on whether the existence of joint production destroyed the general validity of Morishima's Fundamental Marxist Theorem, real life puzzles might be ignored and more idealistic constructions such as the Golden Rule, the Golden Age model or stationary-state comparisons of long-period competitive equilibrium positions might be used. In the context of applied work, where the main problem according to Harcourt (p.96) is 'to descend from these dizzy theoretical heights to a much more practical plane - the testing of inferences of theory against real world', the criteria to be followed assume a different set of methodological guidelines, such as frankness and honesty in the setting out of limitations and meaning of the empirical findings.⁶ Econometrics is seen here (p.100) as 'a set of valuable tools and techniques which enable us to squeeze information from data in forms *which people generally understand*' [my emphasis]. The purpose of the use of econometrics, under the influence of the Australian tradition, is not to produce significant statistical numbers but to provide a grasp of that reality that is being investigated so as to promote understanding. Finally, in the context of intermediate cases

concerning theory and specific issues - which I believe is the most general context - Harcourt contrasts the axiomatic approach to another which (p.98) 'starts by observing behaviour, institutions, 'stylised facts' and then constructs simple models incorporating the essence of the observations in order to try to explain the original observations *et al'*. He mentions as an example his work on the choice of techniques developed in the 1960s.

But he says clearly that (p.98) 'there are at least, two basic approaches' to these intermediate cases, which seems to indicate that the HCA is represented here not by the approach that starts by observing behaviour, etc., but by the existence of all these different approaches. Should this be the case, there is scope for the axiomatic mode of reasoning within economic analysis, but if, and only if, it is to be derived from the HCA. Harcourt emphasises this distinction in the *use* of different approaches when he argues that:

always the guiding principle must be the economics of the problem and its importance and relevance, not what economic problem can we find to which to fit any fancy technique that we have come across. It is most important to get the conceptual aspects of a problem clear, together, sometimes, with conjectures as to outcomes, *before* starting any formal analysis. (Harcourt, 1996, p.100)

I am sure that there are some post-Keynesian economists who would prefer a less-balanced position concerning the use of less mathematical methods and econometrics in economics. Similarly, because there is no emphasis in the HCA on 'the universalist nature of much of post-Keynesian analysis', it may happen that the HCA might produce a

feeling of insecurity in the most dogmatic strands of post-Keynesianism. But this feeling, I would like to argue, tends to disappear as soon as one understands the philosophical basis of Harcourt's HCA, which is at the very heart of the post-Keynesian contribution to economics.

The relevance of the HCA has been recognised by Arestis (1992) who has compared it to Dow's (1985) Babylonian Approach in the sense that both approaches aim to provide a unified methodology that is able to explain the diversity of methods and economic features held by different post-Keynesian strands. As he observes this substantial theoretical diversity 'should not be surprising nor be taken as by any means unhealthy, for a relatively new approach [as he claims is post-Keynesianism] needs to have divergences and disagreements within its ranks' (Arestis, 1992, pp. 86-7). It is not very clear that, from a HCA perspective, there is any particular need for divergence as an intermediate stage in the process of theoretical consolidation. It seems that divergences are a (permanent) result of different *uses* of economic theory and not of a (transitory) process of theoretical debate. Whatever the case, Arestis shares Hamouda and Harcourt's (1988) argument that internal coherence must be found within different post-Keynesian approaches and that external coherence is warranted by the general vision behind post-Keynesianism. The only difference is that Arestis does not place the burden of coherence on the HCA, as Hamouda and Harcourt do, but on this 'general vision and framework' which he aims to establish through a coherent theoretical model of post-Keynesianism. As he puts it, 'It is, in fact, the vision and the underlying framework, which positively embraces a diversity of methods, that lends coherence to

post-Keynesianism' (1992, p.87). Despite his sympathy for the HCA he appeals for the building of this 'post-Keynesian model' which in his view better represents the issue of the theoretical diversity in post-Keynesianism. He claims that his approach (p.88)

is not inconsistent with the 'horses for courses' approach, but it goes beyond it, in that it provides a coherent framework to explain post-Keynesian economics. To hazard a guess about future developments within post-Keynesian literature, it would be that a coherent core will be identified which will form the basis for theoretical and empirical explorations. This eventuality need not be inconsistent with the 'horses for courses' or the Babylonian approaches referred to above.

It is clear that in his opinion the main road for external coherence, that is, coherence among the different strands of post-Keynesianism, is paved with efforts at establishing a 'post-Keynesian vision' (in the Schumpeterian sense). I believe he sees this vision as a set of the 'key theoretical features of post-Keynesianism'. He is correct in saying that this procedure does not need to be inconsistent with the HCA, but he is certainly not following the HCA. I don't think there is any major divergence between Harcourt and Arestis concerning this post-Keynesian vision, but it seems that methodologically they produce a different result. For instance, Arestis's (1992, p.94) argument that 'theories, then, should represent economic reality as accurately as possible' and that (p.94-5) 'Post-Keynesian theory is very much based on this premise and has as its primary objective an explanation of the real world as observed' is completely at odds with the HCA, as I have discussed above.

What this means is that from a HCA perspective, realistic theories are not an a priori characteristic of post-Keynesian economics but an a posteriori feature of a proper use of economic theory. As I just mentioned, there is no divergence between the idea of a 'Keynesian vision' and the HCA. The only problem refers to how coherence can be maintained under these two methodologically distinct statements.

The characteristics of the HCA have also been discussed by Lawson (1997). According to him, the HCA is merely a slogan which needs 'some unpacking'. He proposes to interpret it in the context of scientific practice, suggesting that (1997, p.2-3), (i) the HCA is a stipulation, that is, it consists in a directive or criterion to theoretical choice, and that (ii) the HCA is a matching principle through which an action (or some form of agency) is matched to its conditions of action. The aspect he emphasises most in his interpretation of the HCA is the requirement that this approach must be understood, (p.1) 'in the context of scientific practice', (does Harcourt have any other context in mind?) as an ontological commitment within a realist orientation. As he observes:

The most obvious way for this feature to be carried over into the scientific context is as the requirement that scientific investigatory practice and the feature of reality to be investigated be in some sense tailored to one another. This clearly necessitates obtaining insights into the nature of the objects of enquiry, as well as an awareness of the metaphysical presuppositions of given methods and procedures. In short, this feature of the stipulation necessitates an attention to ontology, and presupposes a realist orientation. (Lawson, 1997, p.2)

Whereas Lawson is correct in saying that the HCA conveys a message about the objective of analysis and the method or strategy to be pursued in each case, I do not think that there is necessarily a direct ontological commitment within the HCA perspective. By no means it is being suggested here that the HCA does not have an ontological dimension. I fully share the view that all theories presuppose a commitment to an ontology of some kind. Rather, the point here is that Harcourt does not need to make explicit the relation between his theories and the ontological basis they purport, since he is able to use them. As I discuss in the last part of this article, something like Wittgenstein's concepts of language-games and forms of life (which are devoid of ontological justifications) may offer a better 'translation' of the HCA into the scientific domain than an ontological interpretation of the HCA. It is because of this tendency to interpret the HCA merely as a realist commitment, rather than a pragmatic principle, that Lawson writes

Thus, I suspect that Geoff is rather lax and gets it not quite right when sometimes (albeit only sometimes) he suggests that the slogan translates into something like 'how you do it depends upon what the purpose is' (e.g. Harcourt 1996, p.6). This interpretation (which is barely a stipulation anyway) matches procedures of action to purposes rather than to conditions of action, and thereby neglects that an additional and apparently essential feature of the slogan, and a likely major explanation of its intuitive appeal, is precisely that the purpose is already implicated: to 'pick' the horse which comes first. (Lawson, 1997, p.3)

Lawson discusses the HCA at a very abstract

and general level, when perhaps - one might object - this is not the best way of examining the pragmatic aspects of this notion claimed by Harcourt. What is the 'purpose' of Lawson's discussion? 'To pick the horse which comes first'? Or, as he claims, to interpret the HCA in the context of scientific practice? Is this purpose 'already implicated'? I am afraid that the issue seems to be more complex than that. Scientific practices may be carried out for many different purposes which cannot a priori be defined in their particulars. Purposes are diverse and procedures for action must be matched. This is the stipulation of the HCA. What seems to be adequate to one situation might be revealed to be inappropriate in another situation. The 'rules-of-the-game' in one situation are defined by the pragmatic aims of that particular scientific practice and they do not need to bear any correlation with what happens in another context. The conditions for action are an important element in the definition of the set of possibilities of procedures for action. For instance, no econometric exercise can be pursued without access to a database. The existence of the database is a condition for the use of econometrics but nothing more (at least, it should not be!).

The point I am trying to make here is that the HCA has a pragmatic dimension that has been ignored by some of its commentators. One might question this interpretation by asking why, if this dimension is so important, Harcourt himself has not emphasised it more. My answer, that may sound paradoxical, is that he did just that when, after he discussed the HCA (1996, p.100), he stated that 'This I have always tried to do', revealing that for him the HCA is a practical issue. In his theoretical and applied work he used the HCA. His works are the practical answer to the pragmatic principle he has nurtured along

the years.

I believe that a proper understanding of the nature of the HCA may be relevant for post-Keynesianism because it could

(i) define the conditions of the *use* of post-Keynesian theory,

(ii) provide a coherence criterion able to unite, through a common foundation, different strands of post-Keynesianism.

The next section discusses the main problems concerning the practices of post-Keynesian theory. They are the recognition that something must change inside the canons of post-Keynesianism if it wants to be perceived as a coherent set of practices.

3. The problems of coherence and arbitrariness in post-Keynesian Thought

The central substantive and methodological characteristics of post-Keynesian Thought have been extensively examined and discussed by authors such as Harcourt (1985), Dow (1985), Hamouda and Harcourt (1988), Arestis (1992) and Lawson (1994) among others. There is in some of these accounts, I believe, a certain feeling of frustration with the performance of post-Keynesian theories which have neither achieved a desired theoretical homogeneity (or unity) nor succeeded in their objections to mainstream economics. It is interesting to note that the idea of diversity of premises, arguments, methods and approaches held by post-Keynesians has been interpreted in different ways according to the interest held by the author in providing a unified post-Keynesian paradigm. It is not uncommon to see the idea of diversity being considered as a source of incoherence or inconsistency in post-Keynesianism and as an expression of its inability to provide an alternative to mainstream theory (see for instance Backhouse, 1988, Lavoie, 1992, Lawson,

1994 and Pratten, 1997).

In its simplest form, the problem of coherence in post-Keynesianism refers to the (substantive or methodological) incommensurability of different approaches that in spite of belonging to the same whole (that is, sharing common principles) cannot be understood as active parts of the same whole. As I discuss below, part of this problem can be explained by identifying a misreading of Harcourt's and Hamouda's (1988/1992) original argument that attempts 'to synthesise the strands in order to see whether a coherent whole emerges' are a 'misplaced exercise'. Yet, I believe that another part of this problem, the one referring to the issue of theoretical arbitrariness present in the post-Keynesian theorising, is a real obstacle on the way to a unified paradigm. Because post-Keynesian theory allows a qualitative diversity in methods and substantive results that is not allowed within mainstream theory, 'the resulting [post-Keynesian] method appears rather *ad hoc*, thereby attracting the disapproval of those who regard an axiomatic system as the only basis for scientific theory', as Dow (1985, p.226) put it. However, we cannot solve this problem merely by rejecting an axiomatic methodology but rather by finding non-arbitrary ways of organising diversity. Let me explain this.

Let us call *arbitrary type 1* theories those that do not provide any justification for the assumptions upon which they are built and *arbitrary type 2* those whose results do not follow from a common foundation. Thus, it is clear that while mainstream theory can certainly be accused of being arbitrary type 1, because it builds its analysis on several concepts of rationality that are understood as heuristic primitive concepts, it cannot be accused of arbitrary type 2 because its whole theoretical exercise consists in deriving results from first universal principles. On the other

hand, post-Keynesians, while not guilty of being arbitrary type 1, are exposed to the criticism that their analyses are arbitrary type 2 because there is no link between particular models and modes of reasoning and a common basis. A common basis does not need to be a mainstream common foundation, that is, it does not need to assume the form of a rationality postulate or a commitment to equilibrium analysis. It might, alternatively, be a set of any substantive, methodological, epistemological, ontological or (at least) explanatory elements that articulate first principles with the diversity of their manifestation.

For instance, it is interesting to note that Robert Lucas has recently been praised by Chari (1998) for being the 'architect of modern macroeconomics'. While Lucas's substantive contribution, which focused on the development and analysis of specific mechanisms through which monetary instability causes output fluctuations and inflation, has not been largely accepted by mainstream economists, his methodological contribution has become the unifying principle of coherence underlying most of mainstream macroeconomics. Lucas's assumption of rational expectations and individual optimisation has provided the starting point of analysis that has become the starting point of much modern macroeconomic analysis. As Chari (1998, p.179) observes, 'Today, it seems hard to imagine starting anywhere else.' It was then Lucas's notion of rational expectations equilibrium that promoted a different use of technical concepts and common set of standards in mainstream economics. He argues that:

It is hard to pick up a recently published paper in macroeconomics that does not routinely use the notion of rational

expectations equilibrium, and dynamic stochastic general equilibrium models in the style of these (Lucas's 1972 and Kydland and Prescott's 1982) papers have become the workhorses of modern macroeconomics. (Charis, 1988, p.81)

Using a Lakatosian language, we may say that Lucas elaborated conditions of continuity of the mainstream research program that promoted fidelity to its metaphysical presuppositions. Doing that, he established a positive heuristic⁷ for the mainstream macroeconomics that established the conditions of coherence in this research program. The main aim of this heuristic became the avoidance of theories said to be *ad hoc*, which are those theories obtained from their predecessors through modifications that are not in accord with the positive heuristic of the program. As observed by Hands (1988, p.127),

The motivation for defining (and avoiding) this third type of *ad hocness* is that scientific progress should entail increasingly more unified and cohesive theories; it should not be achieved 'with a patched up, arbitrary series of disconnected theories' (Lakatos 1970, p.175).

From this perspective, new theories, if meant to be scientific, must be built in accordance with the heuristic of their predecessors. As a result, continuity and consistency must emerge in this research program. This illustrates the importance of having a common basis or foundation able to organise different aspects of different theories. One might object to this general use of Lakatosian concepts arguing that there are other non-positivist philosophies of science that illuminate better the process of scientific practices. Similarly, one might

criticise the notions of continuity and consistency as being attempts at mimicking the mainstream methodology of mature science. My answer to these arguments is that the need for coherence and continuity in post-Keynesian Thought has been widely acknowledged even by those not committed to a Lakatosian version of this problem (see e.g. Lawson, 1994 and Pratten, 1997). In addition, this issue of coherence has been set by post-Keynesians (see e.g. Hamouda and Harcourt) concerned with the relevance of this approach. Furthermore, the coherence and continuity claimed for post-Keynesianism does not need to present any similarity with the sort of coherence and continuity exhibited by the mainstream project. In the mainstream case, this coherence and continuity appears at both levels of foundations and practices. In the post-Keynesian case, it is evident that continuity cannot be achieved at the level of practices due to the large diversity of practices and approaches included under this denomination. But there is no reason why coherence between practices and foundations should not be attempted. It must be noted that Hamouda and Harcourt (1988/1992) decline 'to synthesise the strands in order to see whether a coherent whole emerges' because they see this as a means of producing continuity and, I would say, homogenisation among the alternatives. As this goes against the pluralist nature of the HCA, they consider this 'synthesis' a 'misplaced exercise'. I fully agree with this position: coherence must be looked for at the level of foundations.

This was promptly understood by Lawson (1994) who put forward critical realism as an alternative philosophical system able to provide coherence for the nominal features of post-Keynesianism, (p.533) 'with the tradition apparently lacking any significant degree of unity at the level of concrete substantive theory'. He claims to pay special attention to

the problem of explaining diversity and conflict at the level of more concrete substantive theory. These more concrete substantive claims, he argues, (p.525) 'appear often to be totally unrelated to each other or even in conflict'. His answer to the problem of coherence among diverse concrete claims is given by (i) maintaining that post-Keynesianism must be viewed in a philosophical perspective and (ii) arguing that philosophical reasoning has limits, where the main limit consists in not being able to do the work of science for it. He suggests that coherence among different strands of post-Keynesianism might be found at the level of ontology and that

The upshot, then, is that at the level of highly concrete substantive theory, it is clearly *possible* for competing theories to be maintained by different economists, each of whom, nevertheless, may broadly adopt the critical realist perspective. For, to repeat, critical realism per se does not license any particular substantive claim. [my emphasis]. (Lawson, 1994, p.526)

Lawson's proposal of critical realism as a common foundation for post-Keynesianism does not seem to explain why diversity should emerge from the post-Keynesian/critical realist combination. He mentions that this diversity (p.526) '*can* be accommodated' [his emphasis] and that it is 'possible' to be made intelligible from a critical realist perspective, but there is no explanation or justification of why diversity is an important feature of post-Keynesianism. By contrast, as discussed below, a Wittgensteinian reading of the HCA is based on an explanation of diversity of practices and meanings of theories. This should not be understood as a critique of critical realism, but instead as a plea for complementarity between the HCA and

critical realism.

Lawson attributes no role for (external) coherence other than the value praised by post-Keynesians. As he put it (p.526), 'If coherency is desirable, then, if post-Keynesians do believe there is a consistent basis to their contributions, it would seem to follow that something very much like the explanation here being provided has to be accepted'.

Overall, Lawson has persuasively argued that the issue of lack of coherence within post-Keynesianism reveals a deeper problem of a need for a philosophical alternative able to provide a common foundation among the different approaches. Without this foundation, post-Keynesian practices are considered arbitrary in the sense discussed above. Yet, we should not pick any horse for this course: a proper philosophical alternative must *explain* the theoretical diversity of post-Keynesianism and not merely *tolerate* it. In what follows we outline a proposal for a Wittgensteinian reading of the HCA.

4. Forms of life and the role of common sense

We must start examining the philosophical foundations of Harcourt's HCA by noting that the main background problem that the HCA addresses is the gap that exists between the theory and practice of economics. Because the mainstream project in economics is built upon formalist foundations that ignore the pragmatic aspects associated with the *use* of theory, it has resulted in a homogeneous and universal body of knowledge that emphasises the hypothetical existence of mathematical propositions at the expense of contextually-relevant empirical information. The gap in contemporary mainstream theory is larger today than in the past. On the other hand, the HCA provides a middle ground

between theory and practice that promotes the use of common sense categories as a way of achieving harmony between meaning and relevance of economic knowledge, and consequently, it reduces the gap between theory and practice. As Coates (1996) discusses in his book *The Claims of Common Sense*, ordinary language and common sense practices may provide a mediating path between analytic philosophy and post-structuralism that might help bridging the gulf between the philosophy and practice of social sciences. Similarly, Crespo (1998) suggests, in his paper 'A Middle Ground Epistemological Position: Economics as a Classical Practical Science', the notion of practical science as a middle ground between the rationalist and the post-modernist positions. As he defines it (1998, p.7), 'practical reason is the capacity to guide action to be adequate, while practical rationality means the way to adequate action. Adequacy asks for an end and a path in order to achieve it'. Thus, I would like to suggest that Harcourt's HCA, Coates's common sense and Crespo's practical rationality are different aspects of the same middle ground pragmatic position. The basic feature shared by this group of theories is the shift to a conception of meaning which highlights the relation between economic theory and action. In order to illustrate this idea I discuss here the general lines of Wittgenstein's notion of 'Forms of Life', emphasising the pragmatic aspect of this discourse.

Wittgenstein's later philosophy replaced his *a priori* logic method of the *Tractatus* with the *a posteriori* method of investigation of actual phenomena of the *Philosophical Investigations* (hereafter *PI*) (see Fann, 1969). Wittgenstein's previous work on analytical philosophy gave way to an emphasis on the actual use of concepts and on the

circumstances in which they take place. Corresponding to his emphasis on a use-activity conception of meaning are two important metaphors in his late philosophy: tools and games. While the 'tool' metaphor suggests that concepts have 'built-in capacities' able to perform different functions, the 'game' metaphor argues that we actually use these tools in wider aspects of our practices (see e.g. *PI*, p.11-2). It is important to note that these two concepts are complementary: tools are purposive, but purposes must belong to a set of activities (see e.g. *PI*, p.175). Finch (1977, p.24) observes that 'What both metaphors of tools and games suggest is that the important thing about a word is what is done with it or can be done with it, but this will involve looking at the word itself and at the larger activities into which it fits'. Similarly, I would suggest that the important thing about an economic concept or model is what is done with it or can be done with it, but this will involve looking at this concept or model and at the larger activities and practices of economists into which it fits. Broadly speaking, a stress on doings and activities means that economic concepts or models may be used in a variety of ways according to different circumstances. Circumstances which are defined by the notion of forms of life.

Wittgenstein's notion of 'Forms of Life' represents the context of our activities and practices. The expression 'a form of life' represents an activity. Its plural, 'forms of life', represents a set of activities. The central idea behind the notion of forms of life is that whereas we characterise many different kinds of use of a word by one name, its meaning varies according to its different uses. It is interesting to note that because people usually agree in their social actions and not in their opinions or interpretation of these actions (see *PI*, p.88), theories are objective because they

represent a set of uses and activities. Diversity is therefore an important element in the notion of forms of life. For this reason, it could also be said that 'forms of life' are possibilities of meaning resulting from meaningful social actions.

Forms of life must be accepted as 'the given' of the actions (*PI*, p.226). Because these actions are social they are shared by members of a group; they imply patterns of action repeatable in different circumstances. We have to be able to understand these actions and practices in order to make sense of what people say or do in more general lines. We can sum up the meaning of this concept through the notion of 'patterns of meaningful activities'. For this reason, as observed by Finch (1977, p.95), 'Forms of life define what makes sense or what it makes sense to do'. They provide the fundamental 'units of sense' for a determined sentence, also called by Wittgenstein 'language-games'. Language-games can be understood as simplifying schemes that we choose in order to illustrate characteristics of particular situations. Now, it is important to note that language-games are not factual because they come before any empirical assessment. They are a reference, a starting point, a logical precondition, that when embedded into activities and practices receives the denomination of forms of life. As argued by Finch:

When we note a language-game or a form of life, we are not noting a fact, something like a 'social or cultural fact.' We are noting an agreed-upon activity which thereby establishes a possibility of sense. (Finch, 1977, p.75),

There is a formal and normative aspect present in Wittgenstein's notion of language-game that provides a 'stipulation'

for the way games should be properly played. Yet, we must keep in mind that games are related to the activities in which they figure. It is interesting to note that games have no common denominator. On the contrary, they may combine in so many different ways that any attempt at establishing any coherence among them is a 'misplaced exercise'. However, this coherence is fixed at a different level: the level of the practical patterns of action or forms of life. Thus, it is from our ordinary and normal practices as individuals that we are able to define what is meaningful to us and use it as the basis for our actions.

Forms of life constitute a coherent whole because they belong to a wider context, the context of everyday life and common sense, that Wittgenstein discusses in his book *On Certainty*. Wittgenstein's notion of common sense differs from G.E. Moore's notion of common sense in that it does not elaborate on its ontological dimension. Rather, its role is limited to providing a basis for our thoughts, judgements and actions. Basically, common sense includes the things we take for granted and which provide coherence and sense to our practices and actions. They are what we understand by reality. And this is the ultimate basis upon which we ground not only our ordinary certainties but our actions. As Finch puts it:

Ordinary certainties are the roads on which we walk without question, not because they are the only possible roads or the right roads or even the pragmatically justified roads, but because they are the roads which we are on, and no occasion has arisen for leaving them. (*Op. cit*, p.229)

It is through the concept of ordinary certainties that Wittgenstein discusses the

notion of common sense, previously elaborated by Thomas Reid and G.E. Moore. Despite his avoidance of ontological commitment, his definition of ordinary certainties belongs to this common sense tradition which provides a critical foundation to our experiences based on social practices. Because common sense is used to represent the fundamental features of the world, as we conceive of them, it constitutes the road on which we actually are.

So what can be said of the analogy between Harcourt's HCA and Wittgenstein's notion of 'Forms of Life'? Three features stand out. First, both concepts are based on a use-activity conception of meaning, where concepts are defined as part of a wider set of practices and activities. I believe that this is a proper context in which to make intelligible Harcourt's statement that 'how you do it depends upon what the purpose is'. Second, both concepts reject the universalist nature of the alternatives against which they argue; in the case of Harcourt it is mainstream economics, in the case of the (later) Wittgenstein it is analytical philosophy. The frameworks they provide are characterised by flexibility and appeal to context. From this perspective, the search for a 'coherent whole' simply does not make sense. Third, I believe that the similarities in their discourses, centred on the notions of HCA and forms of life, deserve more attention. Both Harcourt and Wittgenstein base their discourses on a version of common sense reality that avoids discussing their ontological commitments, preferring instead to emphasise their practical consequences. To emphasise, they do not say that 'because reality is this or that way, it follows that...'. Rather, they focus on the practices and activities of individuals. In Harcourt's case, he talks about high theory, applied work and intermediate cases. In

Wittgenstein's case, he talks about games and about how, being agreed-upon activities, games define the possibility of sense within these activities. Perhaps more importantly, he comments on the impossibility of conciliation of the diversity of games entailed by different forms of life. I believe the same applies to the context of high theory, applied work, etc., given the possibility that these contexts are interpreted as games. To a certain extent, this depends on the similarities between Harcourt's HCA and Wittgenstein's notion of forms of life as regulatory principles able to define the 'rules of each game' and their fundamental 'units of sense'. I interpret the HCA as a regulatory principle that stipulates for each field of economic study the logical domain within which their particular activities and procedures must be carried out. It is conceived with the purpose of being a guide to action and it is based on the ordinary certainties of our daily lives, as Wittgenstein would say.

It must be noted that through the combination of the notions of games/forms of life/ordinary certainties Wittgenstein explains how a common foundation can guide different activities and procedures which give rise to a complex diversity of games that cannot be made coherent at their own level. I suggest that, similarly, Harcourt develops the same line of argument when he discusses his HCA, which could be made philosophically intelligible when we recognise its foundation on common sense. Although the relation between HCA and common sense goes beyond the scope of this paper - because it involves contextualising the HCA within Marshallian and Keynesian perspectives - the issue of coherence and diversity must be re-emphasised here.

Because the HCA is built on a practical foundation, it incorporates the view that life consists of many activities and contexts which

are important to attribute meaning to the theories and opinions held by individuals. It does not elaborate on its ontology, but rather takes for granted a common sense world-view that includes diversity as a crucial element in the explanation of social reality. A Wittgensteinian reading of the HCA puts in evidence the argument that theories are different not because they are incoherent but because theories express elements comprised of different activities and contexts. That is the reason why the HCA is relevant to explain coherence among diversity, it is because it is a principle built on practices and activities -and, one might add, social aims- that are different.

Should this be the case, the HCA may offer an organising principle which provides the necessary coherence for the post-Keynesian research program. A coherence found not at the level of substantive or methodological elements but at a philosophical level. And yet, appropriately, this philosophical level is grounded on the activities and procedures of the researchers who follow the guidelines provided by common sense.

Endnotes

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support from CAPES.

2. Among the similarities discussed, special emphasis is put on (i) preoccupation with time and its role in economic modelling, (ii) concern with uncertainty and with representation of individuals' behaviour as manifested by rules-of-thumb, practical rationality and expectations, (iii) stress on the features of a production and monetary capitalist economy, and iv) emphasis on the importance of social relationships and institutions.
3. As suggested by Peirce in Lawson (1989, p.68), '[Induction] never can originate any idea whatever. No more can deduction. All the ideas of science come to it by the way of Abduction. Abduction consists in studying facts and devising a theory to explain them'. Kiant (1994, p.58) prefers to use the term 'art', but he seems to be referring to abduction. In his words, '...every science may be regarded as an art, viz. a result of creativity in which expression is given to a form of experience undergone. A theory is not derived from facts. It consists of bold ideas by which facts, which are facts in the light of theories, are trapped.'
4. There is a more complicated issue, that might be suggested here, concerning the methodological boundaries between fiction and reality. However important this issue might be, it cannot be addressed from an HCA's perspective because it assumes that theories are always fictions.
5. Harcourt (1998, pp.11-2) comments about Russell that he '...learnt a tremendous amount from Eric about how to 'do' theory, applied work and policy, especially about relating policy to the way the economy worked while simultaneously respecting the lessons of fairness and decency.' According to what Harcourt has told me, Eric Russell

was a student of Wittgenstein at Cambridge. It remains to be discussed to what extent Russell's methodological views were a result of Wittgenstein's teachings.

6. Harcourt (1996, pp.97-8) argues that the procedure of using empirical data and econometric techniques with the purpose of understanding the nature of the phenomena to be analyzed belongs to 'a well-established Australian tradition' which 'involves thorough understanding of the sources and limitations of the data, especially of how 'far off' the actual observations are from their theoretical counterparts, the use of simple tables, ratios, graphs, to get a 'feel' for what the orders of magnitude are, never going further than the data themselves warrant while being ready to take advice from the experts on what traps to look for and what techniques may be used either to avoid them or to tease out answers which otherwise would remain hidden.'
7. As discussed by Wade Hands (1988, p.127), 'The positive heuristic of the program is a set of rules that specify the research plan of the program and its relationship to the hard core. The positive heuristic tells scientists working in the program what types of projects to work on, what empirical tests to perform, and how to interpret the results of those tests.'

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