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# Preface

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The methodology of the positive science of economics is a well explored subject. That hasn't provided much help for economists since most of what economists do is not science; it's applied policy. Trying to use the methodology of science to guide applied policy work causes serious problems; it undermines both the science of economics and applied economic policy work.

Because of the focus on scientific methodology, there has been very little work done on the methodology of that applied policy work. I'm one of the few economists who write about it; I call it the methodology of the art and craft of economics to distinguish it from the methodology of the science of economics.

The essence of my argument is that positive economic science methodology, with its strict scientific empirical rules, is not the methodology that applied economists use, nor is it the methodology that they should use. They pay lip service to it, but following it is impossible given the realities of the data and the complexities of the real-world problems they are dealing with. The methodology they use is a much looser methodology that deviates from scientific methodology by necessity; it is a methodology that integrates value judgments and that makes many decisions based on heuristic models and rough empirical guesses, not on formal models or scientific-level empirical evidence.

Focusing on scientific methodology encourages economists to hide, or at least to obscure, those deviations, and is part of the reason many people think that the science of economics is ideologically tainted. Because economic methodologists have focused on scientific methodology the question that isn't addressed is whether the deviations from that scientific methodology currently being made are the best deviations to make. That question should be front and center in discussions of applied policy economic methodology.

What the methodology of applied policy economics should be primarily about is the compromises that are needed to actually do applied policy work. In my methodological work I've argued that (1) it is ok for economists to do much of what they are doing, as long as they don't pretend to be doing something else, and (2) if economists recognize that they have to use heuristics in applied policy work, they will likely make better deviations.

The decisions of how best to incorporate the necessary deviations from scientific methodology in applied policy work cannot be determined by outside methodologists – they are decisions that can only be sensibly made by practicing economists. Moreover, those decisions are constantly changing as analytic and computational technology changes. So applied policy methodology is constantly evolving and in flux. It should be thought of not as a set of invariable rules, but as a sensibility that governs ongoing decisions.

The idea for this book originated with Alan Sturmer at Edward Elgar; he has been pushing me to put together a collection of my essays on applied policy methodology for well over a decade. I responded – yes it was a good idea – but, as is the case with many good ideas, I never

quite got around to it. What made this book possible is that Huei-chun was willing to work with me in putting it together.

I am delighted to be working with Huei-chun, whom I first met when I attended her presentation at a 2009 conference in Amsterdam where I gave a keynote address. I usually attend some of the other sessions when I speak at a conference, and her paper title looked interesting, so I sat in. I was very impressed. She had a solid understanding of both moral philosophy and economic issues, and could convey her ideas simply and clearly. Thus, it didn't come as a surprise to me when I later learned that she had won the History of Economics Society Joseph Dorfman Best Dissertation Award for 2007, and the 2006 Society of the Development of Austrian Economics' Don Lavoie Memorial Essay Competition Prize. I found her book, *Economic Justice and Liberty: The Social Philosophy in John Stuart Mill's Utilitarianism* (Routledge, 2013) a tour de force.

She isn't as well-known as she could be because, like many superb young women scholars, Huei-chun faced the dilemma – how to blend family and work. (It is a dilemma that culturally, and physically, is less binding on men.) So despite her enormous talent, she partially withdrew from academic work to focus on raising her family. Luckily for me, she wanted to keep her toes in economics, and so, as time permitted, we started working together on a variety of papers, one of which is reprinted in this volume, and ultimately on this project.

This collection has given me a chance to reflect back on my research over the past 40 years and to consider how my ideas have evolved over the years. The result is this volume which I think nicely captures my evolving views on applied methodology. It begins with an introduction by Huei-chun, which gives context to my arguments. It concludes with an annotated bibliography that should be useful to anyone who wants to go further into my work.