Chapter 5

Values and the Limits of Economic Rationality: Critical Remarks on ‘Economic Imperialism’

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For Bas Kee

I. Economic Imperialism?

Perhaps there have been at least as many attempts to answer philosophical questions by means of an approach belonging to one or another special science as there have been attempts by philosophy to defend her right to an authentically philosophical approach. Questions about the nature of man and his world, culture, are especially at stake. However, the matter of reductionism does not just play a role in the relation between the special sciences and philosophy: within the special sciences themselves too there has been much resistance to the urge for expansion of certain approaches to the detriment of others (this holds outside science too: one can think of the resistance the anti-globalization movement offers to ‘neo-liberalism’).

Currently it is not just biology, but also (partly in connection with biology) economics which is trying to break out of its original range, and claims to be developing a universal theory of human behaviour (cf. paradigmatically Becker 1976, Part I). And why not, actually? Humans have to act, even if only for reasons of physical existence, therefore they have to choose, hence
bring about an optimal relation, in one or another sense and in one or another way, between the ‘costs’ and ‘benefits’ of behaviour (that is to say, if we conceive of human behaviour as a rational activity and not merely a natural process). Economics is about optimal relations qua maximal ‘utility’. From this point of view rational behaviour is determined by economic principles. If this is the case it stands to reason to think that the economic approach is capable of offering a universal or a basic theory of human behaviour. – To be sure, the protagonists of such a theory accept ‘non-economic’ aspects, which are said to be relevant; although from a methodological point of view it remains unclear what this relevance could mean, since the point of the thematic expansion of economics precisely consists in determining the phenomena by means of concepts that are characteristic of the economic approach: from the point of view of the economic approach, non-economic aspects strictly speaking either are given boundary conditions (exogenous variables) or they are unknowable (hence irrelevant).

In the literature this economic variant of a universal theory of behaviour is known as economic imperialism (Radnitzky/Bernholz [Eds.] 1987; Sappinen 2003); without a doubt Gary Becker is its most important spokesman. This is not at all to say that economic imperialism is uncontroversial within the economic sciences: the opposite is the case (Sappinen 2003, pp. 18, 94ff.; Manstetten 2000, pp. 100ff.; Frambach 1996, pp. 107ff.; Biervert/Wieland 1990). Nevertheless it is very influential, in the other social sciences as well. Here the ‘rational-choice-model’ (RCM) is frequently employed to explain social phenomena. However, the RCM formally speaking is the approach of neo-classical economic theory, i.e. the (despite all criticism) standard setting form of micro-economics. This approach is rightly entitled that of the homo oeconomicus (Kirchgässner 1991; Manstetten 2000).

By taking a closer look at the presuppositions of economic imperialism I want to show that for reasons of principle it can offer neither a universal theory of action nor a basis for such a theory. Take note: these considerations are not a criticism of the conception of economic rationality as it is interpreted in ‘economic theory’, but they criticize a particular interpretation of this rationality, namely that of economic imperialism. On the topic of the elaboration of my claim against economic imperialism and its place in the discourse on the RCM the following three remarks:

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1 On economic imperialism recently cf. SAPPINEN (2003), compare also MANSTETTEN (2000, pp. 96ff.) or supporters such as MCKENZIE/TULLOCK (1978) and BOWMAKER (2005), with the telling subtitle: ‘a complete guide to life, death and misadventure’. 