Review


Allen Oakley’s book is intended as a contribution to the recent ‘ontological turn’ in the methodology of economics (Lewis 2005). Oakley focuses on the ontological commitments of economic theories, that is, on what they presuppose about the nature of the socio-economic world in general and about the nature of human agency in particular. This emphasis on ontological issues reflects the fact that Oakley’s preferred methodology of economics is realist in orientation, being grounded in the claim that the analysis of socio-economic affairs is most likely to be fruitful if it is based on analytical tools which are tailored to suit the nature of the socio-economic material under investigation.

Oakley argues in chapter 1 of the book that mainstream economics’ *a priori* methodological commitment to formal modelling precludes a satisfactory understanding of economic phenomena. Oakley shares with contemporary Austrians such as Boettke (1996) the view that the analytical framework provided by formal modelling constitutes a Procrustean bed which excludes essential features of socio-economic life, most notably the fact (well known to Austrians since Menger) that socio-economic phenomena are the product of subjective human action. Orthodox economists portray people as undersocialised automatons whose behaviour is simply a mechanical response to their external environment, a palpably unrealistic picture which obscures the significance for socio-economic affairs not only of genuine choice but also of radical uncertainty, real time and social institutions. For Oakley, then, a satisfactory understanding of socio-economic phenomena demands that economists dispense with their scientistic commitment to the mathematical language of formal modelling in favour of expressing their theories discursively, in natural language, for it only by doing so that economists will be able to do justice to the origins of socio-economic phenomena in human action (cf. Boettke 1996).

Oakley argues that the construction of a more realistic and so more fruitful account of (the nature of) human action will require scholars to draw both on the ideas of subjectivist economists and also on the work of philosophers and social theorists. To this end, Oakley surveys the ideas of an eclectic band of scholars, encompassing Alfred Schutz (whose writings are examined in chapters 2 and 3), Karl Popper (whose methodology of situational analysis is outlined in chapter 4), and economists George Shackle and Herbert Simon (whose ideas are considered in chapters 5–7 and 8 respectively). Oakley’s objective is to glean from the writings of the scholar in question insights into the conceptual framework required to develop a fully-fledged subjectivist theory of human agency. The account of human action in which Oakley’s reflections culminate—‘situational analysis’—is outlined in the final chapter of the book. It portrays people as social beings who act purposefully in the face
of radical uncertainty and whose actions are informed and so guided by the networks of (intersubjectively shared) meanings and social structures within which they are located.

On the whole, Oakley’s summary of the work of the aforementioned authors is clear and well-informed. Moreover, the concepts which he selects from each author as the basis for a revised heterodox theory of human action—a selection which includes Schutz’s notion of typification, Shackle’s account of the role of imagination in human agency, Simon’s concept of procedural rationality and Popper analysis of the ‘World Three’ domain of cultural ideas—seems largely unobjectionable. The problem, however, is that, having highlighted the importance of these concepts, Oakley does next-to-nothing with them, making virtually no attempt to show how they can be woven together into a systematic, coherent theory which can be used as an engine of enquiry into socio-economic affairs. Perhaps most significantly, as Oakley himself admits (3, 193), while he frequently alludes to the way in which people’s (inter)actions are conditioned by the social structures in which they are embedded, and criticises all of the authors whose work he examines for failing to theorise satisfactorily the relationship between social structure and human agency (74, 102–03, 108–09, 162–65, 200–01), he makes little effort to develop a satisfactory account of how social structure and human agency articulate with one another and to show how this can be used to analyse and explain socio-economic phenomena of interest.

The upshot of this lacuna is that, judged according to the criterion of advancing our understanding of socio-economic affairs, Oakley’s book seems more like a promissory or preliminary note than a fully-fledged contribution. As Oakley himself concludes towards the end of his book, ‘The challenge for theorists to take up is to explicate the humanistic nature and sources of the balance between contingency and containment [structure and agency] that may characterise the composition of active agency’ (208). The pity is that Oakley has not himself yet taken up this challenge. Had he done so, he would have allied himself to a number of scholars, drawn from a variety of heterodox schools of thought, whose research is progressing along lines similar to those suggested by Oakley. For there have been a number of suggestive attempts made by heterodox economists in recent years to develop just the sort of social-theoretic analysis of economic affairs which Oakley advocates. I shall mention just three such avenues of investigation here: Fleetwood (1996) and Lewis and Runde (2003) have drawn on realist social theory in order to reconstruct and develop Hayek’s and Lachmann’s accounts of socio-economic order and thereby show that a rejection of the equilibrium concept need not lead to nihilism; Koppl (2002) has deployed the Schutzian theory of typification to good effect in investigating a variety of concrete, applied topics in economic history, organisation science and financial economics; while Faulkner (2002) and Boettke and Subrick (2002) have drawn on John Searle’s theory of the human agent in order to shed light on the behaviour of agents in financial markets and transition economies respectively.

The contributions referred to in the previous paragraph, and many others like them, provide evidence that Oakley’s claim about the usefulness of drawing on social theory and philosophy in order to provide a basic conceptual framework for economic analysis is spot on. This makes it all the more disappointing that someone like Oakley, who is clearly extremely well-informed both about heterodox economics and also social theory and philosophy, has so far failed to work up his insights into a positive research programme.