

Postscript

At the present moment of time (April 1975) a student may be forgiven for concluding that the issues dealt with in this book have little bearing on the pressing economic problems of the day. The news media are full of discussions concerning inflation, unemployment and incomes policies. Interviews with politicians, trade-union leaders and men of affairs abound, all giving their (usually contrasting) views on possible solutions to the current economic problems. In the United Kingdom, for example, the root of the problems appears to be a questioning of the reward system and of the principles on which the parliamentary system of government has so far operated. This means that both psychology and sociology seem to be more relevant in offering explanations of our ills than positive economics.

Conceding that the problems mentioned above are not entirely economic in terms of their origins or their possible solutions is not to condemn what positive economics may bring to our aid in understanding them. Decision-makers can be assisted by knowing, with certain degrees of confidence, the consequences of manipulating purely economic variables. To accept that politicians often reject the advice of their economic advisers is quite consistent with arguing that positive economic analysis is a useful tool for government. The fact that politicians often reject economists' opinions simply means that they have to weigh many considerations *including the purely economic*. However, the cynic may argue that, other considerations apart, the state of economic science is

such that it is not possible to eliminate competing theories or hypotheses ('Is money supply *the* crucial issue in inflation?' – and even where there is only one theory, the predictions given by economists are not very accurate.

Whatever the true situation is, we have tried to give an insight into the methods of positive economics. Individually, the authors differ in their views of the future developments in economic science but we are agreed that a rational examination of the methodology of the discipline is the only available check on exaggerated claims made in its name. With regard to model building, *per se*, the proof of the pudding is in the eating. The test of our theories is their predictive value but a necessary prerequisite to testing is model construction. The application of the scientific method to economic phenomena, although not the only one, is a useful weapon in the economist's armoury.

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