

## Appendix

# An Overview on Some Methodological Equivocations of the Social Sciences

**Abstract** The appendix underlines the evolutionary character of social reality and, hence, of social science: an evolutionary motion punctuated and propelled by institutional features and development. Nevertheless, the evolutionary theory that we proceed to delineate is completely different from that propounded by biologists, and we are compelled to criticize forcefully the frequent applications of Darwin's teaching to theories of society. A sub-section of the appendix develops a critical analysis of economics, the so-called queen of the social sciences. It is shown that the most famous and admired economic theories are afflicted and made misleading by fundamental methodological misconceptions. Finally, a farsighted intuition of Medieval Christian social thought is highlighted; an intuition that has hitherto been submerged by the extension of the Galileian observational-experimental method to the study of social reality.

**Keywords** Evolutionary institutional social theories · Darwinism · Lamarckism · Schumpeterian and neo-Austrian · Economics, the queen of social sciences? · The organizational view of the Medieval Christian thought

### *Introductory note*

The development of social thought is mainly governed by certain mainstream methodologies that, notwithstanding diffuse criticisms and dissatisfaction, have in recent years reinforced their domination. For (as we know) the prominent status of mainstream thought rests upon the accurate and clever use of the following well-consolidated methodological approaches: the method of observation-verification typical of the natural sciences, the abstract-rationality method typical of logical-formal sciences, some intelligent use of the organizational view, and their combinations. These mainstream methodologies have their origin, in the main, outside of social thinking. They are responsible for misconceptions concerning important traits of social reality, which have in turn sowed the seeds of a multiplicity of alternative proposals on method currently assembled under the denomi-

nation of heterodox social thought. But innovative heterodox efforts have failed to establish an alternative and unitary methodological approach (or paradigm)<sup>1</sup> appropriate to the investigation of social reality; on occasion they have even seen the profession of an explicit refusal of method. The result, at the present moment, is a patchwork of ‘heterodox’ methodological proposals and interpretations, a veritable Tower of Babel that vainly challenge mainstream.

The recent harsh conflict between heterodox social students of AFEP (Association Française d’Economie Politique) and orthodox social students<sup>2</sup> (as well as others and increasingly frequent academic disputations) is a case in point. The former defend pluralism on method as a source of innovation, while the second condemn pluralism in the name of scientific rigor and progress. Both positions are partially wrong. In fact, pluralism, if it is to be fecund and promote scientific progress, needs some general methodological rules allowing dialogue among students and appreciation of new proposals; but these general methodological rules cannot be borrowed from the methods of the natural and logical-formal sciences, as orthodox students claim, for such methods are inappropriate to social reality. My analyses on method aim at providing a solution to such a dilemma and moving beyond this significant blind-alley.

A large number of heterodox approaches, and certainly the most intriguing of them, are inspired by the evolutionary and institutional perspectives and refer mainly to economics. In fact, efforts to build a new paradigm on an evolutionary foundation were strongly stimulated by the publication, more than thirty years ago, of a well known book on economics by Nelson and Winter. But the original inspiration of evolutionary economics was Schumpeter’s teaching on innovation and entrepreneurship and the Neo-Austrian teaching on spontaneous processes and radical uncertainty. Also the institutional aspect has been an important source of inspiration and meditation, for instance in the so-called New Institutional Economics, and is largely associated to the evolutionary perspective.

It is our conviction that the combination of institutional and evolutionary views provides the most likely candidate to provide a fecund methodological tool for the study and interpretation of social events. In fact, such a combination is mainly concerned with the understanding of social change and the way to organize society and to build up its institutions. In other words, the organizational and institutional character of society influences in a decisive way the pace of evolutionary change; while the sedimentation of changes requires the edification of new institutions and organization, just as the expression institution-evolution implies.

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<sup>1</sup>The term ‘paradigm’ is common; but we consider equivocal the notion of paradigm and prefer, in this matter, Lakatos to Khun (see Eskedt and Fusari 2010, 2014).

<sup>2</sup>The conflict is, at present, centered on the request/negation of the establishment in French universities of a chair on Economy and Society.

## **Institutional-Evolutionary Social Thought Versus Mainstream Social Thought. Why the First Has Been Unable to Defeat the Second, Till Now, But Has Rather Contributed to Increase the Methodological Confusion Afflicting Social Sciences**

The current inability of the institutional-evolutionary perspective to express these potentialities is impressive. Such a perspective has been submerged by and, indeed, also integrated in the patchwork of methods distinguishing heterodox social thought; as a consequence, its challenge to the mainstream has failed. This has been frankly recognized by a recent special issue of the *Journal of Institutional Economics* (vol. 10 no. 4, December 2014) devoted to the question.

Probably the best way to provide a quick clarification of the main reasons for the failure of institutional-evolutionary approaches is to consider Hodgson's position on method and, in particular, his recent book, co-authored with Knudsen and entitled 'Darwin's Conjecture'. The two authors base their proposal on method principally on a strict use of Darwin's theory of evolution. We shall show that this precise theoretical inspiration largely undermines the explanatory potentialities of the institutional-evolutionary view and is a main cause of the inability of such a view to build up a paradigm alternative to the mainstream. Hodgson and Knudsen, in order to make their analyses stringent, begin by outlining, as the kernel of their proposal, the so-called Generalized Darwinism, that is, Darwin's basic succession: variation-replication (or inheritance)-selection. The authors accompany this generalization with some secondary specifications aimed at increasing the adherence of the Generalized Darwinism to the content of social reality. We shall see that the real problem is the methodological inappropriateness to social reality of the Darwinian succession variation-replication-selection, an inappropriateness that cannot be mitigated by addition of details.

Hodgson and Knudsen claim: "All these writers [Mandeville, Hume, Smith, etc.] pointed to the emergence of undesigned social orders and institutions that result from individual interactions. This was a highly significant but incomplete step. Writers such as Mandeville and Smith did not explain how the individuals and their dispositions had themselves evolved.... Darwin (2006) filled these gaps with the principle of selection".<sup>3</sup> These are some very illuminating passages when it comes to the fundamental flaw of 'Darwin's Conjecture'. Let us see.

The spontaneity hypothesis embraced in such book reduces the role of the organizational—institutional aspect. Of course, I do not deny that the birth of institutions may be the result of selection processes in the context of spontaneous behaviours and, hence, that Darwinism, generalized or not, can provide some useful insight also in social studies; but the benefits are very minor in comparison to the

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<sup>3</sup>See Hodgson and Knudsen (2010), pp. 31 and 32.

misconceptions that is liable to cause. The problem is that Darwinism substantially ignores the voluntary creation of institutions in the context of the organization and building of human societies. Indeed, strictly speaking, the Darwinian approach should be referred only to animal life, not to human life. The study of the latter must be explicitly and strongly concerned with the organizational aspect. The concentration of the authors on Darwinian Conjecture, which inclines to substantially erase the first term of the institutional-evolutionary perspective, is rather surprising, not least because Hodgson's other writings place great emphasis on institutions.

Let's insist in underlining that Hodgson and Knudsen's addition of details to Generalized Darwinism are scarcely relevant. This is not a case of details devoted to the making of the basic kernel of Darwinism adhere more closely to social reality. Such a kernel is, in itself, inappropriate to social reality; except in that case where society acts in substantially spontaneous ways and institutions result from the so called 'invisible hand', with private vices intended (following Mandeville) as public virtue, a rather defeatist perspective on the becoming of human societies. Such statements as "Darwinism here is unavoidable" and "The Darwinian framework has a high degree of generality and it always requires specific auxiliary explanations"<sup>4</sup> are misleading.

For further clarification, I add some other reference, mainly concerning what I call details: pages 48–51 of Hodgson and Knudsen's book treat intentionality and its explanation, the role of belief and preferences, and their evolution. On page 48 the authors recall Darwin's statement that "animals possess some power of reasoning"; and also underline the ability of Darwinism to explain individual agents' purpose and to consider their ability to plan their action. But the authors add: "It is simply that they (i.e. individual agents and organisms) do not plan or predict the overall outcome with others, and it is often very difficult for them to do so". Well, the real problem is here. I can accept that, in many important aspects, there is between humans and other species of animal a quantitative and not qualitative difference. Furthermore, *with reference to stationary or quasi stationary societies* I can accept as useful what the authors have to say on intentionality, artificial and natural selection, and so on; I can even accept some mixture of Darwinian and Lamarckian approach and the use of the observational method in the sense that it is used by biology. The real problem arises when and where human societies start to experience an increasingly accelerated evolutionary motion, and hence a growing non-repetitiveness and radical uncertainty. This accelerated evolutionary behaviour comprises a situation basically different from any evolution of animal species, making the observational evolutionism inappropriate. I pose two basic questions concerning such a situation, and I invite the reader to meditate on them with great attention:

- (a) Why are some societies able to experience a rapid evolutionary motion while others remain for centuries and millennia imprisoned in a stationary or quasi-stationary state?

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<sup>4</sup>See Hodgson and Knudsen (2010), p. 40.

- (b) What methodological problems are generated by the interpretation of a reality characterized by growing non-repetitiveness that makes plainly inadequate observational method?

The first question (a) points to the importance of considering the notion of *civilization forms* (which are largely creative constructions), and precisely the presence or absence in the considered civilization of what I call *ontological imperatives*, that is, institutions, ethical values, etc. favorable to the expression of the evolutionary potentialities of human beings. Here the importance of the institutional aspect side by side with (and as the engine of) the evolutionary one becomes evident. Chapter 8 of Darwin's Conjecture tries to give a partial answer to question (a) through some reference to habits, culture, language, writing, customs, law. But I do not see the usefulness of imprisoning such an effort in the Darwinian approach. For its part, the second question (b) points to the necessity of a method that permits understanding and managing society notwithstanding its rapid evolutionary motion; that is, the necessity of establishing a method able to capture those basic long-lasting institutional pillars (and reference points) that I denominate *functional imperatives*, which depend mainly on the general conditions of development. Here, again, the connection between the institutional and evolutionary sides appears central. Well, clearly both questions (a) and (b) show the need for a methodological approach completely different from the observational one (that is, with completely different postulates and rules); I attempt to delineate this approach in Chaps. 2 and 11, and much more accurately in Fusari (2014).

The notions of functional and ontological imperatives, their institutional substance and implications even on ethical values (ethical objectivism), the importance of the relations between civilization, functional imperative and ontological imperatives for the interpretation of history (see the graph in Chap. 2)—none of this can be considered by Generalized or less Generalized Darwinism.

Hodgson and Knudsen also write: "All social scientists relying on this framework will be forced to take history into account".<sup>5</sup> Certainly, this is implied by the spontaneity view, but 'history' is so conceived merely in an observational sense, that is, almost completely excluding the organizational aspect, notwithstanding that this last is fundamental for understanding specifically *human* history, which differs substantially from the merely spontaneous motion of animal species as spanned by accidental variations followed by extremely slow and long-lasting selection processes. The presence and action of intelligent decision-making marks the difference between the social and the natural world; a difference implying, for instance, the inappropriateness of the standard heterodox criticism of the mainstream notions of optimization and rational choice. Of course, the absence of any consideration of radical uncertainty (at most substituted by probabilistic uncertainty) in the neo-classical notions above must be strongly criticized. But the criticism in principle of those notions operates, in practice, to the advantage of the current mainstream since

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<sup>5</sup>*Ibidem*, p. 44.

that criticism simply opposes to this a substantial, even if for the most part not declared, spontaneity view.

Let's recall, at the expense of a little repetition, some aspects of our theory of social and historical processes that strongly underline the importance of the organizational aspect for understanding the historical development of human societies. Our method highlights the great importance of the presence, in civilization forms, of the institutions implying what we call ontological imperatives, that is, organizational features stimulating the evolutionary potential of human beings, the ability of humans to innovate and evolve. A civilization rich in ontological imperatives will stimulate evolution, while the absence of such imperatives condemns societies to extremely low evolutionary processes. We have demonstrated elsewhere all this in some detail through a weighty historical analysis of societies: from the primitive stage, through the stationary civilizations of great bureaucratic and autocratic empires, to modern dynamic societies.<sup>6</sup> Generalized or less generalized Darwinism completely omits these crucial aspects.

Another primary organizational category concerning social evolution is what we call functional imperatives, that is, organizational necessities corresponding to the general conditions of development distinguishing different historical ages and resulting from the sedimentation over time of successful innovations. A crucial task of social studies is to define, on the basis of the long period behaviour of the general conditions of development, these basic necessities: that is, organizational requirements that the evolutionary thinking ignores but that nevertheless provide interpretative pillars of great value if we are to guide the organization of human societies the complications caused by increasing social change notwithstanding. For when considering the processes of social evolution, organizational necessities are important interpretative pillars that help us to guide the human organization of society, notwithstanding the complications caused by increasing social change.

Civilizations, ontological imperatives and functional imperatives should be some of the main fruits and contents of a profitable methodological view; an approach, that is, that combines observational and organizational aspects. The course of social and historical processes is mainly characterized and explained in terms of innovative dash followed by structural organization, this synthesized mainly by the notions of ontological and functional imperatives and civilization. These processes take a true institutional-evolutionary semblance. Let's give a sketch of the basic interpretative succession that our approach opposes to the Darwinian succession variation-replication-(or inheritance)-selection (even when including additional details), and to other views. Our interpretative succession is: *degree of presence of ontological imperatives in the civilization form of the considered social system—intensity of innovative dash—diffusion of innovations and collateral process of structural reorganization devoted to restoration of organizational coherence (a process that places center stage the definition of new functional imperatives)—new innovative dash, etc.*; a cyclical process, indeed. I have done much to expose and

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<sup>6</sup>See A. Fusari, *The human adventure*, SEAM Rome, 2000.

verify this interpretative approach in numerous studies on economic and social development and the interpretation of history.<sup>7</sup>

Some other examples useful for clarifying the difference between our approach and the current social evolutionism can be set out. Think of the crucial question of power. What can it teach us in the matter Darwinism, Lamarckism and other evolutionary approaches? Schumpeterian, neo-Austrian and, more generally, all observational methodologies recognize and so are able to consider only domination-power, generated by and operating in the context of more or less brutal processes of selection. Such methodologies are unable to define and inspect the important notion of service-power (see Chap. 6). More generally, what can the above approaches teach concerning ethics? Darwin's Conjecture and the spontaneous view of social reality cannot teach us anything here; they dislike and substantially avoid the topic, embracing instead so-called ethical relativism, in compliance with the hegemonic presence of this in social thought. Thus he who wants to meet the question of ethical values in coherence with Darwinism is obliged to found his values on the brutal phenomena of the struggle for existence.

Besides, the current institutional-evolutionary approaches are unable to recognize the organizational practicability and importance of the separation, in economics, of the side of production from that of the distribution of wealth; a separation crucial for ensuring: organizational efficiency, full employment and social justice, as widely discussed in Chap. 8. In the introduction of such chapter, footnote 1, we recognize that the idea of 'separation' (a very important intuition for the analysis of economic institutions) comes from Pasinetti. My book on *Methodological Misconceptions in the Social Sciences* dedicates, mainly in Chap. 3, Sect. 9, a wide and critical deepening to the fecundity of such insight.<sup>8</sup> Pasinetti's principle of 'separation' was initially expressed in his contribution entitled 'Economic Theory and Institution', for the 1992 EAEPE Conference in

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<sup>7</sup>See Fusari (2000) and (2014), Eskedt and Fusari (2010), Fusari and Reati (2013).

The bifurcations, catastrophes and singularity theories attached to the study of non-linear systems of equations with multiple solutions (see Thom 1985) may seem to raise some doubts on the disequilibrating/re-equilibrating process delineated above. I think that social students may consider, in a long run perspective, this argument as a mathematical joke and hence give no importance to the related transformation process. The bifurcations etc. occur as a part of well defined qualitative geometrical structures. But a substantial part of the development process, precisely the innovation-adaptation (innovation-structural organization) mechanism above implies, mainly through appropriate changes of structural parameters, the return from disorder to order; and this is, after all, what matters.

<sup>8</sup>Let's give a brief quotation from my book on *Methodological Misconceptions*: "An important merit of Pasinetti's idea of 'separation' is to provide a precious analytical tool for distinguishing necessity from choice-possibility in the organization and management of social systems.... Unfortunately Pasinetti's formalization places important institutional 'necessities' on the right hand side of his 'separation' between the 'natural system' and the institutional aspect, as they are intended as non-fundamental. But, as just noted, institutions are now to be seen as appearing in both fields, that is, in both the field of 'necessity' and that of 'choice-possibility'. See Fusari (2014), pp. 99 and 101.

Paris (with some extensive comments by G.M. Hodgson and A. Reati),<sup>9</sup> and was resumed with improvements in Pasinetti (2007). But, with my great surprise, neither the book ‘Darwin’s Conjecture’ nor two Hodgson’s articles published in the *Journal of Institutional Economics* (vol. 10, no. 4, 2014) with attached two very detailed lists of references, give mention of such fecund Pasinetti’s contribution to institutional and evolutionary economics. The method that we suggest seems to allow a profitable combination between the institutional and evolutionary aspects, observation and organization, being and doing. I dare say that the methodology we propose is a valuable candidate in social thought, with the potential to replace the inconclusive patchwork offered by current heterodoxy and the astute but no less misleading orthodox methodological combinations.

## **A Criticism of the Methodological Foundations of the Supposed ‘Queen of the Social Sciences’ Economics and Political Economy**

G. Lunghini has written: “in economics the paradigm that in the course of time follows another one is not necessarily progressive, in contrast to the other sciences”.<sup>10</sup> Why does this happen? I have concluded, after careful reflection (and I think I have shown) that this arises from great equivocations in relation to method. As we know, the methods that the main schools of economic and social thought use are two: the experimental-observational method, born from the study of nature; the method of abstract rationality typical of the logical-formal sciences; or some combination.

Neither the Neoclassical model, centered on such notions as utility, homo-economicus, equilibrium prices, and so on, and the Classical-Marxian approach, centered on the notions of surplus, labor value, social classes and social struggle, are able to provide useful teaching and knowledge on the organization of economic and social systems. The two models generate serious misunderstandings in the matter, albeit for opposite reasons: the very idea of deriving such knowledge through the mere observation of factual reality; the claim to derive knowledge from senseless abstractions.

In the Neoclassical model of the general equilibrium, history does not matter; the formalization of such a model is inspired by Newtonian astronomy and, more generally, by the criterion that I denominate ‘abstract rationality’, typical of the logical-formal sciences. The ‘realism’ of postulates is disregarded and basic economic variables such as radical uncertainty, the entrepreneur, the profit rate

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<sup>9</sup>See *The Political Economy of Diversity. Evolutionary Perspectives on Economic Order and Disorder* Edited by R. Delorme and K. Dopfer, Edward Elgar, 1994.

<sup>10</sup>See Lunghini (2015).

(properly understood, that is, not simply as a surplus or a rate of interest on capital), are ignored. For its part, Classical-Marxian economics has been built up through analysis of the functioning of capitalism.<sup>11</sup> So, in Classical and Marxian thinking history matters too much, that is, historic observation conditions the whole theoretical construct, while such thinking is unable to provide lessons as to the organization and rethinking of social systems. As previously seen, Marx attributed an organizational role to the ‘imagination of history’, which indeed produced in due time the degenerations of ‘real socialism’. In short, both Classical and Marxian economics are strictly observational constructs. But while classical students have the propensity to underline, on the basis of historical observation, the virtues of capitalism, Marxian thought, born in a successive historical phase, mainly insists on the limits and contradictions of capitalism and, due to Marx’s strong dedication to the interpretation of history (following the methodological observationism), is liable to generate misinterpretations and deceit out of that strict observation.

Turning to more recent times, we find Sraffa’s Neo-Ricardianism damaged by over-simplification and sharing with the Neoclassical model of the general equilibrium an unconcern for the realism of postulates. Sraffa’s main critical contribution concerns the aggregate function of production and the ‘reswitching of techniques’; but these contributions do not affect the logical rigor of Walrasian microeconomics. Moreover, Sraffa ignores, no less than does Walras, radical uncertainty, entrepreneurship, expectation, innovation and the resulting phenomenon of ‘dynamic competition’, as well as profit properly understood.

A much more profitable position on method was developed by Keynes, and is distinguished by the explicit conjugation of the observational and organizational aspects, being and doing. Keynes starts with the demonstration of a very important phenomenon, ‘the deficiency of effective demand’ (through profound reflection on the phenomena of uncertainty, entrepreneurship, and expectations). The work of this author contains important lessons on the organization of social systems (welfare state, deficit spending, etc.) that have propitiated fortune and made possible the advent of a true golden age of capitalism with regard to social justice, welfare politics, employment, and the dynamics of wages.

Unfortunately, the principle of effective demand is only one of the realist postulates that should inspire and lead the organization of the economy. This limitation has condemned Keynesian teaching to great distortions. In particular, the abuse of deficit spending, a formidable instrument of social consent and a useful tool to attenuate social conflict, has promoted a growing public debt; and this in turn has favored the advent of a different and opposite situation than that treated by the principle of effective demand; has generated, that is to say, a situation in which production is disturbed by high taxation, waste and inefficiencies in public administration. And the result is an irresistible push toward restrictive policies, with

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<sup>11</sup>G. Lunghini writes: “Economics is born as science of capitalism”. See Lunghini, *Ibidem*, p. 3.

a consequent fall of investment, production and the demand for goods. We see, therefore, that the organization and management of the economy need much more than the inspiration of the principle of effective demand.

This confusion on method allows mainstream economics, through clever even if fictitious adjustments (which include the pretense of incorporating Keynes as a special case, the idea of rational expectations, and the introduction of technical progress to the function of production), to preserve its dominating power.

The organization of the economic system must be such as to meet three main exigencies: productive efficiency, social justice and full employment. These exigencies require the theoretical and practical ‘separation’ of income distribution, with its related conflicts, from the firm, as we have clarified in Chap. 8. But, contrary to this, Neoclassical and Classical-Marxian economics, as well as Sraffian and Keynesian economics, are all based on the hypothesis (suggested by the observation of historical events) that income distribution takes place largely inside the firm. And there is the rub. In fact, the modality of income distribution described above prevents the requisite engagement with these three exigencies. Such a distribution modality is an indispensable constituent part of capitalism, but it is not necessary that it must be so.

The observational method states that the market, the entrepreneur and profit (often identified with the interest on capital) are merely capitalistic organizational institutions. These institutions were disliked by ‘real socialism’, which therefore attempted the elimination of the market and the entrepreneur; but in doing so generated organizational contradictions worse than the capitalist ones. For their part, social democracies and self-management have held that income distribution should be largely determined inside the firm; but, in this way have fallen into the organizational contradictions underlined above.<sup>12</sup>

Chapter 8 shows that the market, the entrepreneur, economic decentralization and the rate of profit (this to be conceived distinctly from the rate of interest on capital, that is, as a fundamental indicator of the degree of success of the entrepreneur’s action, but considered apart from its attribution) are all indispensable in modern dynamic economies. But it also demonstrates the importance of overcoming their capitalistic contents, that is, their links with income distribution, in order to make possible the achievement of full employment and social justice, and to avoid the hegemony and great degenerations of the international financial system, etc. These theoretical developments need a method that combines the observation and the organization points of view, and which is able to distinguish

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<sup>12</sup>J.S. Mill was the only economist that tried to escape this confusion. He asserted the independence of income distribution from production, *underlining that the second is submitted to natural laws and technical requirements, while the first is a matter of choice*. But he did not prove such an assertion and this has allowed Neoclassic economists’ pretension to prove the dependence of income distribution from production that has caused diffuse prejudices on the organization of the economy.

‘necessity’ from ‘choice-possibility-creativity’ in the organization, interpretation and management of social systems. More specifically, it needs a method that allows the identification of long-lasting aspects and organizational pillars of social systems, primarily by way of the notions of ontological and functional imperatives and the notion of civilization forms. This is crucial if we are to be able to understand and manage social systems despite their growing non-repetitiveness caused, in the main, by the technological and scientific progress of modern societies. But this refers to the first part of this Appendix and to Chaps. 2 and 11.

## **Considerations on Christian Social Thought From Galileo to the Encyclical *Laudato si***

It may be of interest to underline some affinities of our proposal on the method of the social sciences and the Medieval Christian thought, which attributed a great importance to the organizational aspect and, in a sense, to the combination of being and doing. Christian teaching has insisted, from its origin, on some very important ontological imperatives, often specified by Gospel: the role of individual, his dignity and the respect for his autonomy and creativity, tolerance, social justice, the notion of service-power, even though those principles were often confined, in the practice and sometimes due to opportunism, to the spiritual sphere. Moreover, these fecund positions were damaged by some connected shortcomings, e.g. Aquinas’ insistence on the labour theory of value and its presumed ethical substance. But B. Forte has written: “the archaic world and also Greek culture did not know the infinite dignity of the person as a unique and singular historical subjects” (see B. Forte 1991, p. 12).

The vicissitude of Christian social thought is indeed very instructive in relation to the deceitful power of methodological equivocations.<sup>13</sup> A profound lacuna afflicted the Roman Church’s organizational view on society: an absence of a distinction between ‘necessity’ and ‘choice-possibility-creativity’, which distinction (as we know) is a true backbone of the organizational view. In consequence, the beginnings of medieval dynamism as a result of the initiative of the capitalist entrepreneur and the capitalist market induced the Roman Church to profess great hostility to three of the basic institutions required by economic dynamics: the entrepreneur, the market and the profit, which it saw as vehicles of exploitation and corruption. The inquiry on the organization of human societies ignored (and still ignores today) the fact that, while the entrepreneur, the market and profit rate (this intended distinctly from the interest on capital and as an accountability variable, that is in its monitoring role of indispensable indicator of the degree

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<sup>13</sup>For better clarifications on this topic see Fusari (2014), chapter 10, section 10.6 entitled ‘Further considerations on religious social thought: faith and reason’.

of success of the entrepreneur's action but apart from its attribution) are indeed organizational necessities of dynamic societies, their capitalist content simply expresses a choice of civilization.<sup>14</sup> In other words, a primary recommendation of the organizational perspective was ignored: the 'separation principle' between the firm's productive activity and the side of income distribution, with the implied notion of the market as 'a pure mechanism of imputation of costs and efficiency' (see Chap. 8); that is, the market as distinct from its capitalist content.

This confusion establishes a real impotence in the face of capitalist exploitation; it very much contributes to the survival of capitalism as it makes its abolition resemble the throwing out of the dirty bath water (capitalism) along with the baby (that is, the market and the entrepreneur) with very negative consequences on the dynamic motion of modern societies. In fact, this senseless opposition on the part of Roman Christianity against the entrepreneur, the market and profit intended as stamped with an inevitable capitalist imprint, was counteracted by the Protestant ethics (emphasized by M. Weber), which gave a push to the capitalist spirit. This has resulted in an erroneous observational imprint on the organizational view, that is, an imprint absent from which is the distinction between the organizational necessities of the phase of social historical development in action and the rising civilization form.

In addition, Christian thought pretended to extend the organizational view also to the study of nature, that is, it intended to penetrate the reason why God had created the natural world as it is; a senseless pretence that, due the unfathomable character of divine will, allows the designation of paralyzing organizational forms of human societies in the name of faith. Galileo demonstrated the inappropriateness of such an organizational view for the understanding of the natural world and substituted for it the observational view: a position strongly opposed by the Roman Church for a long time.<sup>15</sup> In the end, the great practical and theoretical success of the observation-verification method for the study of natural phenomena gave rise, by imitation, to a hegemonic extension of the observational method also to social

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<sup>14</sup>Some effects of misconceptions in this matter are illustrated by the vicissitudes of Italian managerial public firms operating in the market. Initially these firms, under the guidance of great managers, performed very profitable actions in the service of the national economy. But more recently a total disregard for the monitoring role of the profit rate has had very negative effects: instead of producing profits to the advantage of the national budget, public firms have started to 'achieve' ever greater losses, covered through the provision of large endowment funds (and hence public debt) by the state. Meanwhile, the guidance of public entrepreneurs who are loyal to those politicians who have secured their nominations and very high rewards, but lack entrepreneurial skills and attitude, has ensured that the inefficiency of those firms has reached scandalous dimensions.

<sup>15</sup>When I was a very young man living in a village near to L'Aquila, the missionaries, who every year came to give sermons in the parish church, opposed with animosity Darwin's teaching concerning biology and even sympathized with the doubts of old people on the movement of rotation and revolution of the Earth. I was scandalized by such an attitude, which made me suspicious of religious thinking. A suspiciousness that persisted till 25 years ago, when my deep historical studies on societies, civilizations and religions existing or once existent on Earth convinced me that Christian religion has been much more favorable than other religions to social development.

sciences: an extension that was helped by the (just considered) ambiguous observational inclination of the organizational view and that has represented a very unfortunate and misleading event indeed.

These methodological misspecifications have deprived the organizational view of Christian social thought of the ‘separation’ principle, with its enormous power to promote social justice and to warrant the role of the domestic and international financial systems of servants, instead of *masters* of production, that is, putting capital at the service of production, not vice-versa (see section “[The Financing System of Firms, the Abolition of Interest Rates and the Principle of Effective Demand](#)”, in Chap. 8). The great importance of the above possibilities and perspective for the ecumenical action of the Roman Church and other religions, mainly in underdeveloped countries, is evident; yet such potential actions are opposed by various contradictions and derided as mere utopianism by the dominant, but theoretically impoverished and at times servile social thought of our day. There is more. The methodological equivocations underlined here leave a deep imprint upon contemporary Christian social doctrine, leaving it unable to oppose the social science practiced within the universities; an academic social thought that looks with disdain upon Christian social thought, which it considers lacking stringency from scientific point of view, but which has the great merit of being based on substantial good sense.

It is important to recall, at this point, another primary teaching of the Medieval Church, namely, the Franciscan view on the relation between man and natural world. Such a teaching has remained marginal, mainly as a consequence of the push that the natural sciences have given to human skills in the dominating of nature and putting it at the service of society. These results have facilitated the transfer of the observational-experimental method, as author of such marvels, also to the study of human societies, thereby strengthening the presence of domination in their government. The well known biblical statement on the mandate given to man to subdue nature has been long interpreted as religious approval of such behavior.

The encyclical states: “But today we cannot avoid acknowledging that *an ecological approach is always obliged to become a social approach* that must integrate justice into discussions of the environment *in order to lend an ear both to the shout of the Earth and of poor men.*”<sup>16</sup> A sort of methodological short circuit emerges here that generates harsher and harsher inconveniences: the great advance of the natural sciences has entailed the great submission of the natural world to man, and this has favored domination power to the detriment of the notion of service-power evoked by the Gospel. By speaking of the technocratic paradigm, the encyclical criticizes the experimental method as a technique of domination. But which is the alternative method? The encyclical says nothing on this point.

Unfortunately, social encyclicals are quite lacking in method. I have considered this question in my book on *Methodological Misconceptions in the Social Sciences*, mainly in its final chapter. The negative references of the encyclical to the market

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<sup>16</sup>Encyclic *Laudato si*, Edizioni San Paolo, p. 62.

and profit may generate serious equivocation. The two organizational forms above that, as we know, constitute important organizational necessities of modern dynamic economies, are nevertheless strongly condemned by the new encyclical; a condemnation based on the hypothesis that those institutional forms have necessarily capitalist content. The encyclical does not pay attention to scientific (and hence methodological) aspects, probably as a consequence of the evident unreliability of current social science. Consequently, there is no perception of the merit, for the understanding and government of modern human societies, of the organizational vision of the Medieval Church.

The encyclical says: “if... we do not know objective truth or principles as universally valid, laws are considered as arbitrary formulations and hence obstacles to avoid”.<sup>17</sup> But the encyclical says nothing on the way to derive objective truths, of the kind, for instance, of what we call ‘organizational necessities’. This epistemological limitation works to the advantage of pseudo-social science; in particular, its implications serve the interests of autocratic rulers and financial speculators.

Science has garnered great prestige from the benefits it has given to humankind; therefore, the mystifications enacted in its name exert great influence if they are not unmasked. If we are to efficaciously combat the mystification of pseudo-social sciences, it is necessary to start again from the organizational vision of the Medieval Church but referred to society (albeit, this time, not extended to natural world). That is, it is necessary to start from the clarification of the equivocation expressed by Galileo’s condemnation. The achievements of the natural sciences and the domination logic implied by the experimental method have favored a great development of the capitalist world.<sup>18</sup> But this impulse seems to be exhausting itself.

Christian social thought can offer, through its organizational vision, an important scientific contribution; one that promises to mitigate the great confusion that human societies are living through today. But such a contribution is conditioned on a propensity to innovate, and Roman Church has learned, through long experience, to distrust innovation and the innovative spirit. The cultural revival that followed Feudal times was very much propelled by the monasteries and other religious institutions within which famous thinkers enunciated fearless innovations. The interlude of the great and irreverent culture of Humanism followed, together with the torment of schisms, reformations and counter reformations. Afterwards, the naturalist landfall of the cultural efflorescence of the Renaissance opened the road to the great technical and scientific developments of the modern world; but this naturalist landfall has favored the blindness and aridity of current social thinking.

The cautious conservative attitude that these vicissitudes have fostered in the Roman Church appear today culpable, for it is guilty of serious omissions. In fact, the ecumenical action of the Church is in need (as previously seen) of great

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<sup>17</sup>*Ibidem*, p. 120.

<sup>18</sup>Calvinism, which connected the notion of predestination with the success achieved during one’s life, and hence identified economic success as a sign of predestination, blessed the work of capitalism far beyond the more appropriate Lutheran insistence on duty and responsibility. See, on this matter, A. Fusari, *Human adventure*, pp. 606–613.

innovations carried out in social thought, primarily through the ‘separation principle’, which should be facilitated by the openness and fertile intellectual position of Christianity in the field. We hope that our analysis may stimulate an awareness of such need and intellectual fertility, thus opening the door to the connected great perspectives.

So deep methodological misconceptions of social thought greatly affects ethics. The clash of civilizations and cruel oppositions between people and social systems that bathed in blood the first half of the last century are at work also in the present day; a product largely of the way that Western social and philosophical thoughts has conceived of the question of ethical values, mainly through the hegemony of cultural relativism that postulates a kind of free choice with regard to ethics and civilization forms. As we know, ethical relativism has been (and is) complemented by a no less erroneous notion: cultural absolutism, assessing that ethical values are a matter of faith (see Chap. 12). There is a scientific way to overcome these misconceptions; it is represented by what I call *ethical objectivism*, that is, the demonstration that very important values can be the object of scientific investigation, a matter on which this booklet and some other books of mine<sup>19</sup> insist, pretending to show the scientific nature of important values.

Unfortunately, this scientific possibility is denied by many social scientists who claim to adhere to a version of ‘Hume’s law’ that ethical judgments cannot be derived from factual judgments. But Hume in fact was very cautious with regard to such a presumed law, which has been loudly proclaimed by more recent students and, in a sense, consecrated by the Weberian notion of ‘diffuse rationality’, that is, the spontaneous tendency of social systems in the very long run towards organizational rationality through selective processes of trial and error (for discussion on this see, Chap. 9 on Weber and paragraph 10.7 on Hume in my book ‘Methodological Misconceptions...’).

Let me give some important examples of ethical principles that can be scientifically expressed through the organizational method. The Christian religion states that men are God’s sons and, as such, brothers. This implies principles of solidarity and equal dignity among men. The scientific content of these two principles can be proved by reasoning on the question of individual skills, considered in relation to the rational and efficient organization of human societies. We have treated this topic widely in Chap. 7. Here it is enough to repeat that these skills vary greatly among individuals, and that they are allotted at random among men (and, we may add, also among animals) by a ‘natural lottery’. A primary need in the development of human societies and the self-fulfillment of each individual, and in the increasing of the degrees of personal satisfaction, concerns the knowledge and appropriate use of individual skills. To meet this need requires the ethical principle of equal dignity and of solidarity, combined with the separation principle. (These principles go well beyond the ethical content that the scientifically wrong theory of labour value pretends to express). People are very eager to use their skills, especially their

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<sup>19</sup>See Eskedt and Fusari (2010, 2014).

highest ones, independently of making money through them (separation principle). Living in poverty, Vincent van Gogh painted masterpieces; if he had not been so poor he probably would have produced more paintings, but if he sold his paintings at today prices he would no doubt have produced less valuable works, for wealth dissipates energy and corrupts the will. It is a primary interest and desire of the individual to use his skills. Only the lowest and disgusting jobs need monetary incentives in order to be practiced. We have seen all this in our discussions of Dunatopian society. It is not enough to proclaim *the duty of mercy* for the humble and afflicted peoples; it also needs to insist on the ‘necessity’ of such a duty as required by reasons of rationality and organizational efficiency of social systems.

It is striking to observe that the above ethical principles, fundamental for the efficient organization and development of human societies and decisive for individuals’ satisfaction and self-fulfillment, have been badly violated everywhere in the world. The ancient Greeks had great consideration for the individual, but with strong limitations: non-Greeks were considered barbarians and Aristotle accepted slavery as natural. The Church proclaimed the abolition of slavery, but accepted the institution of serfdom. A vast range of skills belonging to the masses of slaves and serfs remained undiscovered. Racism is present even in our own days. Gypsies set their sons to robbery instead of sending them to school; billions of children live in conditions of total decay in underdeveloped countries, as in Europe during the great industrial revolution and in the Sicilian mines of G. Verga’s novel *Rosso Malpelo*. The Muslim world discriminates against one half of its population, women—consigning their skills to oblivion. Living conditions in the world would have been higher and the development of civilizations more rapid and enjoyable if the skills of so many down-and-outs had been put to good use. Men are different and equal to each other: different in skills and dispositions, equal in dignity. This observation and principle merits great consideration: *ethical principles of equal dignity and solidarity represent indeed great ‘organizational necessities’, thereby partaking of a scientific substance.*

I do not see any reason why, in the name of factuality, the study of “the list of crimes, the follies and the misfortune of mankind”, as Gibbon defined human history, should have scientific character and instead the search for institutions, organizational proposals, etc. directed to prevent these follies must be considered absent of scientific content.

What we see in the landscape of social thinking is something similar to Galileian vicissitude, but with opposite content: as we said, in Galileo’s time the Roman Church wrongly proclaimed the extension of hers organizational view also to the study of nature, contrary to Galileo’s observational-experimental proposal on method; in our time, by contrast, social science wrongly insists on the extension of the observational view also to the social world, in opposition to the much more pertinent organizational view.

Long historical experience shows, let’s repeat, that the best guarantee for the survival of capitalism is constituted by the refusal of the market and profit, in the absence of a specification that the refusal must be referred to the *capitalist* market and profit.

Two teachings of the Medieval Church seem to express quasi-prophetic intuitions in the light of modern experience: its organizational vision, albeit referred to human societies only and not also to natural world; and Franciscan ecological teaching. The organizational vision has been defeated by the extension of the method of the natural sciences to social thought, in opposition to the previous pretension of extending that vision also to the study of the natural world, by which the Church opposed Galileo. For its part, the Franciscan ecological conception has been neglected due to impressive technological achievements that have seemed to give substance to the biblical statement on man as master of the world, thus probably contributing to the acceptance of the hegemony of the experimental method by Christian social thought.

The recent encyclical dedicated to Franciscan ecological thought merits great attention. But the encyclical will find it difficult to yield results in the absence of a recovery of the organizational vision, in particular, if the ‘necessity’ of the market and profit rate, but conjugated to the separation principle, is not understood. If these ‘necessities’ continue to be considered as indissolubly linked to their capitalist contents, we shall remain imprisoned in capitalism and its great scientific ally, the observation-experimental method as used in the study and interpretation of the social world.

To be affective, the message of ‘*Laudato si*’ needs to remedy the lack of scientific character that afflicts social thought, thereby allowing for the clarification of the organizational necessities and ethical objectiveness that this booklet largely discusses. Hitherto, the dynamics of Earthly societies has been driven by a predator spirit and domination attitude; in our days, it is an urgent need that it be based on the spirit of service.

Eighteen centuries were required to come from Archimedes and Alexandrian School’s scientific achievements to Galilei (and specifically, to come from a well known insight of Aristarchus of Samos, adverse to Ptolemaic system, to Copernicus). I dare hope that the substantial correctness and fecundity of some insights of Medieval Christian thought on the method of social sciences will be quickly perceived after five centuries of growing confusion. Modern dynamic world cannot further wait for clarifications; even more Christian teaching and action, which have mainly to do with society, cannot wait for clarifications.

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