Thick Concepts and 'Irreducibly Evaluative' Disagreement: The Case of Inflation

On Friedman's (1953) view, moral disagreement about, for example, minimum wage policy can have two contributory sources; (1) disagreement over relevant empirical facts, e.g. "how would this policy impact 'unemployment' metric x?", and (2) disagreement over what evaluative labels to *attach to* the relevant empirical facts e.g. "how 'bad' is a y% increase in metric X?" What I call 'Friedman's Conjecture' (1953, p. 146-148) states that most disagreement about economic policy can be largely resolved by resolving source (1).

Friedman's Conjecture is disputed by Putnam (e.g. see Putnam, 1990, p.167). According to what I call Putnam's 'irreducibility argument', resolving our moral disagreements will often require recognizing that the social world is 'not describable in 'value-neutral' terms" (Putnam, 2003, p. 396), and engaging in discussion using 'thick concepts' whose content inseparably mixes the evaluative and non-evaluative.

I here provide a novel explication of Putnam's irreducibility argument. In so doing I add a third category to Friedman's suggested dichotomy between disagreements over facts, and disagreement over *evaluations of* facts; 'irreducibly evaluative disagreement'. A disagreement is irreducibly evaluative, in my sense, to the degree that the kind of information needed to resolve it is neither…

(a) communicable in non-evaluative language

nor

(b) able to be encapsulated by law-like statements which relate evaluative statements to (explanatorily relevant) non-evaluative statements in a stable way.

Irreducibly evaluative disagreement can occur when the evaluative property which our disagreement is about is such that any correlations it might have with any non-evaluative properties are highly context-sensitive and/or subject to frequent change over time. An example of such a concept is inflation, and this is reflected in how it is measured.

One *might* measure inflation, by selecting some fixed basket of goods, and then measuring a weighted change, Z, in the prices of these goods over time. Under such an arrangement, if economists estimate that the annual inflation rate is y%, the informational content of this claim would be that; (1) Z has grown by y%, and (2) a y% increase in Z indicates a y%

increase in inflation'. In fact, however, the set of goods included in the basket, and their respective weightings, are subject to monthly changes, based on value judgments (e.g. see BLS, 2018). Thus, an estimate that inflation rate over t was y% means that the outcome of a process, which, at any given time, quantifies changes in the values of whatever non-evaluative concepts are sufficiently evidentially relevant to inflation to be included in that month's basket, with that month's weighting, has come to y%. As I will show in more detail, this kind of information, while necessary to adequately estimate inflation, meets neither condition (a) nor (b) above. This can make disagreements over inflation rates substantially *irreducibly evaluative*.

With reference to the debate over the Boskin commission's (1996) re-estimates of US inflation rates, I show that being highly irreducibly evaluative bodes poorly for the applicability of Friedman's Conjecture to a disagreement. I show how this provides a qualified vindication of Putnam's irreducibility argument.

References

BLS (2018). ‘Chapter 17. The Consumer Price Index’, in ‘Handbook of Methods’, (Updated 14/2/2018), *US Bureau of Labour Statistics.* Available at: https://www.bls.gov/opub/hom/

Boskin; Michael J., Dullberger; Ellen R., Gordon; Robert J., Griliches; Zvi, Jorgenson; Dale (1996) ‘Final Report of the Advisory Commission to Study the Consumer Price Index’ *Committee on Finance United States Senate.*

Friedman; Milton (1953). ‘The Methodology of Positive Economics’, *Essays in Positive Economics,* in; *The Philosophy of Economics: An Anthology,* ed. Hausman Daniel M. *Cambridge University Press.*

Putnam; Hilary (1990) ‘The Place of Facts in a World of Values’, in: ‘*Realism with a Human Face’*, James Conant Ed., University of Chicago Press.

Putnam; Hilary (2003). ‘For Ethics and Economics without the Dichotomies’, *Review of Political Economy*, 15(3).