
Working Paper Series

05/24

SCARCITY, CAPABILITIES, AND THE FACT/VALUE DICHOTOMY: VIVIAN CHARLES WALSH'S NEGLECTED CONTRIBUTION TO ECONOMICS AND PHILOSOPHY

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Scarcity, Capabilities, and the Fact/Value Dichotomy: Vivian Charles Walsh's Neglected Contribution to Economics and Philosophy

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Abstract

This paper sheds new light on Vivian Charles Walsh's neglected intellectual path, privileging his analysis of the concept of scarcity and his contribution to the history of the capability approach within the broader context of the fact/value dichotomy debate. With Hilary Putnam, Walsh was one of the main advocates of the fact/value entanglement against logical positivism and neoclassical orthodox economics. Based on this entanglement, Walsh developed an ethical and economic understanding of scarcity that impeded the achievement of certain ends. In turn, Walsh's notion of achievement anticipated Sen's notion of functioning, making him the first capability theorist. His contribution to the history of the capability approach does not end here because Walsh was also a brilliant interlocutor and reader of Sen and Nussbaum's works. All these elements make Walsh a figure who deserves to be explored more in-depth by economists and other social scientists.

Keywords: achievements; capabilities; fact/value dichotomy; scarcity.

JEL Codes: B21; B41; I3.

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Introduction

Philosopher of science, historian of economic thought, and economist, Vivian Charles Walsh (1926-2017) was a privileged interlocutor of distinguishing scholars like William Baumol, Harvey Gram, Robert Mundell, Ernest Nagel, Martha Nussbaum, Karl Popper, Hilary Putnam, Lionel Robbins, Joan Robinson, and Amartya Sen. However, his intellectual contribution to economics and other social sciences has been largely neglected by the existing literature, apart from few exceptions (Erasmus, 2024; Martins, 2011, 2018).

Walsh got an MA in Economics and Political Sciences, then an interdisciplinary Ph.D in economics and philosophy at Dublin University, Trinity College. Thanks to this education, Walsh was equally comfortable conversing with economists and philosophers. Walsh became a junior member both of Lord Robbins's and Karl Popper's Department of Logic and Scientific Method at the London School of Economics between 1951 and 1955 (Putnam and Walsh, 2012). In 1955, Robbins arranged a year of absence for Walsh to travel to America for searching a joint position in economics and philosophy²: this was a decisive year for Walsh because he met Putnam right during the fall of 1955.

After their meeting, Putnam invited Walsh to join Princeton University to further discuss their common interests. Putnam became soon one of his

² In his unpublished memories, about his year of vacancy, Walsh stressed that "Robbins also obtained a Nuffield Foundation Fellowship which would supplement my salary from the London School of Economics and during a visit to London, William Baumol promised to keep an eye on my well-being in America-a promise he richly fulfilled."

most important collaborators and began to read and provide comments on everything Walsh wrote for more than fifty years. Their deep human and intellectual relationship explain why Putnam will be a decisive character in this tale around Walsh's neglected intellectual path also because they coauthored many contributions together. Walsh's first associate professorship was at the University of Buffalo. Then, in 1968, he joined the University of Washington as visiting professor. During the Seventies and the Eighties, Walsh joined different academic institutions, like the University of Denver, University of Tulsa, Guilford College, and the New School. His permanent position was at the Muhlenberg College where Walsh stayed from 1989 to his retirement with a visiting distinguished professorship in Economics and Philosophy.

This paper will shed new light on Walsh's intellectual path. Firstly, we will focus on Walsh's position in the fact/value dichotomy debate to provide the context where his intellectual contribution locates. Then, we will analyze his concept of scarcity and explore his contribution in the history of the capability approach because these two elements probably represent the most significant contributions of Walsh to economic discipline (and other social sciences).

Walsh's analysis should be placed in the context of the fact/value dichotomy debate. This context influenced his production from the outset and will see him take a leading role, especially in his more mature works. With Putnam, Walsh was one of the main advocates of the fact/value entanglement

thesis. In this regard, they tried to recover the normative dimension in economics that was lost after the diffusion of logical positivism and neoclassical orthodox economics, endorsing the entanglement between facts and values from a pragmatist perspective (Putnam and Walsh, 2012). Within this methodological context, where economics and philosophy are in dialogue once again, the distinguishing elements of Walsh's economic thought might be his analysis of scarcity and his contribution to the history of the capability approach. In this respect, Walsh (1961) adopted a joint philosophical and economic perspective: the scarcity of goods is an economic issue, but we cannot deny that their distribution is also an ethical issue.

In this context, Walsh (1961) elaborated the concept of achievement through which he even anticipated Sen's (1985) concept of functioning (Putnam, 2002). However, Walsh's contribution to the history of the capability approach does not end with this. Indeed, Walsh (2003, 2008) will come back to the capability approach about forty years later than this first contribution and will do so in two guises: on the one hand, as a reader of Sen and Nussbaum's works because Walsh (2000, 2003, 2008) considered them as the representatives of a revival of the second stage of classical theory; on the other, as interlocutor of Sen and Nussbaum for developing his own CA through the works of Sraffa. All these elements make Walsh a figure who deserves to be explored more in-depth by economists and other social scientists.

The paper is composed as follows: in Section 2, I introduce the origins and early development of the fact/value dichotomy; then, in Section 3, I

explore the impact of the fact/value dichotomy in economics; in Section 4, I analyze the alternative hypothesis of the fact/value entanglement against logical positivism and neoclassical orthodox economics through Walsh's contribution with Putnam; in Section 5, I highlight Walsh's notion of scarcity and his related issue of achievement; subsequently, in Section 6, I show how Walsh's concept of achievement is linked to that of capabilities and to the history of the capability approach; in Section 7, I emphasize that Walsh is also a speaker and a reader of Sen and Nussbaum, considering their works on the capability approach as a second phase of the revival of neoclassical political economy in contemporary economics.

2. The origins and early development of the fact/value dichotomy

Su and Colander (2013) significantly described the debate between economists and philosophers on the role of values in economics quoting the movie *Coll Hand Luke*, "What we've got here is a failure to communicate" (p. 1). Although the common effort to establish a dialogue, the communication between philosophers and economists about the fact/value dichotomy is still hard nowadays because many scholars still believe that economics should be focused on facts, while philosophy should be focused on values.

The origins of this dichotomy are relatively ancient and date back to the XVIII century when Hume (1739-1749) introduced the distinction between 'ought' and 'is', namely between normative and descriptive dimensions. Since his epistemological perspective on morality, Hume (1739-1740, p. 469) claimed that:

In every system of morality, which I have hitherto met with, I have always remarked, that the author proceeds for some time in the ordinary way of reasoning, and establishes the being of a God, or makes observations concerning human affairs; when of a sudden I am surprised to find, that instead of the usual copulations of propositions *is*, and *is not*, I meet with no proposition that is not connected with an *ought*, or an *ought not*.

Through these words, Hume (1739-1740) offered food for thought to economists and philosophers for centuries. According to this dichotomy, the domain of the ‘ought’ is the normative or evaluative dimension, while the domain of ‘is’ concerns the descriptive or factual dimension³. The dichotomy also suggested that factual propositions are objective and independent of our concepts, while evaluative propositions are subjective and dependent from human mind (Putnam, 2002). During the XX century, the fact/value dichotomy became radicalized when the advent of logical positivism (later called logical empiricism) occurred in the philosophy of science (Leitgeb and Carus, 2020). Arising in the first half of the XX century with the Vienna Circle⁴, logical positivists believed that philosophy should reach the same methodological rigor of scientific discipline through “experience” and “logics”.

³ Putnam (2002) emphasized that there was another dichotomy that emerged because of Hume’s distinction between ought/is, such as the dichotomy between analytic and synthetic judgments recovered by Frege’s re-elaboration of Kant (1781 [1787]). The dichotomy between analytic/synthetic judgments was accepted by positivists (Putnam, 2002).

⁴ Among the founders of the Vienna Circle, there were also Rudolf Carnap, Otto Neurath, Carl Menger, Ludwig von Bertalanffy. This group was also joined by Hans Reichenbach, Kurt Goedel, Alfred Tarski, Willard V. O. Quine, Alfred J. Ayer, Ludwig Wittgenstein, and Karl Popper that were not members of the Circle, but they hold exchanges with them.

In this regard, the logical positivists focused on the empirical experience and the logical structure of language because the objects of knowledge should be analysed through the same logical criteria of language⁵. So, the advent of logical positivism might be considered a “linguistic turn” in philosophy (Audi et al. 1995) discussing the reductionism of logical positivism that also had relevant consequences on the research fields chosen by scholars during those years. For instance, logical positivists showed a certain scepticism towards ethics and morality because they are both based on subjective feelings. Based on this subjectivity it follows that we are not able to establish if moral judgments are true or false because they only represent preferences or commands (Lee, 2004). These elements put ethics and morality outside the domain of scientific knowledge⁶.

To identify what is part of the scientific domain, logical positivists adopted the so-called “criterion of cognitive significance” (Hempel, 1950). In accordance with this criterion, a cognitively meaningful (or scientific) language includes both observation and theoretical terms. Observation has an empirical (so, factual) and synthetical nature (in accordance with Kant’s distinction between analytical/synthetical⁷). In contrast, theoretical terms are

⁵ Among the interests of logical positivists, there was the focus on the method of analysis adopted in analytic philosophy, as already discussed. In this context, many logical positivists got close to physical sciences to distance philosophy from social sciences. Among these scholars, we should remember Reichenbach (1958) who was concerned with the more general problem of the meaning of a ‘geometrization’ of a physical field (Giovannelli, 2021).

⁶ However, even more than ethics and morality, logical positivists aimed to eliminate metaphysics through the logical analysis of language in their effort to make philosophy closer to scientific knowledge (or what we would call ‘physical sciences’). We will not explore this more in depth this issue because it would go beyond the aim of this paper. For more, see Carnap (1932).

⁷ The distinction between analytical and synthetical was introduced by Kant (1781 [1787]) as follows: “in all judgements in which we think the relation of a subject to the predicate (...),

objects emptied of factual contents and have an analytical nature, but they enable to deduce observations since the theory, like the axioms of mathematics and logic.

However, logical positivists believed that “as long as the system as a whole enables us to predict our experiences more successfully than we could without them, such predicates [theoretical predicates] are to be accepted as ‘empirically meaningful’.” (Putnam, 2002, p.29). Thus, theoretical predicates should be considered empirically (or scientifically) meaningful, although they are not directly a statement of fact, like in the case of observation term. It follows that logical positivists intended, on the one hand, to perimeter what is scientifically relevant to the detriment of ethics and their related normative judgments; on the other hand, at the same time, they carefully distinguished synthetic (or factual) statements from analytic ones.

Walsh (1987) emphasized that some figures contributed to the crisis of the fact/value dichotomy even earlier than his joint works with Putnam, such as Rudolf Carnap and Willard van Orman Quine. Their contribution was seminal to ruining the ancient dichotomy because they created a path to rehabilitate the role of values, conventions, and experiences in scientific knowledge.

this relation is possible in two ways. Either the predicate B belongs to the subject A as something that is (covertly) contained in this concept A; or B, though connected with concept A, lies quite outside it. In the first case I call the judgement *analytic*; in the second, *synthetic*. Hence (affirmative) analytic judgements are those in which the predicate’s connection with the subject is thought by [thinking] identity, whereas those judgements in which this connection is thought without [thinking] identity are to be called synthetic” (p. 51). In other words: “A definition is analytic if it is of a given concept; synthetic if of a concept made or synthesized by the definition itself.” (White Beck, 1956, pp. 180-181)

More specifically, according to Walsh (1987), Carnap (1928) marked the first change in logical positivism because he defined himself as a logical empiricist rather than a logical positivist (Hintikka, 1975), privileging the empiricist soul of logical positivism. In his analysis, Carnap (1928) abandoned the idea that factual sentences are individually capable of confrontation with sense experience in accordance with traditional empiricism. Another important change was brought, instead, during the Fifties by Quine (1951) who removed the notion of “analytic” from the philosophy of language’s jargon because he believed that it was muddling to consider every scientific statement—including those concerning mathematics—as “factual” or “conventional”, like logical positivists did, equating analytic with conventional. On the contrary, Quine argued that it is not possible to have a well-defined idea of what is “factual”: this abandonment of the analytic/synthetic distinction was more than welcomed by philosophers of science: if the notion of fact is no longer clear, some important implications on the fact/value dichotomy were included.

Walsh (1987) described Quine’s position around the fact/value dichotomy and the analytic/synthetic dichotomy as follows: “To borrow and adapt Quine’s vivid image, if a theory may be black with fact and white with convention, it might well (as far as logical empiricism could tell) be red with values. Since for them confirmation or falsification had to be a property of a theory *as a whole*, they had no way of unraveling this whole cloth” (Walsh, 1987, p. 862)

According to Walsh, Quine's (1951) criticism of logical positivists and his distinction between factual and analytic -complete the ruins of the fact/value dichotomy previously started with Carnap. Albeit Carnap and Quine, the fact/value dichotomy also survived through the distinction between subjective and objective in years to come. In this regard, one of the queries asked by philosophers of science was "whether moral judgments or moral conceptions are subjective or objective" (Chakraborty, 2019, p. 379). According to Habermas (1981, 1987) and Rorty (1980), for instance, value judgments are subjective⁸, not objective, and this made them willing to accept the fact/value dichotomy because they refused the subjectivity that characterizes the normative dimension. So, subjectivity is outside the domain of science.

Among the philosophers of science who endorsed the fact/value dichotomy, there were mostly the exponents of "metaphysical realism" (Putnam, 1981), a doctrine that understands the world as a "some fixed totality of mind-independent objects" (Field, 1982, p. 553). Given this understanding, there is only one way to provide a true, complete, and objective description of the world, such as 'the way the world is', which means that only external elements of the subject are scientific. External realism naturally leads to the adoption of fact/value dichotomy in the philosophy of science because it is hard to understand whether (objective) values are possible in a physicalist perspective like this. But this strong

⁸ It is important to clarify that Putnam did not consider Rorty as a metaphysical realist, rather he is a pragmatism that developed a naïve realism "that hints about sociological facts and the norms of our culture wholly determines what is true and false" (Chakraborty, 2019)

realism clashed with the discovery made in the early twentieth century because there also are facts that might be analysed through mathematics only because they are not experienced through perception⁹.

3. The impact of the fact/value dichotomy in economics

Born in a philosophical framework, the distinction between ‘ought’ and ‘is’ spread also in economics thanks to figures like Cournot, Petty, Ricardo, Quesnay, and Walras (Sen, 1987) since the XIXth century. These scholars were mostly interested in pure quantitative economic issues and preferred to leave open questions that imply an ethical insight. As Putnam and Walsh (2009) stressed: “As long as logical positivism was taken seriously by philosophers-especially philosophers of science- economists and other social scientists were arguably entitled to take from positivists a claim that values had no place in science” (p. 291).

To understand how logical positivism shaped neoclassical economics, we should remember that one of the most relevant features of neoclassical economic methodology is its ability to make consistent predictions about economic behavior in different contexts. For this purpose, economics should become an objective science, like other physical sciences. In this sense,

⁹ According to Walsh (2009), this discovery indirectly undermined the fact/value dichotomy and directly destroyed the fact/theory dichotomy.

Positive economics is in principle independent of any particular ethical position or normative judgment. Its task is to provide a system of generalizations that can be used to make correct predictions about the consequences of any changes in circumstances (...) Positive economics is or can be an objective science in precisely the same sense as any of the physical sciences (Friedman 1984 [1953], p. 211)

During those years, many economists (except Machlup) endorsed positivism and adopted this claim (Caldwell, 1982), elaborating a positive and objective economics free from normative and subjective issues. Among the most relevant figures who were inspired by logical positivism, we should mention Robbins (1932) and his debt with Hume's philosophy. Walsh (2009) stressed that it is not strange that many mainstream neoclassical economists considered themselves 'sons of Hume' because they agreed with him that scientists should be focused on "matter of fact' that" one could see, hear, touch, taste, or smell" (p. 144), instead of more abstract questions like those analysed in ethics and morality. We should not be surprised that logical positivists and neoclassical economists goes hand by hand about the fact/value dichotomy.

In this respect, Robbins (1932) separated positive economics and ethics but also acknowledged a space in economics devoted to the "objective analysis and applications involving value judgments" (Robbins, 1976, p.1). This space is that of political economy, a non-scientific branch of economics. Thus, what Robbins was refusing is not the role of value, but to consider political economy (focused on value) as a part of economic science. So,

political economy is a more general and non-scientific branch of economic studies. This distinction between scientific and non-scientific branches of economics practiced by a leading scholar like Robbins has provided a seminal contribution to a redefinition of the domain of economics and the role of theory in economics (Backhouse and Medema, 2009).

In this regard, Robbins (1932) argued that the tasks of economics are to study the production and use of wealth and to explore what might contribute to economic welfare since the influence of scarcity in means and ends because scarcity represents a limit in economics. “This laid a foundation that could be seen as justifying not only the narrowing of economic theory to the theory of constrained maximization or rational choice but also the ‘imperialism’ of economists’ ventures into the other social sciences” (Backhouse and Medema, 2009, p. 805).

The narrowing of economic theory provided a decisive contribution towards another important phenomenon for economic methodologists, such as economic imperialism which was defended by neoclassical orthodox economists (Levant, 2013). In this framework, economists emphasized the importance of rigorous language to write in simple terms also complicated concepts¹⁰ (Lazear, 2000). Starting with economic imperialism, neoclassical orthodox economists went beyond the idea of a rigorous language in economics, and they were adamant about defending the superiority of

¹⁰ For the evolution of economic imperialism in the history of economic methodology, see Cedrini and Fontana (2018), and Ambrosino, Cedrini, and Davis (2021).

economics compared to other social sciences (Ambrosino, Cedrini, and Davis, 2023).

From this perspective, ethics and morality might be only arts for economists, not sciences. The redefinition of economics, in turn, put all the studies about well-being at the periphery of economics for decades because they were right based on subjectivity (Blaauw and Pretorius, 2013). It is only thanks to Easterlin (1974) and his focus on the notion of happiness in economics-then re-elaborated in 1995- that subjective well-being was reintroduced in economics (MacKerron, 2012).

Commenting on data about happiness and GDP, Easterlin (1974) claimed that “If there is a positive association between income and happiness, it is certainly not a strong one” (p. 108). More specifically, the “core of the Easterlin paradox lies in Easterlin’s failure to isolate statistically significant relationships between average levels of happiness and economic growth through time” (Stevenson and Wolfers, 2008, p. 16). In a nutshell, the Easterlin paradox means being richer does not necessarily mean to be happier because subjective well-being tends to be constant in time, including in a condition of economic growth. The paradox occurs because when individual welfare improves, individuals tend to counterbalance with growing aspirations¹¹.

What makes relevant Easterlin’s contribution to the refusal of the fact/value dichotomy was his acknowledgment of the impact of psychological

¹¹ For more about happiness studies in economics, among many others, see Bruni and Porta (2005, 2007), Frey (2010), Graham (2005), and MacKerron (2012).

elements on human well-being, going outside the domain of economics defined by neoclassical orthodox economics. But he was not the only one. On the same research line, there was also Tibor Scitovsky (1976) who discovered Easterlin's paradox and soon became another of the leading scholars of happiness economics through his analysis of hedonic adaptation, the ideas of consumer's imperfect information and social comparison effect on happiness, and Last but not least, the role of leisure skill in individual economic behavior (Pugno, 2019). Before Walsh, scholars like Easterlin and Scitovsky, just to name a few, used value judgements more explicitly than in neoclassical economics, although they had never directly joined the methodological debate on the fact/value dichotomy. Furthermore, happiness studies represented a turning point in favor of more realism in the study of economic behavior -also considering psychological and sociological aspects in economics- a realism that was partially lost with logical positivism.

4. The fact/value entanglement against logical positivism and neoclassical orthodox economics: from Walsh and Putnam to Sen

In this context of progressive abandonment of logical positivism and alternative paradigms compared to neoclassical orthodox economics, we can find the figure of Walsh and his explicit refusal of the fact/value dichotomy in favor of a virtuous entanglement between these two dimensions in economics. Remembering when he was lecturing on economics and philosophy at the LSE in the early Fifties, Walsh (2008) said that, although

he regularly attended Alfred Ayer's seminar and they also became friends, he "was never converted to logical positivism" (p. 199). At the same time, Walsh showed a strong criticism of neoclassical orthodox economics and wrote several four-handed contributions against the fact/value dichotomy with Putnam. In this respect, Putnam "read and commented on everything" Walsh "wrote in philosophy" (Putnam and Walsh, 2012, p. 173) from the very early beginning they met in 1955.

What makes Walsh and Putnam's contribution original compared to the fact/value debate was their idea that not facts and values are not juxtaposed, but they explicitly suggested that facts and values are rather entangled. In favor of the entanglement thesis, Walsh (2000, 2003) argued that when economists refer to facts and values, they cannot separate the descriptive and the normative dimensions, albeit these two dimensions can be distinguished to be analyzed from different methodological perspectives. According to Walsh (2000, 2003), the fact/value entanglement should be applied to all sciences-but especially economics- to overcome the effects of logical positivism that deeply influenced and shaped the economic discipline since the Thirties. Thus, Walsh rejected a sharp dichotomy between empirical analysis and theoretical studies in a certain research field.

In this respect, economics (in particular, welfare economics) was impoverished by the neglect of ethics in the analysis of economic well-being (Putnam, 2002). As in happiness studies, economics and psychology brought back issues like subjective well-being and put them at the cornerstone

of economics, Walsh did the same through ethics, instead of psychology. The necessity to include ethics in the analysis of well-being was reached by Walsh thanks to his adhesion to pragmatism which was the main philosophical alternative compared to logical positivism in the second half of the XX century. In this respect, Walsh (2009) stressed that the attack on logical positivism and neoclassical economists “came from the classical American pragmatists, who argued that facts, theories, and values are all necessarily entangled.” (p. 144). Thus, they were endorsing a very original position in the fact/value dichotomy debate, such as a triple entanglement among facts, values, and theoretical conventions. Since a pragmatist perspective, economics becomes a moral science because it “involves issues of labor, distribution, inequality, and scarce resources that affect the flourishing of human” (Hogan, 2021, p. 35) well-being.

Although Walsh and Putnam probably provided the most relevant contribution against the fact/value dichotomy, there were other economists against the fact/value dichotomy, such as some exponents of the Scandinavian welfare economics, like Gunnar Myrdal, Paul Streeten, Hugh Stretton, and Michael Scriven (Gasper, 2008). These scholars supported that economic analysis should always be integrated with philosophical elements to explore economic reality because facts and values are intertwined (Gasper, 2008). About their philosophical background, the Scandinavian welfare economists felt closer to Dewey’s pragmatism (Myrdal, 1944) than Hume’s realism.

These scholars were not the only ones that refused the fact/value dichotomy because we should also remember another important economist who endorsed this position, such as Amartya Sen (1978, 1987a, 1992) that was, in turn, one of the main interlocutors of Walsh. Sen and the Scandinavian welfare economists have in common the idea that there is only a dualism between fact and value, not a dichotomy (Gasper, 2008). Sen (1987) has refused the fact/value dualism since his early works and suggested a fact/value duality where we might describe and evaluate economic reality from a joint ethical and economic perspective.

However, there is a significant difference compared to Walsh: Sen (1987) refused the fact/value dichotomy, in turn, combined ethics and economics and criticized mainstream orthodox economics for abandoning normative economics, but it is not clear if he endorsed the fact/value entanglement (Martins, 2011). Instead, Walsh argued in favour of the entanglement hypothesis when he referred to the thickness of ethical concepts, suggesting that the “entanglement would clearly be most obviously visible in the case of the thick, richly descriptive, ethical concepts.” (Walsh, 2003, p. 334).

The main difference between Walsh and Sen is about the entanglement’s hypothesis. Indeed, Sen (2009) was for *ethics without ontology* because this latter also implies beliefs (religious, philosophical, and factual), not just values, like Putnam (2002, 2004). On the contrary, Walsh (2003) was for *ethics with ontology* because this perspective “enables the discussion of the

needs of human beings at various levels of abstraction, from more specific needs which pertain to more specific physiological and social conditions, to more general needs that may be common to various human beings, and possibly universal, both at a physiological and social level” (Martins, 2018, p. 18). Walsh found this ontological basis for better discussing human needs in Nussbaum’s (1992) earlier works that were deeply rooted in Aristotelian ethical tradition (Martins, 2007).

Thus, we might rather say that Sen was for a dualism between facts and values, not an entanglement, namely an intermediate position between the dichotomy and the entanglement’s hypothesis. Instead, Walsh (1996) established that there is a one-way relationship between normative economics and positive economics (in particular, it is the impact of values on facts) that makes impossible to separate these two dimensions without weakening economic discipline itself¹².

5. From scarcity to achievement

Once clarified the methodological debate where Walsh’s ideas locate, we may focus on his notion of scarcity that he had elaborated under the influence

¹² The entanglement thesis might be adapted to behavioral economics. Indeed, in Walsh’s original discussion of the fact/value dichotomy, there were no references to behavioral economics, although it was still affirmed by many years in the intellectual panorama thanks to old behavioral economists like Herbert Simon and George Katona (Nagatsu, 2015). However, the fact/value dichotomy debate also had some implications for behavioral economics, for example, on the axioms of rationality. For more, see Jullien (2016). He adopted the lens of Putnam, Walsh, and Sen to show the impact of the entanglement thesis on behavioral economics.

of Lionel Robbins, who was among his teachers at the LSE¹³, as previously discussed. During the Fifties, Walsh published his first works where he focused, on the one hand, on the analysis of consumers' behavior and the relationship between leisure and international trade (1954b, 1956); on the other hand, on the concepts of good will, scarcity, and ascriptions in a mostly philosophical framework¹⁴ (Walsh, 1954a, 1958a, 1958b). These philosophical works became seminal towards one of his well-known essays, such as *Scarcity and Evil* (1961). This essay was written “as philosophy and for philosophers” (Walsh, 1961, p. 4) but explored a topic that Walsh found outside of philosophy, such as the economic notion of scarcity. Walsh was conscious of what kind of disciplinary interactions philosophy and economics might establish with each other since their disciplinary boundaries.

In this respect, he stressed, if “economic matters simply as those concerned with getting our bread and butter and economic sciences as technical specialty offering no concepts of interest to the philosophy”; on the contrary, <<the economic relation of “scarcity” has much wider application than is usually realized by non-economists>> (Walsh, 1961, p.5) because it concerns the means to attain certain ends. Scarcity refers to insufficient means for the complete attainment of ends. Thus, Walsh applied the fact/value entanglement in his early works because he offered a descriptive and normative analysis of scarcity.

¹³ Robbins wrote a comment on Walsh. Unfortunately, this document is lost and cannot be consultable at the Lionel Robbins Archive at the LSE.

¹⁴ In this respect, Ernest Nagel helped Walsh in his first philosophical papers, when Walsh was in a junior post at Columbia.

What is the meaning of scarcity? This is certainly a broad and foundational notion in economics. According to Robbins (1932), for instance, scarcity is the very same domain of economics because “economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative use” (p. 16). Thus, economics is not about “material welfare: the provision of goods to further prosperity and development”, rather it is focused on scarcity, such as “the provision of goods to fulfill all wants”. Since this definition, scarcity has been acknowledged and defined as a fundamental problem in economics, and also in scholarly textbooks. It is not a case that Perloff (2008) introduced his textbook in microeconomics stressing that “if each of us could get all of the food, clothing, and toys we wanted without working, no one would study economics. Unfortunately, most of the good things in life are scarce- we can’t all have as much as we want. Thus, scarcity is the mother of economics” (quoted in Zaman, 2012, p. 22).

Walsh (1961) shared with Robbins this centrality of scarcity but adopted a different methodological perspective compared to his contemporaries since the fact/value entanglement. In this respect, Walsh (1961) adopted an interdisciplinary approach and argued that scarcity should be analyzed from a joint economic and philosophical perspective, not just an economic one. Walsh (1961) surprisingly started his analysis of scarcity by referring to Kant. Walsh lamented that Kant was focused only on those missing things that a

good will needs to attain certain will's objects. But a close philosophical analysis like this (that is to say, in terms of means-ends) cannot catch the consequences of scarcity in economics. At the same time, the idea of scarcity as "pain" is only a psychological analysis of the effects of scarcity on deprived people, expressing their feelings but not their economic situation.

Reconsidering what economists, philosophers, and psychologists said before him, Walsh (1961) suggested an "important similarity between (...) scarcity of economic goods, and moral choice and the hindrances to which is subject" (p. 6). If economic goods are scarce, their distribution is also an ethical issue, not just an economic one, in accordance with the fact/value entanglement. In this sense, Walsh (1961) stated that there is "an intimate connection between the economic relation of scarcity and the type of subject matter about which most ethical statements are made" (p. 7). Talking about scarcity means also formulating ethical statements because the distribution of scarce resources and choices about scarce resources always requires moral responsibility. We cannot just describe the phenomenon of scarcity; we need to evaluate its consequences.

Walsh (1961) formulated what he defined as a "kaleidoscopic" perspective on scarcity: on the one hand, scarcity is a "lack of means "(p.18) to attain certain ends, like in Kant; on the other hand, as limited goods and service that might be bought and/or sold (or limited ends that might be attained). If Robbins (1932) had considered scarcity as the domain of economics, Walsh (1961) suggested that scarcity is the source of choice in economics. In this regard, scarcity leads people to choose how to economize

their scarce means to attain the best life they may live. In the process of choice, Walsh emphasized that people make a comparison between two possible sets of alternatives and choose that set that will restrict their freedom less compared to the <<attainment of the end which dominate [their] thought>> (1961, p, 21).

Scarcity leads to choosing a certain alternative, but “the cost of choosing one is giving up the other” (Walsh, 1961, p. 28) alternative. Every time people choose, they consciously or unconsciously “suffer a loss”, Walsh (1961) stressed, compared to that alternative they give up. This is why choice is paradoxically a loss because when people attain an end, they also suffer pain for the alternative they give up. So, people will choose that alternative that reduces their sense of loss in the process of choice. In a certain sense, Walsh (1961) has a pessimistic view about choice because people choose not just the best life they may live, but that alternative that reduces the sense of loss. This sense of loss is the philosophical element of Walsh’s understanding of scarcity that goes beyond his economic analysis of economics. In economic words, instead, scarcity is an opportunity cost in Walsh (Emmett, 2014). At the same time, when people make a choice about their ends, they do not exclusively suffer a sense of loss because they also achieve (or attain) certain ends. If scarcity occurs “when anything needed for the achievement of an end (...) is insufficient for the end’s attainment” (1961, p.24), the achievement is the concrete expression of the individual ability to achieve a chosen end for living the life they prefer to.

Even better, in line with the title of the book, we might say that Walsh argued that scarcity leads to evil in the world. In this sense, scarcity is not a value-free condition: the world is full of cases where values permeate the real world, including those cases concerning economic reality because they imply making choice. Where there is a choice, there is an evaluative dimension as well. Furthermore, scarcity is evil because people do not make choices about scarce resources alone. On the contrary, scarcity leads to conflict between individuals to have access to these scarce resources. Walsh suggested that scarcity is the obstacle to the achievement of ends, but people can best economize their individual means towards the attainment of the ends that offers them the opportunity to live the best life they can.

6. From achievement to capabilities in the history of the capability approach

The definition of achievement elaborated by Walsh (1961) was the cornerstone of his idea of scarcity, but it also had a pivotal contribution to the history of the capability approach that shows that Walsh should be included in this tale (Erasmus, 2024). This element was initially emphasized by Putnam (2002) when he was discussing the context where Sen (1980, 1985) and Sen and Sengupta (1983) introduced the capability approach and its key concepts, such as those of functioning and capabilities. Some years later, Walsh (2008) argued that his notion of scarcity and achievement offered a contribution to

the capability approach, but his contemporaries privileged Sen's formulation, although he was further than Walsh from the neoclassical framework.

It is well-known that Sen understood capabilities as capabilities "to achieve functioning that [a person] has reason to value" (Sen, 1992, p.4) for improving their well-being, where the concept of functioning equals "an achievement of a person: what he or she manages to do or to be" (Sen, 1985, p. 10) in their life. Furthermore, functionings are different and varied because they might range "from the most elementary ones, such as being well-nourished, avoiding escapable morbidity and premature mortality, etc., to quite complex and sophisticated achievements, such as having self-respect, being able to take part in the life of the community, and so on" (Sen, 1992, p.5). In this context, Putnam (2002) argued that:

it is appropriate to mention that this notion of "functionings" was anticipated by Walsh in 1961 in *Scarcity and Evil*. Walsh's term was "achievements" and like Sen he connected a very wide notion of a human life as whole, which goes back to Aristotle. The idea of applying this point of view to problems of development is, of course, due entirely to Sen. (Putnam, 2002, p. 57)

Walsh's notion of achievement and Sen's notion of functioning have both analogies and differences, they cannot be overlapped without a critical reading. On the one hand, the concepts of functioning and achievement (of a certain end) have in common the Aristotelian idea of life as a whole towards human flourishing (Déneulin, 2013), while human flourishing equals Aristotelian's *eudaimonia* (happiness) and corresponds to a full development of individual capabilities that make people happy because this is the highest

form of human self-realization¹⁵ (Giovanola, 2007). On the other hand, however, Walsh and Sen developed their respective concepts in different research fields: in particular, Sen (1980, 1985) introduced the notion of functioning in development economics, while Walsh's notion of achievement was elaborated between philosophy and economics, such as in a more theoretical framework that is consistent with his endorsement of the fact/value entanglement.

These differences enable us to consider Walsh as the economist-philosopher of scarcity and Sen as the economist-philosopher of opportunity. More specifically, Sen puts his emphasis on the positive aspect of freedom (or opportunity freedom) compared to what individuals can do or be in their life through the concepts of functionings and capabilities. Instead, Walsh emphasized on the negative aspect of scarcity compared to what individuals lose when they choose to live a life, excluding another possible one.

In addition, this possible rethinking of the history of the capability approach, including Walsh's contribution, does not end with Putnam's (2002) emphasis on Walsh's notion of achievement. In a recent interview, indeed, Sen has declared << 'I have to rescue myself by saying [thumping table] "I'm not a capability theorist! For God's sake, I'm not a capability theorist"' (Sen in Baujard, Gilardone & Salles, 2010, p. 1). Through his vivid voice, Sen refused to be labeled as a capability theorist and cried out for clarification about the real role of capability in his theory of justice (Baujard and

¹⁵ This Aristotelian influence will become even more evident in Nussbaum's capabilities approach.

Gilardone, 2017). This is a step forward compared to Putnam (2002) because this interview implied a broader rethinking of the history of the capability approach, also considering the evolution of the capability approach. In this respect, we should wonder who the real capability theorists are to better understanding the evolution of the history of the capability approach (Erasmio, 2024), including Walsh's contribution (Martins, 2007, 2011, 2018).

It is significant that Walsh (2008) stressed the relevance of his analysis around scarcity and capabilities, and he even wondered about the reason why his analysis has been neglected by economists, including neoclassical ones, in one of his latest contributions. In this respect, Walsh (2008) pointed out that even "Arrow recognized the argument of *Scarcity and Evil* had moral implications for social choice¹⁶". However, Walsh (2008) wondered, "Why did he not investigate the possibility of dropping utility and making interpersonal comparisons based on how people's attainments were affected by instances of scarcity?" (p. 217). A possible starting point to address this question is that Arrow, like neoclassical theorists in general, was still embedded in preference utilitarianism and interpersonal comparisons that were still considered an issue concerning utility only. However, this methodological difference is not enough to explain why most of Walsh's contemporaries did not acknowledge his effort to extend Robbins' concept of scarcity with ethical and moral insight. Although his willingness to

¹⁶ Quoting Arrow (1967), he stated that "the moral implications of the position that many attributes of the individual are similar in nature to external possessions have been discussed by V. C. Walsh, *Scarcity and Evil* "(Arrow 1967, p. 21)

reintroduce ethics in economics, Walsh was, indeed, basically in continuity with mainstream orthodox economics because his notion of scarcity was indebted to Austrian economic theory, not differently from Robbins (1932), as previously discussed.

It is not a case that “the rise of neoclassical economics switches the emphasis of economics away from the conditions that promoted economic growth and toward the allocation of scarce resources between competing wants, with “scarcity” becoming a fundamental concept.” (Clark, 2000, p. 416). This caused a definition of wealth in terms of scarcity and transferability. As Robbins (1984) claimed “wealth is not wealth because of its substantial qualities. It is wealth because it is scarce” (Robbins, 1932, p. 47). Certainly, scarcity is a complex concept, like a big hat below which several definitions are included. In continuity with Robbins, Walsh (2008) suggested that scarcity is what “impeded or wholly prevented the attainment of human goals (...)”, in turn, “this language of scarcity and attainments translates easily into Sen’s language of capability deprivation and functionings” (pp. 217-218). Walsh was building a bridge between Robbins and Sen through his own idea of scarcity.

More specifically, Walsh (2003) saw the possible relationship between Sen’s notions of functioning and capabilities and his understanding of scarcity and attainment in these terms “Sen wrote of the *capability* to achieve a functioning; I wrote of how scarcities might impede or prevent an attainment. An attainment (or functioning) thus depends on the *absence* of scarcity (i.e.,

on an unimpeded capability)” (p. 381). In other words, the absence of scarcity offers the opportunity to achieve the related capability.

However, Walsh’s language and intellectual background were closer to neoclassical economics than Sen. This is why Walsh (2008) expected to be more successful than Sen among his contemporaries, especially among the neoclassical mainstream economists.

7. The second phase of the revival of the classical political economy and Walsh’s Sraffian reading of basic capabilities

Walsh’s rethinking of the capability approach was not limited to a comparison with Sen’s works. In his most mature analysis, Walsh (2000) also became a brilliant reader of Sen and Nussbaum’s works and suggested that their respective analysis of the capability approach might be considered a second stage of the revival of classical political economy in contemporary economics¹⁷. It is seminal to emphasize that, along with this reading, Walsh elaborated his idea of capability approach, such as a combination of Sraffa’s focus on pure theory extended with Sen and Nussbaum’s moral and political insights through their notion of basic capabilities.

During the twentieth century, the revival of the classical political economy occurred in two different stages, but they were both characterized by the idea that economists should also focus on “the real opportunities to

¹⁷ Some years later, Walsh and Putnam (2002) came back on this issue. They focused on Sen, rather than Nussbaum, although they were basically closer to Nussbaum because of her debt to Aristotle.

lead the kind of life we would value living” (Walsh, 2000, p. 5), not just income and wealth. In particular, the first stage was marked by a strong criticism of marginalism, applying the analytical framework of classical political economy in a rather ‘minimalist’ framework (Martins, 2012). According to Walsh (2000), this minimalism is the “habit of concentration on a few key issues of classical theory (...) their main preoccupation was naturally with Ricardo” (p. 6). This Ricardian minimalism was shared by Sraffa (1960) but also von Neumann and Leontief (Kurz and Salvadori, 1995). Walsh (2000, 2003, 2008) privileged Sraffa and his focus on the <<‘pure theory’ of the ‘core’ equations of prices and quantities>> (Martins, 2012, p. 144).

What Walsh shared with Sraffa is the idea that distribution is an exogenous variable compared to economic theory. This idea significantly opened the door for ethical and political considerations in economics, which will happen in the second stage of classical political economy (Martins, 2018). Indeed, Walsh (2003) emphasized that the second stage of the revival of classical political economy goes beyond the pure theory and was also interested in developing a concept of institutions and human behavior¹⁸. It is not a case that this further phase was rooted in Smith’s works, rather than those of Ricardo.

¹⁸ We ought to clarify that Sraffa also had a complex understanding of institutions that was influenced by Gramsci (Davis, 1988, 2002; Sen, 2003). However, his masterpiece, the *Production of Commodities*, was mostly focused on pure theory, competitive price equations.

Walsh (2000) highlighted that among the most important exponents of the second phase, there were Sen (1977, 1997, 2002) and Nussbaum (1993): they both considered ethics (or values) in economics, criticized the idea of mainstream homo economicus and suggested that motivations other than self-interest should be included in economics. Walsh (2003) defined Sen and Nussbaum as the leading exponents of the second phase of this revival because they significantly included in their analysis those moral issues and the philosophical anthropology beneath classical political economy in a methodological context dominated by the fact/value dichotomy. Ethics and economics are not two juxtaposed disciplines because they might be equally considered to explore economic phenomena (Sen, 1987): For this purpose, Sen and Nussbaum (1993) principally availed of the concept of basic capabilities that express what a person is “able to do [with] certain basic things” (Sen, 1980, p. 218).

According to Walsh (2003), these moral and political insights into political economy make Sraffa’s theory more applicable to contemporary economic issues (Martins, 2018). To rediscover moral issues and philosophical anthropology in classical political economy in his idea of justice, Sen (2009) followed Smith, as previously discussed. Walsh (2000) argued that Sen (2009) focused on Smith because:

Smith embedded a remarkable understanding of the core concepts of a classical theory of the reproduction of surplus, in the setting of a richly descriptive political economy whose implications for moral philosophy he understood and explored. The Smith texts as a whole offer a rich tapestry, interweaving threads of classical analysis, moral philosophy, jurisprudence, and history. (Walsh, 2000, p. 6)

Why was Walsh focused on the revival of classical political economy, from Ricardo to Smith's echoes in contemporary economics? Undoubtedly, he was highly interested in the concept of standard of living. Sraffa (1960) offered insights into the production and distribution of a surplus, but he did not say so much about the classical idea of a subsistence wage that would be relevant to discuss the concept of standard of living. Thus, Walsh (2003) argued that Sen (1980) and Nussbaum's (2000) idea of basic capabilities, under the influence of Smith's tradition, could have made Sraffa's theory more applicable to the contemporary world through the consideration of physiological and social conditions concerning economic issues.

According to Walsh's view of the capability approach, basic capabilities might be helpful, for instance, to represent those minimal achievements that individuals can get in their lives, like those deriving from a subsistence wage. Thus, the role of economists, especially political economists, is to identify which are the desirable basic capabilities to live a dignified life. Subsequently, they should select those "specific commodities" that will enable "the development of a theory that can be applied with a greater level of generality" (Martins, 2018, p. 42).

To elaborate a more general understanding of capabilities, Walsh advocated for a social ontology rooted in Aristotelian ethics (Martins, 2007). Here is a difference between Sen and Walsh's respective understanding of the capability approach: as discussed in Section 4, Sen (2009) was for ethics "without ontology", while Walsh was for ethics "with ontology". In the

context of the fact/value dichotomy, Sen (2009) admitted the dialogue between ethics and economics, but he did not concede space to ontology in economics, accepting the contribution of philosophy in economics only within morality and ethics. Instead, ethics without ontology is “throwing away the baby with the bathwater” (Martins, 2011, p. 116) because the refusal of ontological and epistemological realism leads to relativism that might be dangerous for a project of human development based on the capability approach. In this regard, Walsh (2003) was in favor of a social ontology that can discuss “the needs of human beings at various levels (...) from more specific needs which pertain to more specific physiological and social conditions, to more general needs that may be common to various human beings, and possibly universal, both at a physiological and social level” (Martins, 2018, p. 18). Walsh found this ontological basis in Nussbaum’s (1992) earlier works.

Concluding remarks

This paper has highlighted Walsh’s neglected intellectual path. We have shown his contribution - with Hilary Putnam- to the fact/value debate in favor of a virtuous entanglement between them. This passage has been seminal because economists, but also philosophers, are more familiar with Putnam’s contribution to the fact/value debate, neglecting that he was a philosopher only and he challenged those interdisciplinary issues related to this debate with an economist- who was also familiar with philosophy and economic methodology- like Walsh. Then, we pointed out his kaleidoscopic

understanding of scarcity and privileged his related notion of achievement that anticipated Sen's notion of functioning. We have emphasized that Walsh's role in the history of the capability approach is not limited to his notion of achievement, but he was a privileged speaker and an insightful reader of Sen and Nussbaum's works. In this respect, Walsh had understood the capability approach as a second stage of the revival of classical political economy in contemporary economics. This reading was appreciated by Sen (2005) who welcomed his interpretation with these friendly words, it "is difficult for me to give adequate expression to my appreciation of Vivian Walsh's willingness to take such a deep and involved interest in my work" (p. 107). We have also evoked that Walsh (2008) significantly wondered about the reason why his analysis on scarcity and capabilities has been neglected by economists, including neoclassical ones.

Not only did Walsh (2008) wonder about this issue, but he also tried to address the subsequent question. In this regard, Walsh (2008) concluded that his analysis of scarcity and capabilities did not have the acknowledgment he expected from his contemporaries because he developed and took scarcity "off into moral philosophy, making no effort to use it in economic theory" (p. 218). The concrete difference between the two scholars is that Sen applied the capability approach to interpersonal comparison in a non-utilitarian way, while Walsh did not apply scarcity to economic theory. Although Sen (2010) has recently refused to be defined as a "capability theorist" (Baujard and Gilardone, 2017), he elaborated a theory anyway. It is not an accident, however, that Sen (1991) stressed that scarcity is a seminal notion in

economic theory and mentioned Walsh (1961) to confirm the impact of scarce resources on the outcome of utility optimization (Martins, 2011).

Walsh's intellectual path was probably controversial: On the one hand, he was an economist who broke with mainstream orthodox economics through his refusal of the fact/value dichotomy – even cooperating with a philosopher, Putnam- to advocate the fact/value entanglement hypothesis. At the same time, his own idea of the capability approach extended Sraffa's theory through Sen and Nussbaum's capability approach towards a political economy more sensitive to morality and ethics. On the other hand, however, he was far more conservative and faithful to neoclassical economics thanks to his idea of scarcity indebted to Robbins. Walsh was simultaneously a pioneer and a conservator in the intellectual panorama of the XX century.

The history of economic thought has preferred Sen to Walsh, but all these elements show that also Walsh elaborated a complex analysis of economic reality that deserves to be explored more in-depth from a historical and methodological perspective.

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