DISCUSSION: VALUE JUDGMENTS AND EFFICIENCY IN PUBLICLY SUPPORTED RESEARCH

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Dr. Ladd has written a thoughtful and provocative, but at the same time troublesome, paper dealing with the role of values in public policy decision-making. I confess that I find the paper a trifle frightening. Underlying the entire paper is the unarticulated (and hence, unanswered) question: "If economic logic is largely value laden, and the terms we use to communicate theory with each other are value laden, is economics a science?" The continual fear I have is that intensive study within my discipline will ultimately lead me to the conclusion that the discipline does not amount to anything. Can value-laden theoretical concepts be subjects to valid scientific inquiry? Maybe an agricultural economist who deals with public issues is not a scientist, but a politician. Maybe the study of agricultural economics is not even a discipline. Ladd's paper seems to support rather than dispute the thoughts that I have had in some of my darker moments.

But as economists, we perceive ourselves as scientists who like to focus on facts, not value judgments. Value judgments relating to what is good, bad, right, and wrong are left to others, such as politicians. Most economists would like to think that if they do hold values, these values arise solely from an understanding of sophisticated economic logic supported by observable facts. Our efforts to represent social systems with complex mathematical models is evidence of this. We worry about our estimate of a price or income elasticity to the second or third decimal place. We view ourselves as superior to other social scientists who, for whatever reason, are unable to model the systems they are dealing with using the level of quantitative sophistication routine for us.

Ladd's paper subtly suggests that what we do as agricultural economists may, in fact, be no less value laden than what we perceive social scientists in other disciplines to be doing. I am not necessarily saying that this is wrong, but it certainly leaves me uncomfortable. For example, public policy specialists within agricultural economics have often defined their work as that which involves the application of economic theory and logic to problems in an effort to delineate probable consequences arising from public policies under consideration within the political arena. Value judgments relating to decisions about which policy *ought* to be implemented are left to others. To be successful, the agricultural economist must, perhaps, studiously avoid the insertion of his own values into the educational function. Just how Ladd views this approach to public policy is unclear. I suspect that he might argue that, even here, values are much a part of the public policy specialist's work, particularly with regard to the selection of problem, the people with whom he chooses to work, and the selection of outcomes and consequences to be presented.

ASSUMPTIONS OR VALUES

Ladd never tries to make a distinction between an *assumption* and a *value,* and in fact seems to imply that they are one and the same. I feel that an assumption is quite different from a value. Economists make assumptions as a necessary first step in applying economic logic to draw conclusions. Were it not for assumptions, we could not draw conclusions, and economic theory would turn into a meaningless glob of nothingness.

The term "assumption" can be used in any of four ways. First, an assumption can be made about relationships between variables when reality is unknown. Second, an assumption might be used to simplify and abstract from reality in order to more clearly see the salient features of a problem. Third, an assumption might be used with respect to individual motivations, without passing judgement on what is right or wrong. Finally, an assumption might be used to define what *ought* to be done in a society. It is only within this fourth context that the term "assumption" acquires a meaning similar to "value." Fortunately, the first three definitions are the ones important to economists, and these have little to do with values. Analyses that determine the potential outcomes from a series of assumptions are the basis for public work conducted by agricultural economists.

Furthermore, Ladd does not distinguish at all between *intrinsic* and *instrumental* values. One characteristic of a setting in which public policy is made in conflict between the instrumental values of parties affected by the policy. Agricultural economists can as-

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sist in a public policy arena by helping players to clearly specify their instrumental values, allowing public policy to be defined with a full knowledge of the instrumental values held by participants in the arena.

Moreover, Pareto optimality conditions do not deal with the issues of what is good, bad, desirable, or undesirable for an individual or a society. They are merely a statement about what will prevail under a specific set of assumptions, based on some fundamental tools of marginal analysis. We *assume* that utility is generated from product, not from the amount of input that is used. Disagreement with the assumptions does not make the theory invalid in cases where the assumptions are met. (Ladd's assumption of a two-producer world is also value laden, and unrealistic.) If one agrees with the assumptions, Pareto optimality conditions are revealing with respect to the input combination and the relative prices that would prevail in the two-producer world described by Ladd.

In choosing assumptions, I am less concerned that the assumptions lead to useful conclusions than that they allow me to abstract from reality in order to focus more clearly on the salient features of the problem. Moreover, no assumption is useful if it assumes away the problem (as Ladd did when he argued that an assumption of the absence of public goods leads to the conclusion that agricultural economists do not exist!). Given that economics is abstraction from reality, it is not at all surprising that economists continually argue about which assumptions make sense. This is as it should be.

We can draw conclusions about the efficiency of Pareto efficiency if we: (1) define specifically the kind of efficiency to which we are referring, and (2) make assumptions with regard to the behavior of producers and consumers. That a different set of assumptions leads to different conclusions does not bother me. Only when assumptions assume away the problem do I worry about the process.

Positions supportable by economic logic are usually not rejected in the political arena because they are value laden. Rather, economic theory is but one of a number of alternative conceptual frameworks that underly the political process. However, what seems to frustrate agricultural economists who work in public policy is that others do not automatically perceive solutions supportable by economic logic to be superior to those not so supported. That other theories may also be useful in shaping public policy comes as no small blow to the ego of the average agricultural economist. Given this perspective, it is not surprising that politicians often implement policies that seem strange from an agricultural economist's point of view.

I also remain not quite so convinced as Ladd about the degree to which terms such as "rational," "optimum," and "efficient" are value laden. "Rational" implies only that an individual can rank his preferences, and that once these preferences have been ranked, the individual will not choose something ranked lower over something ranked higher. Where do values enter here? I agree that the term "efficient" presents problems, but is this because the term is value laden, or because we should use a descriptive adjective, such as technically efficient? While values may enter into the choice of an objective function to be optimized, once the objective function has been chosen, the term optimum is no longer value laden.

USE OF AGRICULTURAL ECONOMICS IN PUBLIC POLICY ISSUES

Much of contemporary economics seems to rest upon drawing as many conclusions as possible based on the most general and least restrictive series of assumptions. But if assumptions are not realistic, and, as a result, conclusions are silly, the fault lies with the assumptions, not the theory used to draw the conclusions. We normally do not assume an absence of public goods in a model designed to uncover the consequences of some public policy under consideration. After all, economists since Adam Smith's time have often dealt directly with the public sector within an economic setting. The assumption of the absence of public goods may be useful, however, when we are dealing with a problem minimally impacted by the public sector, such as the profit-maximizing behavior of a price taker operating in a purely competitive environment. We should not be surprised by silly conclusions if they result from assumptions so unrealistic as to assume away the problem. (I do not see this as being any different from the computer simulation garbage-in/garbage-out concept.)

While I admit that values can and do enter the processes used by agricultural economists doing both research and extension work, even perhaps at a subconscious level, I still maintain that the most successful efforts are those that minimize the importance of the economist's own values, save perhaps the value that holds economic logic superior over other forms of logic. I consider it fortunate that few studies in agricultural economics use terms such as "good," "bad," "right," "wrong," "desirable," and "undesirable" with specific reference to public policies. Our professionalism demands this. And just because it may be impossible to eliminate entirely our own values in public policy work, we should not insert these values wherever and in whatever manner we choose. Our success in the public policy process requires an awareness of the impingement of our own values.

Finally, while I agree that public policy issues usually relate to identifying desirable versus undesirable means and ends, the more fundamental question faced by economists concerns the appropriate yardstick to be used to measure whether something is desirable or undesirable. I see this as more continuous than dichotomous. A continuum of choices is possible, with each choice representing means and/or ends desirable for some, but undesirable for others.

I compliment Ladd on a paper that provides an excellent framework for some careful self-examination about fundamental issues dealing with what economists are and what we accomplish. We need more discourse within our profession on these kinds of issues. I appreciate the opportunity for comment.