



# The Modern Methodological Conceptions And The Development of Anglo-American Economics In The 20th Century

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## ABSTRACT

**Purpose:** The aim of this article is to reconstruct the basic methodological assumptions that are relevant to contemporary conceptions of the science of economics developing in English and American literature during the 20th century.

**Methodology/approach:** The paper aims to outline the logical structure of scientific theories in economics, which determines the objectivity of this science. Theoretical testing of hypotheses is performed by referring to more general and higher theoretical knowledge.

**Findings:** The prevalence of utilitarian attitudes described in the article, which limit economic cognition to cost and profit calculations and economic processes to activities around profit maximisation, promotes the instrumentalisation of the norms and principles of this science, and indirectly indicates the absence of other autonomous values besides profit.

**Practical implications:** Making the starting point in this article expressed in the work of British and American classics writing in the twentieth century demonstrates that they were moderate and flexible thinkers, as the structure of their theories reflects the changes that occurred in the leading methodological currents of the time.

**Originality/value:** In every epoch of the development of the science of economics, there are concepts that consciously need to be guarded against variability (e.g. the concept of truth) and to strive to ensure that methodological concepts form as coherent a scientific belief system as possible.

**Keywords:** British and American Classics Writing; Philosophy of Science; Science.



## INTRODUCTION

All our knowledge is the body of ideas that we have. In the history of man, scientific ideas are source of change of opinions of whole culture. This scientific article discusses the following theses: – behind the changing theories and empirical data in each epoch the same methodological structure and the same mechanism of scientific change are hidden, – continuity is something created by a scientist via reference to tradition, by tradition`s absorption, but also by criticizing and overcoming it, – theories are created as a result of a creative process. The method is useful in the course of critical analysis of a theory created so far, – on the meta-scientific level we have the right to ask: to what extent does the science reflect the structure of the real world? And to what extent is it a free creation similar to music?

Referring to the issue of “oddity” of social sciences and the “normality” of natural sciences, one needs to come to a conclusion that the social world is potentially unstable and prone to mutations, and even self-annihilation, which brings one to a question whether there still exists a “natural order” allowing for deviation, but one somewhat similar to the order in nature. Since the time of [Arystoteles \(2007\)](#), the problem of the existence of “natural social order” has been the bone of contention in social ontology. Sociologists, similarly to anthropologists, do not believe in the existence of such an order, as opposed to economists who are willing to treat “private property”, “exchange”, “market” as natural phenomena.

The elements of the theoretical history of science of Jan Such are used as the background for the methodological analyses conducted in this article. One cannot present the development of the science of economics as a process evolving according to the same methodological rules. They do not provide unambiguous criteria for selecting theory. The Aristotle vision of the world assumes that species and kinds of things, *via* which human cognition advocates reality are more or less exact copies of the division taking place in the reality, itself and thus only one articulation of reality grasping its essence is possible.

None of the scientific disciplines develops in vacuum. A significant phenomenon in the history of science is the permeation of ideas, patterns, thinking, notions, models and mathematical apparatus. The thesis of the article is: science is an enterprise driven by ideas and conflict between them. Revolution/ scientific change is about selection - by means of conflict of scholars - a method that is best suited.

All our knowledge is the body of ideas that we have. The idea of continuity of science may be based on two different assumptions. The first assumption: behind the changing theories and empirical data in each epoch the same methodological structure and the same mechanism of scientific change are hidden. The other assumption: continuity is something created by a scientist *via* reference to tradition, by tradition`s absorption, but also by criticising and overcoming it.

## LITERATURE REVIEW

The article formulates a general hypothesis and detailed hypotheses.

The general hypothesis (1.0) is: The latest research in methodology has significant implications for economics as a science. Detailed hypothesis are:

1.01. The variety of language functions: positivist rule claiming that sentences have sense only when they can be verified by data turned out to be impossible to be fulfilled even in the realm of natural sciences. It would exclude completely scientific theories as we are never able to verify them in a final way nor are we able to prove that they may not undergo further changes.

1.02. Theoretical models fulfil a lasting and significant role in scientific cognition, they inspire both changes in the existing theories as well as discovering new phenomena.

1.03. Thinking and acting of each scientific community is governed by paradigms it knows, which are defined in terms of sociology and history; they have epistemological consequences understood as an influence on structure and character of cognition.

1.04. Scientific procedures deciding the fate of theoretical systems are composed of not just one single experiment, but of a certain larger structural wholes of theoretical-experimental character.

1.05. Experiments of that sort play a significant role in the process of verifying theoretical knowledge, i.e. in the process of verification of scientific laws and theories. Apart from the authors who expressly reject the possibility of conducting negative resolving experiments ([Duhem & Theory, 1906](#); [Kuhn, Ostromecka, & Nowotniak, 2001](#); [Quine, 2000](#)), there are authors who recognize their existence and who attribute significant functions to them in the scientific cognition process ([R, 2016](#); [Weber, 2003](#)).

1.06. When thinking about the science one needs to distinguish the problems of origin and the problems of validity of scientific knowledge.

1.07. Problems of origin are the subject of scientific cognition psychology [R \(2016\)](#) and also of sociology of science ([Carnap & Kawalec, 2011](#); [Hempel, 2001](#)).

1.08. Rational reconstruction, i.e. logical analysis of science is a method of epistemology.

1.09. Rational reconstruction refers to science understood not as a socio-psychological fact, but as a logical aspect of science.

1.10. Hypotheses and theories may be freely constructed and offered. They may be accepted and incorporated into scientific knowledge only after they have undergone an attempt at detailed and critical research.

1.11. Acknowledgement of autonomy and declaration of the creative character of both the context of discovery as well as the standard context of justification.

## **METHODS**

The article assures a balanced representation of the three components of scientific procedures: – The metaphysical component, – The empirical component, – The methodological component.

Economic theory developed by the Austrian School pays special attention to the metaphysical aspect at the expense of methodological and empirical components. Scholars forming that school were more interested in displaying

basic ontological problems than in constructing specific models. For economists of the classical (neoclassical) trend the methodological aspect is a priority at the expense of the metaphysical and empirical aspect. They display formalised and logically coherent models. In discussions they focus less on the correctness of the use of this or that method, and more on the research on occurrences and economic processes. What is left for research is the methodology where the subject of ontological interest is the metaphysical claims in economics.

The social world is a sub-set of the physical world both in the objective and the subjective aspect. The word metaphysical is treated in the article in a purely technical way, as something which is not verifiable empirically. Assuming that point of view, the following is claimed: a suitable level of assurance as to the classification of claims may be achieved by correct identification of the research subject and the domineering relation. Metaphysical claims occurring in economics are in that approach synthetic claims directed a priori on subject-object relations. Using the model of [Lakatos \(1995\)](#) type one can distinguish hard nucleus and protection zone. Ontology is characterised by metaphysics (it constitutes the hard nucleus) and the claims of physics which belong to the protection zone in Lakatos` terminology. Epistemology is composed of: the hard nucleus formed by a priori statements and the protection zone is formed by a posteriori statements. As far as the method is concerned, the body of statements included in the hard nucleus is filled with deduction methods, while the protection zone is filled with reduction methods.

## RESULTS & DISCUSSION

### Justification of the innovative character of the direction of the research

The basic purpose of the research topic is the reconstruction of the contemporary methodological concepts that influence the development of economics. The need to undertake the topic - despite a certain degree of literature devoted to the general methods of development of science - results from the fact that there are only few works in which the authors aim at confronting the research methods applied in economics with the methods recommended by the contemporary trends in methodology. One usually does not try to look for answers to the problems that are in the scope of interest of contemporary methodology of empirical sciences in the texts of contemporary methodologists.

One does not try to look at the works of the classics of economics for today`s methodology. This perspective, however, displays immeasurable significance of methodological concepts just for the basic issues of today`s methodology: issues of structure of the law of science, explanation model, verification. Another thing, closely related to the above, is that the works analysing methods of science are lacking in methodological works. It means that they do not discuss the reconstruction of the research practice of scholars, but instead they analyse their utterances on that practice. In that way one loses the possibility of precise understanding of those methodological comments of the scholars who have not left any treatise on methodology, and these same scholars` methodological remarks are always interwoven in their deliberations and are closely related to them.

The article formulates the following problems of the contemporary methodology of empirical sciences: (1) How are laws introduced to empirical sciences? (2) How are the observed phenomena explained by means of the laws? (3) What is the relation of the laws with experience, in particular? (a) How are the laws verified? (b) How are theoretical notions included therein related to the observation notions?

The article formulates three basic research tasks. Firstly, to reconstruct - by analysing the course of research procedure of the scholars: to confront the results of the analysis with the methodological questions - methodological rules included in the scholars' works which are answers to questions 1, 2, 3, 3a, 3b). Secondly, to compare the rules with analogous rules adopted in the contemporary methodology and see if they are and to what extent original directives. Thirdly, to present arguments confirming that such methodological rules are an accurate reconstruction of the research procedure of scholars in empirical sciences.

The article showed that it was necessary to undertake certain issues, of rather a philosophical than methodological nature - mostly referring to the question of the nature of truth. The article silently assumes the perspective of looking at science, the concept of applying methodology, the manner of approaching great creators of science and their works typical of the Poznań School of Methodology ([Cohen, 1980](#); [Kmita, 1988](#); [Such, 2004](#)). Objectivisation and quantification of models in social sciences assumes: continuity in economic sciences, borders of cognition according to the contemporary mathematical research, relativism of the notion of an individual. Mass factor occurs in the physical, biological and social processes. Physics, biology, psychology and sociology have a different subject and methods of research, not less close basis of cognition. The listed sciences research the phenomena in a mass range and they apply the statistics of great numbers. Among all those worlds there are only differences of level, not of essence and type. B. [Russell \(1910\)](#) in his work on the methodological basis of mathematics defined the notion of an individual as relative. He claimed that what in one system we call an individual, in some other may be a class. According to [Russell \(1910\)](#) there are no absolute individuals.

In the phenomena and physical processes and especially in biological, psychical, sociological and socio-economic processes, the highly similar elements and basis allow for operating with the notion of uniform science. That does not mean underrating differences, not only the procedural ones that exist between the fields of research and which constitute identification of the subject and the differentiation of methods.

While characterising the psychological basis of economics one needs to undertake the issue of the notion of form and structure from the perspective of economic cognition. Eugen Böhm von [Böhm-Bawerk \(1890\)](#) said that he did not care if he was moving within the realm of psychology or economics. What is at stake is to establish certain patterns, and this requires using certain sentences - statements from the field of psychology. Meanwhile, the subjective school acts differently. Economics was accused of distorting psychical facts while describing actions of an individual under the influence of one stimulus. It turns out that taking the starting point and original assumptions from other sciences may be accidental or even wrong, if it is not accompanied by their thorough cognition, i.e. a critical approach to them. If one adopts the

assumptions from other sciences then one needs to follow the progress of those sciences and to acquire them critically and comparatively which does not take place, e.g. if psychology is concerned. Economics still adheres uncritically to the rules of psychology, its certain fragments that were overruled long ago. Posing the issue of the reflexive activities in economics requires an absolutely perfect mastering of suitable fields of psychology in view of both older and newer trends, most of all behaviourism. Without the use of the achievements of those sciences deliberating over the matter seems to be more or less meaningless, often even falsely diverging from the results of other sciences.

### **Main problems of the contemporary methodology of the empirical sciences**

Noticing the problem of the impact of theory on observations is of essence. In the mid 20th century empiricists claimed that natural sciences originate from intersubjectively observed data which could be defined by means of a purely observational language which did not include any theoretical assumptions. In the 1960s that thesis was questioned in a number of studies. The authors tried to prove that a neutral observational language did not exist as both the procedures of making observations as well as the language used to describe data were theoretically balanced.

Thomas Samuel [Kuhn et al. \(2001\)](#) in his book *The Structure of Scientific Revolutions* presented a documented thesis on the dependence of observation on paradigms using historical examples. [Kuhn et al. \(2001\)](#) came to a conclusion that competitive paradigms were incommensurable. One can claim, though, that the observation data is theoretically balanced: in every single case, it is possible to differentiate between terms which are more theoretical and those which are more observational. Competitive theories are not incommensurable if their followers are able to find a common scope of observational tasks that they agree upon.

In the contemporary methodology the supporters of the instrumentalist approach agree with positivists that theories do not reflect reality. They claim that the criterion of the evaluation a theory should not be its truthfulness or falseness, but the theory's usefulness. This usefulness is understood as a counting tool for combining individual observations and formulating forecasts. [Toulmin \(1977\)](#) on the other hand, understands theory as a reasoning technique by means of which one can foresee the results on the basis of initial conditions. Theories constitute for him information for conducting research and for verifying theory.

As opposed to positivists, instrumentalists admit that theories are products of creative imagination of a human. They claim that theoretical notions cannot be applied one-to-one to equivalent observational notions. Theoretical notions cannot be eliminated. Even the most important theoretical notions - in their opinion - may not be directly linked to observational notions.

The victory of theory in the competition is determined mostly by its coherence with other recognised theoretical systems, by its conformity with all acknowledged truths (to be more precise, with the statements that are thought to be true at the time), as well as by conformity with the requirements as to

the mode of posing problems, with the recommended characteristics (qualities) of the proposed solutions and with other methodological enunciations binding in a given field at a given time. This means confrontation of the new theory (hypothesis) with the whole scientific output in a given field and related fields in order to prove its external conformity.

### **Major methodological dispute in economics**

The major dispute in economics in the second half of the 19th century happened directly between the then domineering historical school and the marginalists. The method dispute (*Methodenstreit*) was initiated in 1883 by [Marshall \(2013\)](#), and lasted for a few decades. A significant impulse for the discussion was given by the psychological school started by Menger which postulated the rules of cognitive individualism, generalisation, isolation, abstraction and deduction. As a consequence of that inquiry style an abstract notion of market was developed – the market understood as the link between the price mechanism and the allocation mechanism. Yet, such abstract, analytical and coherent understanding of the market took over three decades, from roughly 1890s to 1920s. The abstract method developed by marginal economics became the basis of the macroeconomic balance theory. The method constitutes a significant problem of contemporary economics ([Barber., 1988](#)).

The present pressure on the quantitative approach to social phenomena, the possibility of becoming a quantitative science, allowed for eliminating numerous unending quantitative disputes encumbered with a significant dose of subjectivism. The quantitative approach in economics is equally important as the abstract balance models. Trying to apply the quantitative approach to all phenomena and attributing social matters to an individualised vision is the essence of the subject of economics. One needs to admit that in order to confirm that specific feature of economics its representatives are sometimes prone to far-reaching simplifications.

Researching the development of contemporary economics and the features of the specific development one needs to note the method dispute that takes place at present between its two trends, i.e. institutionalism and the main trend of economics ([O'Hara, 1994](#)). The notion of transaction costs or imperfect information are not easy subject of quantitative attempts so important in the institutional approach to economic problems. Complexity of economic phenomena and processes forces the scholars to focus yet again on the quantitative dimension of the economic problems. While not diminishing the output of the contemporary quantitative research in economics, the long-term advantage of such research may lead to slowing down the development of economics as a science and lack of signs of cognitive progress in that science.

In my opinion the two problems related to the method dispute mentioned here, the former and the latter, are crucial for transparent functioning of the system of market economics, and at the same time insufficiently discussed so far. That is why each of them is discussed in a separate part. While presenting contemporary methodological concepts of science one needs to point out to the context of the theory of science. In the Anglo-Saxon countries there was not much significance attributed to that context, while the scholars from German - speaking areas willingly recognized that the theory of science belonged to the basic research.

The theory of science initially focused on the rationality of scientific methods. The situation was changed after [Kuhn et al. \(2001\)](#) published *The Structure of Scientific Revolutions*. Under the influence of that book the scholars ceased to advocate that science aspired to truth, that arguments offered by science and methodological improvements served the truth. Theses advocated by [Kuhn et al. \(2001\)](#) had a revolutionary influence in the world of science in the sense that at least since the time of [Kant \(2001\)](#), the natural sciences were seen as a pattern (paradigm) of rationality.

At present we retain the belief in rationality. In the conditions of the contemporary world we deal with the interdisciplinary article under the name of the theory of rationality. Methodology recognises the relation of significantly correcting correspondence is never concerned with theoretical statements or theories, but exclusively their defined substitutes. By identifying theoretical variables with related constants, one may use the data from the set of verbalizing notions on the basis of a suitable, socio-subjective humanistic factor ([Hofius, 2020](#)).

The perspective of the opposition of theory and experience as seen by [Carnap and Kawalec \(2011\)](#) may be used to play the role of a certain stance or effective program of constructing theory or theoretical statements. The characteristics of knowledge remaining within the observational language made by [Carnap and Kawalec \(2011\)](#) constitutes in fact - from the perspective of historic epistemology - an approximate and specifically constructed image of the process of acquisition of social experience by an individual and of the participation of that individual in that process. [R \(2016\)](#) defining the purposes of science as truthfulness, high informativeness and large empirical contents claims that they are acknowledged a priori, and methodological rules are conventions belonging to the rules of scientific play. The selection of cognitive purposes determines the choice of scientific methods, and the subject of the empirical test is the truthfulness or falseness of the tested hypothesis.

[Kuhn et al. \(2001\)](#), on the other hand, is of a different opinion - he questions the existence of a uniform scientific rationality pattern, relativizing it to the paradigm recognised by the community of scholars. It is also the paradigms that can determine the cognitive purposes of scientific research, and because they are being changed as a result of scientific revolutions, they break the continuity of science changing at the same time the notion or rationality.

[Lakatos \(1995\)](#) defines rationality with reference to research programmes existing in science. In his opinion each change of the scientific programme defined on the basis of the objective, although fallible, criteria will be rational, if only the new programme is more progressive than the previous one. The view on the matter presented by [Nowak \(2013\)](#) seems to be worth noting. He claims that the theory of scientific rationality, when used in the role of the empirical theory of science, is of an idealizing character. It considers the impact of certain main factors on the course of researched phenomena, leaving out the impact of side factors.



an open conception. This opinion is also shared by [Feyerabend \(1979\)](#). He advocates the thesis of theoretical anarchism in science. He claims that none of the purposes of science is more suitable than the rest, as each method may prove to be useful, and none - due to the lack of pre-defined purposes - may be privileged. He is of the opinion that one may use hypothesis contrary to the well confirmed theories and well justified experience results. [Feyerabend \(1979\)](#) claims that the condition of conformity requiring new hypothesis to be in conformity with the accepted theories is unjustified. He retains the older theory and not the better one. Science is the only tradition among many and assures cognition of truth only to those who made the right cultural choices.

The rule of causality refers to the issues related to the ontology of being, and the rule of rationality is a part of the ontology of mind and the ontology of notions. It does not adjudicate which of the rules reflects reality in a more adequate way. One might say that they refer to different ontologies. The 20th century became a period in which we were convinced of the probabilistic character of the reality which was the effect of 20th century scientific theories. It seems that noticing the role of the rule of causality in the process of creating scientific knowledge resulted in the expansion of the notion of rationality to the sphere of scholars' research practice reaching far beyond the domain of analysis of only the structure of scientific theories.

It needs to be said that the methodology of this or other specific sciences (for example economics) is a part of the science. This part has a lot of specific features as compared to other parts of science. Most of all, the methodology of specific sciences is not located in that part of science in the same sense in which optics is a part of physics. It may be spread across all of science, even to an extent that collecting it in one place is impossible. Methodology of a given science permeates all its constitutive parts and is not a separate branch. When alongside the science there arises the science of methodology, rather than being a sign of progress it is a sign of a bad condition of the science itself or of the methodology of science, and possibly of both.

The development of science proves that one may know a lot and precisely while not understanding to what the knowledge refers to. This paradoxical fact - as it often is with facts - must be just acknowledged. Normal, everyday theoretical activity in natural sciences consists in - basically - creating theories corresponding to the initial theory. Because one theory may correspond to the initial theory due to one newly added idealising assumption, and some other theory due to some other assumptions, and because creating such theories overlaps, new theories are created that correspond to the theories that correspond to the initial theory. Thus, this activity may be represented as the construction of a theory tree, whose root is the initial theory. This tree is called, following Kuhn ([Kuhn et al., 2001](#)), a paradigm. The relation of correspondence in view of a given theory does not lead the scholar beyond the paradigm initiated by that theory. The relationship of a dialectic refutation reaches beyond the borders of paradigm.

### **Logical basis of economic cognition**

Cognitive theory as a science deals with thinking, if the true subject of cognition is the reality that we recreate with our thoughts, however, not always do we face a real reality as for instance a number is an ideal being. Cognition takes place via judgements which according to the rules of logic may

be either true or false, partially true and partially false. As far as judgements in the general sense are concerned, a judgement is also noting a fact.

It is not possible to know, i.e. to confirm or deny by judgement, to recognize or not approve of something without direct or indirect accessing the domain of demands of what is and should be intentional. What we mean here is the prescriptivism and intentionality. The subject of economic cognition is the demand, or a group of demands included not only in what is, but what maybe should be and is intentional. Not every economic demand is true and correct. Both theory and practice cannot do without cognition taking the accepting or rejecting stance, partially or completely. The very description of facts creates neither theory not economic policy. Each theory and each cognition consists in weightiness of values and such theoretical values are included in the theory of cognition.

In that way cognition, including the economic cognition, is knowledge that - while it appreciates everything that exists, i.e. facts and real courses - is focused on sense and validity and on passing judgement. What is at stake here is not only *quid facti*, but also *quid iuris*, to use the mental shortcut of ([Kant, 2001](#)). The rules of logical thinking indicate how to think in order to reach true or false judgements, or partially true and partially false judgements. Economics as a science about satisfying needs determines - on the basis of rules of logical thinking and rational conduct - numerous choices, i.e. construction models and schemas. It is with such understanding that we may talk about the selective choices process, which the mathematics school and the Newer Vienna School accept as applicable to individual economic activities, and which is deemed significant for households and other economic entities.

In the science of economics we are confronted all the time with the relationship between the experimented object and its constitutive parts with passing judgement. [Weber \(2003\)](#) rightly observes that while aiming at the cognition of social phenomena, the laws of science (ideal types) are the poorer in substance the more general and universal character they have. [Weber \(2003\)](#) significantly assigns a particular and subjective character to the economic processes. He claims directly that judgemental values are subjective. Viewing the problem in retrospect it needs to be said that the theoretical approach of [Weber \(2003\)](#), a very insightful scholar of social processes, related to differentiating the cognitive factors from judgemental factors directly led *de facto* to a claim that the latter ones do not belong to the realm of theoretical cognition. In the opinion of numerous other scholars Weber's approach does not withstand the criticism in the view of the contemporary research and the state of development in the science of economics.

The science of economics is not only about determining the interdependencies between the phenomena and economic processes, but also about defining what such interdependence is. Determining the function, characteristic of a certain interdependence, is - despite huge academic achievements of mathematical school in economics - an unreachable ideal, especially in the field of research on structure and dynamics of prices, as well as in many other fields. Economic laws in the theory of economics starting with C. Menger [Marshall \(2013\)](#) stem from certain ideal assumptions which never happen in reality. These assumptions include i. e. the concept of personal interest with the

simultaneous lack of errors as regards the evaluation of the situation on the side of the economic subject. The conclusions are right only then as they were logically stemming from assumptions. Those assumptions are however more or less idealizing /fictional.

The criterion of practical verification is significant in pragmatic economics, which raised it to the level of the most important criterion of truthfulness. Real ideas are the ones that can be acquired, strengthened, intensified and verified. False ideas are ones which you cannot do so. Pragmatism claims that acquisition, intensification and verification is done via practical consequences, via action or ideas that come to mind in relation to the above. Actions and ideas lead to undertaking certain actions. Practical verification is done via reference of a certain action or idea to the verification of usability. Verification of usability does not require - each and every time - trials and experiments as in natural sciences. It is enough to verify just one example belonging to a certain type. Literature on pragmatism was fashionable at the turn of the 19th to the 20th century. That trend has become attractive once again in contemporary times - at the turn of the 20th on the 21st century.

## CONCLUSION

The basic thesis is breaking with the atomistic-subjective factor and emphasising the significance of the objective factor. It is significant to create a pattern which would be not related to any individual, any time and any space and which would be an expression of objectivity. According to the rules of metaphysics such a subject is the spirit as opposed to the soul, which is the domain of subjective processes. In the social sciences, including economics, such theory is of significance as it emphasises closely what is of non-atomistic and non-individualistic character, but also what is typical and common characteristics of a larger number of people. Understanding experience is possible only thanks to their objective side, which is repetitive in the experience of different people. The basis of understanding is looking for what is the same, i.e. repeating, typical and mass in the experience of many people. This constitutes a significant moment in economic cognition.

In economic life everybody has similar conditions thanks to objectivity. Understanding phenomena and processes approaches truth mostly when the basis is not what is different, i.e. individual subjective and atomistic aspects, but what is common for a larger number of subjects and in that sense objective.

This is the basis of high probability of action and reaction of people who meet their needs by means of economics. It is thought that the internal experience differs from external one, that it operates on certain complexes which do not let themselves be disassembled - as in natural sciences - into constitutive parts. Psychology however does not operate on natural experiment *sensu stricto*, on the one hand, and the internal experience is based on direct experience on the other hand. Direct experience includes certain structures and wholeness. As far as psychic phenomena are concerned understanding is related to structural dimension referring to the whole. A significant feature of the structure is the fact that certain features of the whole do not appear in individual fragments, which exist separately and do not have the features of the whole. The basis of understanding structure and wholeness is the intentionality. The essence of intentionality is the fact that its parts are so linked that the whole contributes to meeting the needs, achieving joy and fullness in life.

For a long time the science of economics operated with outdated or superficial and even false psychologies. Economics was accused of distorting psychic facts. The science of economics uses the results of psychology in order to fill in the gap in the information on human behaviour. Thus, the science should be - to a certain extent - a psychological technique indicating in what way certain purposes which are wholesome might be achieved.

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