There are three stages of inquiry, demanding as many different kinds of reasoning governed by different principles. They are,

1. **Retroduction**, forming an explanatory hypothesis;
2. **Deduction**, tracing out the consequences that would ensue upon the truth or falsity of that hypothesis; and
3. **Induction**, the experimental testing of the hypothesis by inquiring whether its consequences are born out by fact, or not.

The recommendations of an explanatory hypothesis are

1st, verifiability; 2nd, simplicity; 3rd, economy.