

Full circle: economics from scholasticism through innovation and back into mathematical scholasticism

Full circle: economics from scholasticism through innovation and back into mathematical scholasticism: Reflections on a 1769 Price essay: "Why is it that economics so far has gained so few advantages from physics and mathematics?"

Erik S. Reinert (Norsk Investorforum & SUM – Centre for Development and the Environment, University of Oslo, Oslo, Norway)

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Abstract

Through the sixteenth and seventeenth centuries, European science slowly lifted itself out of the fog of Mediaeval scholasticism. A rational, quantified and mechanised world picture emerged. In 1769 an essay questioned why economics benefited so little from the use of mathematics and quantification. Today the opposite may be argued – the increasing loss of relevance of economics is associated with the use of mathematics. Based on Francis Bacon's criticism of scholasticism, it is argued here that strong parallels exist between the decay of scholasticism and the decay of modern economics. From being a science of practice, late neoclassical economics has degenerated into "working upon itself", as Bacon says about late scholasticism. Since the 1769 essay, economics has come "full circle". The problem for economics is not then mathematics per se – mathematics is just one language in which science may decay.

Keywords

Economics History Mathematics

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Economic institutions have been brought to the forefront in the development debate during the last decade. It is generally agreed that economic activities and their institutions co-evolve, and attempts at establishing causality – to what extent institutions are created through demand-pull or supply-push – can therefore easily run into a chicken-and-egg type of problem. The mercantilist view of institutions was, from very early on, that institution-building was fundamentally a demand-pull phenomenon, that the mode of production of a society would determine its institutions. Scholasticism is best known for its application in medieval Christian theology, especially in attempts to reconcile the philosophy of the ancient classical philosophers (particularly Aristotle) with Christian theology. However, in the High Scholastic period of the 14th Century, it moved beyond theology, and had applications in many other fields of study including Epistemology, Philosophy of

argument, or The Scholastics were constrained in their development of economics by considerations of deference to authority and by the relatively slow development of the external economic conditions upon which to reflect. He concludes categorically that "the scholastics contributed nothing to sound economics."⁴ While I believe that Blaug and Reisman seriously err in their estimations of the contributions of the Scholastics to economics,⁵ it is nonetheless true that economics in the thought of the Scholastics occupied a subordinate position, derivative upon their reflections on ethics and law;⁶ Leaving aside the matter of the historical development of economics within the context of ethical reflection, the conceptual relationship between ethics and economics is complex.