

7. "Summary" (slightly edited)

article Bob Goudzwaard "Economie tussen afbraak en doorbraak. Verleden en toekomst van een gesloten wereldbeeld" *Philosophia Reformata* 36e Jrg pp. 43-53 at pp. 53-54

In this article - which contains the text of an address, delivered to the 1970 annual meeting of the 'Vereniging voor Calvinistische Wijsbegeerte' - the author has made an attempt to sketch the history and future of economic science by reference to its characteristics as a 'closed system', i.e. as a science which maintains a restrictive interpretation of the economic aspect of reality, and therefore ignores nearly all the potentials to the opening-up process of this aspect.

The features of this restrictive interpretation of reality in social science - which interpretation has its root in the humanistic idea of the autonomy of human reasoning - are 1) the adherence to types of causality and functionality, which belong to the natural sciences (to obtain so called 'neutral' scientific statements about 'objectively determined laws'); 2) the transformation of living subjects to atomized individuals, loosened from their - normatively qualified - societal structures; 3) a deliberate restriction of the field of knowledge to those 'facts' which are open to a positivistic approach; and 4) the elimination of any anticipation to the other normative aspects of reality.

The development of economic science shows in many aspects one or more of these features. This can be illuminated by the transition from scholastic economic thought to the approach of the 'classical' economic theory - which latter, for instance, tries to make the idea of a just price into an empty formula, and interprets the idea of 'bonus communio' in an utilitarian manner as an aggregation of individual atoms of happiness (the greatest happiness for the greatest number). Another illustration is the classic doctrine of the 'circle of data' (Strigl, Eucken, Robbins). The economic data are chosen in a very concise way, namely to restrict the economic inquiry to market- and price- phenomena; phenomena which can be made accessible to

types of analysis, which are purely based on ideas of mechanical causality and functionality, with or without an appeal to the probability-calculus. The result of such an approach is, that economic effects outside the market - for instance disturbances to human health and environmental qualities by air and water pollution - are excluded from the field of knowledge of 'pure' economic theory. But there are still more far-reaching results. Economic theory itself has to face at this moment the challenge of a disintegration of its theoretical foundations, because the whole range of economic data is staggering. Because of the growing complexity of modern society, the classic data (human preferences, nature, technical knowledge, and so on) are so deeply influenced by economic influences, that they can in fact no longer be used as real (p. 54) starting points for any economic analysis. So economic science is confronted now with a dangerous crisis of its foundations, which crisis has its root primarily in its restrictive 'closed' set up.

This crisis takes the form of a dilemma between a borderless extension of economic theorizing, stimulated by the desirability of a 'full' explanation of economic data, on the one hand, and the rejection of the universal validity of mathematical and physical causality-types in social sciences on the other side. In this article a plea has been made for the recognition of an idea of causality in economic science, which is orientated towards the normative structure of the economic aspect of reality. Any other choice will probably lead to a real loss of internal unity in economic science, and will pull down any real resistance against the invasion of full pragmatism in economic theory. The school of Institutional Economics is already a (moderate) prototype of such a forthcoming pragmatism. Finally some remarks have been made about the damaging influences of restrictive economic theorizing for the development of human society. Among these influences can be mentioned: the wrong interpretation of business enterprise as an unit of organisation of mere 'factors of production'; the devaluation of the evil of inflation to a mere

'technical' engineering problem for economic 'experts'; the interpretation of market-transactions as 'ethically-neutral'(Röpke); the lack of balance in western civilization between the desire for market-goods and scarce *non*-market-goods, which lack of balance has caused a disharmonious over-exploitation of non-priced natural resources, which have been treated as having no economic value at all.

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