

Rationalism and Anti-Rationalism

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Coleman, William Oliver. *Rationalism and Anti-Rationalism in the Origins of Economics*. Edward Elgar, Aldershot, 1995.

This is a study of late seventeenth and eighteenth-century philosophical rationalism, and hence of the metaphysical theories that still influence economics. Coleman does not regard rationalism as a single idea, but as a "collection of doctrines, some of which are concerned with the general nature of the world, some with the sources of knowledge, some with human nature". However rationalists tended to believe that (1) appearances notwithstanding, the world had a coherent structure, (2) experience and perception were less significant than the knowledge evident to the mind's eye, and (3) that in some sense human nature was inherently "rational". The rationalists were trenchantly opposed by anti-rationalists, as they are today, and Coleman begins by contrasting Locke and Leibniz. The former he describes as an "empirick" who believed that the human mind was as if locked "in a dark room", while the latter had a horror of accident and chance. According to Leibniz, there is a principle of determination in nature which must be sought by maxima and minima, which principle incidentally led him to devise the differential calculus. He believed that human nature could be described by a "science of happiness" and ease.

Coleman analyses the doctrines of Dubos (author of the misrule of reason), of Bernoulli (utility maximising man), and of Mandeville, who may have been the first of many to declare that a "beautiful structure may be raised upon a rotten and despicable foundation". (The theory is more plausible when we forget that the beautiful structure is made of money, while the rotten and despicable foundation is made of human beings.) Hume, Montesquieu, Turgot and Quesnay tried to reconcile rationalism and anti-rationalism, and Quesnay shifted inconsistently between the two. Evolutionists might be interested to find that the modern debate, about whether economics should be more like biology or physics, was anticipated by an eighteenth-century argument about whether it was more appropriate to look for parallels in medicine or astronomy.

According to Coleman, the interaction between rationalism and anti-rationalism culminated in Adam Smith's complex theories of metaphysics and morals. Smith believed that human nature was simultaneously rational and emotive, and that knowledge could be obtained from both induction and the *a priori*, which latter could provide insights even if not actually true. Nevertheless Smith only papered over the issues, and *The Wealth of Nations* was merely a "judicious compromise" rather than "a genuine integration" of the opposing ideas.

The final chapter is titled "The Synthesis Dissolves", and sketches the paths that rationalism and anti-rationalism have taken in modern economics. Lionel Robbins, the author of the famous *Essay on the Nature and Significance of Economic Science*, reverted to Hume's ostensible empiricism, which Coleman thinks was rationalism in disguise. Rationalism gained a further ascendancy in modern economic thought through the methodology of J. M. Keynes; Coleman endorses Schumpeter's view that Ricardo and Keynes shared a "perfectly *a priori*" method. On the other hand, Coleman regards neo-classical economics as only partially rationalist, and he believes that Milton Friedman recognised the tension between the two

methods. The implication that Friedman has succeeded where Adam Smith failed seems slightly far fetched to me.

The main theme concerning the evolution of eighteenth-century thought is informative, scholarly and lucid. I was particularly interested to find that concepts I had believed to be original in Hume and Smith had a much longer history. Nevertheless the surefootedness that Coleman shows when dealing with his designated period deserts him as he approaches modern economics. It is misleading to suggest that Keynes had methodological affinities with Hume, who was as much his target in *The Treatise on Probability* as Ricardo was in the *General Theory*. My strong advice is to ignore everything that Schumpeter has ever said about Keynes, because it is probably wrong. Further, although Coleman's analysis of Adam Smith is always logical and informed, it shows a lack of feeling for what Smith tried to do: namely replace the Aristotelian philosophy of practical reason with an utterly systematic, pseudo-Newtonian philosophy of social science. Although as Coleman notes Smith did recognise the importance of experience, he gave it a distinctly lower status than he did to ideas and reason, which is why the *History of Astronomy* opens with an attack on the sentiment of wonder.

These scholarly quibbles do not detract from the merit of Coleman's achievement, which to establish that the emergent science of economics was a battleground for two opposing world views very similar to the ones that we do battle over today. He has shown that at the outset, the science of economics was torn by a philosophic discord similar to the one that is re-emerging today. This is a scholarly and intelligent book and will be authoritative in its field.

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