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Rationalities, Social Science and the State: A Still Troubled Symbiosis

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Words have become unfaithful things to me,
or else am I an overflowing sea,
goalless and hesitant, without a shore.
Vain words, articulated once before,
I carry like dikes, or signposts made of wood,
torn hedges carried by a straying flood.

Babits Mihály (1883–1941), Jonah's prayer
Translated by Jess Perlman

Introduction

The growth of knowledge has always included opposing worldviews and clashes of distinct interests. This includes different rationalities which either have served or disserved the State. A Copernican world defied the Catholic Church. Cartesian philosophy and Newtonian physics incited a major split between an allegedly knowing subject and external realities. As an outcome, many dualisms emerged: subjectivity/objectivity, particular/universal, etc. Hegelian dialectics elaborated such approach to its most extreme. The pretension of social science to be value-free assumed a neutral observer collating external facts. Yet both Hume and Adam Smith challenged Descartes *cogito* as banal, stressing that it is not because we think that we are but rather than how we think is who we have become through the values, dispositions and beliefs that we have consciously or less than consciously acquired from life experience, and that no perception is neutral. Hume anticipated Bourdieu both on *habitus* and also on reflexivity in his concept of “the reflexive mind” yet this then was lost by the presumption, such as by Bertrand Russell, that Hume was a “mere empiricist”. Logical positivism then claimed that an appeal to ‘facts’ could dismiss metaphysics, invoking the logical atomism of Russell and the early Wittgenstein. But which Wittgenstein transcended not in the sense of transcendental metaphysics, though he was deeply influenced by Schopenhauer, but – after a road to Damascus encounter with Sraffa – coming to realise that meanings depend on context and that their context needs to be understood.

Which we suggest in this paper is that these issues are highly relevant to the troubled relationship between rationality – or rationalities – and the State. For the ambition of Social Science to represent social reality is unfulfilled, the aim of State to eliminate grievances and inequality within society remains unachieved. Both Social Science and the State are flawed in their unsuccessful liaison. The paper addresses this in terms of the claim of Nietzsche that “God is dead” which, after Darwin, appeared to be the case at least for natural scientists following him such as Huxley. Yet which is less clearly so with the resurgence of Islamic fundamentalism in response to assault on Islamic values by a West which also has presumed that the superiority of its “rationality” has entitled it to impose

regime change on States and governments whether they are Islamic, or secular. And where the “rationality” has been assumed to be the superiority of a western model of democracy even if, as Rousseau (1762) commented on the England of his own time, that English think themselves free but in what sense are they, that in every seven years (the parliamentary mandate in his time), they can vote for the better of two bad alternatives and in between elections remain as unfree as before.

While western “democracy” recently has confirmed this in the case of the region of the world in which it started and which it claimed would be its response to two world wars and in the statement of Robert Schumann that a future war between France and Germany not only would be morally unthinkable but materially impossible. When its draft Constitution initially was rejected by the only electorates to whom it was put, France, the Netherlands and Ireland, it was not ‘rethought’ but recycled as a Lisbon Treaty endorsed only by governments rather than peoples. When the electorate in Greece chose a Syriza government opposed to austerity in January 2014 German finance minister Wolfgang Schäuble declared that “the election alters nothing”, which he then repeated after the overwhelming rejection of austerity in the referendum the following July, in both cases claiming that governments had to obey the rules on reductions of debt and deficits and “structural reforms” reducing the social protection of labour, even though these had no scientific foundation as recently recognised by the IMF. While economic, which once prided itself on being “the queen of the social sciences” has been fundamentally flawed by false premises concerning rationality, as in the theories of “rational expectations” and “efficient markets” that paved the path to the subprime crisis and then the worst financial crisis in the West since 1929.

This paper seeks to inform such issues by questioning whether there is or can be a “social science” rather than studies of the external world that inevitably are influenced not only by subjectivity but also by prevailing ideologies that may bear scant relation to realities. Also in submitting that the quest for a single scientific “rationality” is vain in that there are a range of conscious or less than conscious rationalities. In doing so it adopts an “archaeology of knowledge” approach on the lines of Foucault and both his case, and that of others such as the lesser known Chilean psychologist and psychoanalyst Ignacio Matte Blanco that there are different logics influencing behaviour at both conscious and less than conscious levels which either may inform - or deform - decision-making. Such as also the power of metaphor as in the case of Adam Smith’s persistently misrepresented “invisible hand” which has been used by Milton Friedman and others to suggest that markets are consistently more rational than governments, and that this justifies the case to “roll back the frontiers of the State” which in practice has reversed the commitment of Roosevelt in the 1930s New Deal and post-war governments in Europe to public policies which should ensure that States govern markets rather than markets govern States.

Not a "Natural" Science

Social phenomena differ from natural ones. Social interactions do not readily suit the same generalizations as physical ones. But natural sciences are supposed to be closer to the goal of high promising objectivity. The social scientist is a human being first of all and only then a scientist as such. The persistent questioning of methodological fundamentals indicates not only some incompleteness of social sciences as an unfinished project but whether it ever can be so. The production of signs and symbols (mathematical as well as linguistic) is an open process and may be an inexhaustible source of creativity and freedom, but also of manipulation and ideological domination. There is no coincidence that objective and value-free science has been promoted as the best way to counteract subjective biases and unscientific external influences. Social sciences have occupied a unique position, somewhere in between of natural sciences and humanities. Yet this 'betweenness' may either be felicitous, or a curse, either enlightening or confounding understanding.

The image of "pure" science has been highly seductive. Especially, such view fits a framework of presumably value-free science thriving on 'un-biased' knowledge. But this kind of scientific establishment is itself susceptible to bias because of selective historical approach. Moreover, it can directly lead to overwhelming instrumentality avoiding truly nontechnical questions. From the ancient times people were prone to certainties and definite forms of guidance in this contingent world. Discovered regularities and continuous references to the past experience ensured the growth of knowledge and provided with certain directions in decision making. Eventually, this kind of thought contributed to the evolution of mechanical and deterministic framework. The major proponents of 'value-free' science have tended to dismiss "metaphysics". Huge effort was devoted to distinguishing scientific thought from philosophy or religion. Yet science originally has evolved from religion and philosophy what does not necessary presume cutting off overall connections. These relations are not indispensably smooth but definitely creative in terms of challenging tension. The reliance on the concept of rationality can entail the source of distortion as well. More than that, the whole narrative of irreconcilable opposition between science and religion posing the question of survival distracts from broader scope and brings about certain negative consequences. One of them is the problem of neutral observer. David Christian has indicated it by returning to primary genesis – the mythology and the myth of creation as a unified knowledge in modern terms.

A modern creation myth will not and cannot hope to be "neutral". Modern knowledge offers no omniscient "knower", no neutral observation point from which all objects, from quarks to humans to galaxies, have equal significance. We cannot be everywhere at once. So the very idea of knowledge from no particular point of view is senseless...It is thus the questions we ask that dictate the general shape of all creation myths. And because we are humans, humans are guaranteed to occupy more space in a creation of myth than they do in the universe as a whole.

Christian 2004: 6

This has been paralleled in economics. Such as the presumption of mainstream economic theory of “perfect competition” which has been the basis of the theories of “rational expectations” and “efficient markets” which paved the path to the subprime crisis and then the worst financial crisis of the western world since 1929. For such theory alleges that entrepreneurs or other rational agents not only have perfect information on what they are doing or others are doing in their own market area, but such information on what all other entrepreneurs or agents are doing in all markets, everywhere. Or, in other words, omniscience, which in realms such as some religions is assumed to be an attribute not of humans, but of Gods.

Paul Romer, recently appointed chief economist to the World Bank, has described perfect competition as ‘the scholarly equivalent of creation myths, or simple stories that economists tell themselves and each other to give meaning and structure to their current research efforts’ (Romer, 1994, p. 3). Paul Krugman (2009) has observed that mainstream economics creates blind spots by ignoring what it cannot formalise, that economic models are metaphors, not truth, and that much of its failure to reflect what is happening in the world stems not from lack of sophisticated answers, but from asking the wrong questions, which is precisely the point stressed by Wittgenstein (1953). Krugman also has recognised that these are games that aspirant economists need to play if they are to be accepted by the mainstream, also thereby echoing Wittgenstein (1953) on language games, and the degree to which we may tacitly or otherwise become trapped by them. Like Romer, Krugman (2009) also has admitted that these have about as much relation to the real world as do biblical creation myths.

But such myths and metaphors not only are language games by those who consent to play them. They can become unquestioned in institutions with global reach and power such as the IMF, the World Bank and the World Trade Organization with potentially fatal outcomes. For example, the conceptual device of *ceteris paribus* or ‘everything else being equal’ was central to the deflate-devalue-deregulate catechism for ‘structural adjustment’ that both the World Bank and the IMF demanded of developing economies from the early 1980s through ‘cross conditionality’. But the Bank and the Fund imposed this on so many low and middle income countries as to force them into beggar-my-neighbour devaluation for what largely were the same commodity exports and beggar-my-neighbour deflation with across the board cuts in investment, employment, income and consumption.

The Self and the Other

It is well recognised that David Hume was a founder of experimental method in philosophy and that he questioned claims to certainty in knowledge. Also, that he deeply influenced his younger fellow Scot Adam Smith and that both were influenced by the moral philosopher Francis Hutcheson. A wealth of literature attests to this while Smith (1759) himself refers extensively and approvingly to Hutcheson in his *Theory of Moral Sentiments*. Yet there also is a common perception, echoed by Bertrand Russell, that Hume was a mere empiricist rather than, drawing on Hutcheson, that he had developed the concept of a reflexive mind relating external to ‘internal’ perception and anticipated

recent cognitive psychology in claiming the central importance of connections between current perception and what already is 'antecedently present to the mind' (Holland, S. and Oliveira T.C.: 2013).

What thereby has been "lost" in assumed linear progress in social science is that in their approach to meaning and method Hume and Smith were less 'modern' than what now would be deemed 'post-modern'; that Hume already had opened frontiers between philosophy and psychology which later philosophy such as 'logical positivism', and claims for 'positive economics' such as by Milton Friedman, displaced. Notably, Hume also warned that presumption of cause and effect could be mere coincidence, which the theories of rational expectations and efficient markets that paved the path to the subprime crisis also displaced. Further that, by contrast with the presumption of much social science that it is 'value free', both Hume and Smith recognised that any cognition is influenced by the values dispositions and beliefs that we have less than consciously come to acquire from life and professional experience.

Hume (1739) advanced this in terms of 'connections' between current cognition and what already is 'antecedently present' to the mind. He submitted that the 'reflexive mind' becomes habitually disposed to general ways of perceiving and thinking which influence how we make sense of the external world and what we expect the future to be. This stress on habitual thinking. Though not recognised by Bourdieu, anticipated his concept of *habitus* in the sense of the world in to which we are born, bred and then have our being and how we come to acquire the values and beliefs that influence not only our behaviour but also our perceptions of the external world. Or, as Schopenhauer, influenced by Hume, conceptualised this, the relations between the Self and the Other and where the other is not only the external world but also our personal and social relations. Moreover, Hume had stressed that:

The mind stops not here.... With this system of perceptions there is another connected by custom, or, if you will, by the relation of cause and effect [that] forms them into a new system, which it likewise dignifies with the title of *realities* (author's emphasis).

Hume 1740, vol. I: 108

Nor were Hume's claims for connections between current cognition and what already was 'antecedently present to the mind' a passing observation or metaphor, such as Smith's use only once of the term 'invisible hand' in *The Wealth of Nations*. He saw them as his main claim to make a contribution to human understanding, and thereby anticipated recent connectionist theory in cognitive psychology which also has been informed by neural research (e.g. Cleeremans, 1997; Glöckner & Betsch, 2008; Sadler-Smith, 2008; Glöckner & Witteman, 2010), and to which we return.

Yet which has a significance that has tended to be neglected since, in the degree that this is the case, there can be no objective Social Science nor a single Rationality, despite Cartesian presumptions for this. And which we now seek to support in terms of

“rationalities” and also “logics” which range wider and deeper than those of Descartes, and tend to confirm both Hume and Bourdieu.

Perceptions, Beliefs and Rationalities

One of the better observations of Bertrand Russell is that the human mind cannot bear very much uncertainty. Freud had put it differently in claiming that people cannot bear very much reality. But there is a distinction between the two observations. Freud’s was pessimistic Russell’s, although allowing for pessimism, was not, as demonstrated in his later life in which he not only argued for but physically protested against nuclear weapons which, in the case of the END initiative of the Bertrand Russell Peace in campaigning for European Nuclear Disarmament, managed to achieve.

Nonetheless, in Social Science, which has followed Russell and other rationalists rather than Freud, since it could be presumed that to follow Freud would sink human understanding into the depths of Nietzschean Dionysian desires, this has led to a quest for certainty in terms of an unimpeachable and single rationality that is equivalent to a “truth” that was lost with the challenge to faith in religion.

Which was embodied by Paul Samuelson who, with a background in mathematics and economics but none in philosophy, claimed that mathematics and language are identical and in so doing not only stripped psychology from Keynes but spawned generations of premise dependent algebraic models such as those which, thereafter, were to mislead Western policy makers into believing that there had been a post Keynesian economic revolution proving that markets were rational rather than that those playing with or manipulating them, were fallible and thereby would enable not only the fallibility of markets, but also of western democracy in the sense that it could not assure that people would govern markets rather than markets govern people.

And which also relates to both historical context and to the arbitrariness of perceptions. For, in 1938, Samuelson was one of four Rockefeller fellows at Harvard who had formed a reading group on Keynes’ *General Theory*, yet each of whom emerged with different understanding of the implications of Keynes. Another was John Kenneth Galbraith, who saw the need to match demand management by recognition of the market power of big business and the role of trades unions in countervailing it. A third was Robert Marjolin, who drew on Keynes and the concept of effective demand, but saw the need for long-term investment as central, and shortly was to achieve this as head of the Marshall Aid European Recovery Programme. The fourth was the economic historian Eric Roll, who later was engaged by Marjolin as one of the ‘committee of four’ approving or disapproving submissions for Marshall Aid finance for recovery.

Yet many of the next generation of economists presuming to be Keynesians rarely read Keynes rather than Samuelson’s *Economics* or similar hybrid texts posthumously wedding him to an economics of self-adjusting markets such as later were to be resurrected in theories of rational expectations and their Panglossian claims to be able to predict the future. Crucially, Samuelson stripped out the psychology which had been

central to Keynes' *General Theory*. In doing so he had claimed in a 1952 paper in *The American Economic Review* that mathematics and language were identical:

Mathematics is (author's emphasis) language. I mean this quite literally... For in deepest logic – and leaving out all tactical and pedagogical considerations – the two media are strictly identical.

Samuelson (ibid): 56

This paralleled what Wittgenstein had assumed in the algebraic 'truth functions' of his 1922 *Tractatus* but then, in his later work, rejected. Thus in the nineteenth edition of *Economics* (2010) Samuelson and Nordhaus claimed that:

What an economist does, therefore, is try very hard to keep positive science cleanly separated from normative judgments—to draw a line between the economic calculations of the head and the human feelings of the heart.

Samuelson and Nordhaus (ibid): 336

The textbook has propagated the binary distinction of normative/positive or prescriptive/descriptive by implying the definition of positive economics as "the analysis of facts and behavior in an economy, or "the way things are"" (Samuelson and Nordhaus, ibid: 669). Yet Samuelson appears to have been unaware that the task he set himself in aiming to achieve 'true analysis' or 'truth' was Kant's claim that there are propositions which are true by definition and universally valid. He thereby wrongly encouraged the presumption that economics was an exact science whereas Kuhn (1996), drawing on the later Wittgenstein, and the influence on them both of *Gestalt* psychology, such as Jastrow, has shown that perception of the same phenomena by either individuals or scientists from different disciplines can be entirely different. Thus, facts do not speak for themselves. How they speak to us, at least when either we perceive them or is voiced by others on how we should perceive them, is how tend do so. Which already involved assumptions, presumptions, dispositions and beliefs, and also, underlying or overlying thus, major explicit – or implicit – ideological values and interests.

Many of the alleged 'laws' and 'truths' which Samuelson then purported were founded on the 'as if' premises against which Vaihinger (2001), endorsed by both Freud and Jung, had warned, in the sense that they may be disproved by realities yet survive in public perception as self-evident. Even though many to most of those in mainstream economics were demonstrably false, such as allegedly diminishing returns to scale without which there can be neither micro partial equilibrium nor therefore macro general equilibrium. Or that the principle of comparative advantage can maximise global welfare in which, while echoing Ricardo, and in company with Piketty, Samuelson entirely displaced capital mobility; that foreign direct investment rather than comparative advantage has driven postwar trade and, with it, Smith's absolute rather than Ricardo's comparative advantage.

Language, Truths and Logics

The logical positivists of the Vienna Circle in the 1930s, influenced by Carnap, who in turn had been influenced by the early Wittgenstein, assumed that they had abolished metaphysics by certain “truth functions”. In this, like Wittgenstein in the last proposition of his 1922 *Tractatus*, which he had derived from Schopenhauer, they claimed that “whereof one cannot speak one should remain silent”. For Schopenhauer this did not mean that philosophy had nothing to say but that there were only some things that it could meaningfully say. A young Ayer, after a brief stay in Vienna with Carnap and some others, return to the UK and published his highly influential *Language Truth and Logic*. Asked later how he would define philosophy, Ayer replied “if p, then not minus p”. The study of symbolic logic thereafter was presumed in the teaching of philosophy in the UK, as in the course on Philosophy, Politics and Economics at Oxford, to be what philosophy was about.

Yet this not only displaced the later Wittgenstein, whose posthumous *Philosophical Investigations* (1953) was a refutation of such a limited approach to understanding meanings. It also displaced a range of insights from psychology and other continental European philosophy. Such as that the unconscious might have its own logic which was not that of inferential reasoning. For some time appreciation of this was blocked by Freud’s claim that the unconscious was the bed of only irrational drives and desires. But Bourdieu, notably, submitted that any individual is driven by different logics, at different levels of consciousness.

Bourdieu’s (1990) use of logic includes:

- a *voluntaristic* logic by which we tend to ‘know what we want’ and may be driven by it, as in either actively seeking to justify or realise something;
- a *practical* logic which ‘entails neither a theoretical knowledge of norms and formal rules nor a conscious elaboration of strategies’ but is implicit in what we do and expect;
- a *normative* logic including values of which in the main we are less than conscious.

Bourdieu explained his concept of voluntaristic logic in terms of *role-dispositions*. He distinguished between paradigmatic or ‘dispositional’ rules or norms, and those that are inter-active or ‘situational’. Notably, paradigmatic norms tend to be deeply embedded in institutions and assumed, whereas situational norms are explicit and concern social action and interaction. He also distinguished between the grammar of language as paradigmatic and speech as situational, writing in his *Logic of Practice*, Bourdieu (1990) of his concept of *habitus* that it:

[e]nsures the active presence of past experiences... in the form of schemes of perception, thought and action’ and that these influence our perception of what is

correct or incorrect more constantly and more reliably than all formal rules and explicit norms...

Bourdieu 1990: 54

This concept of schemes or schema of thought less than consciously influencing current perception and judgements was pioneered in the 1930s by Bartlett, then republished in 1995 and has been well accepted in cognitive and organisational psychology since. Bartlett found that people tend to draw on 'schema' and also 'overlapping schema' in which the unconscious already has organised previous sense making in memory which also is consistent with the findings by Weick (1979, 1985, and 1995).

In parallel, although less well known, Freud's presumption that the unconscious was only the bed of less than rational drives and desires was challenged by the Chilean mathematician and psychoanalyst, Ignacio Matte Blanco both from his clinical case work and from Russell and Whitehead's mathematical set theory. Matte Blanco claimed that the unconscious symmetrises current cognition with 'what we know already' so that we do not have to suffer 'inferential overload'.

But Matte Blanco went further, conceptualising conscious and unconscious logic as interfacing on an unbounded or infinite continuum ranging from an asymmetrical 'stream of consciousness' in daily life through to deeply symmetrical unconscious thinking which also arguably is what James Joyce was doing in both his *Ulysses* and in *Finnegan's Wake*. Matte Blanco found this process bi-logical, meaning not that we are in two minds, but that the mind copes with asymmetry in current experience by relating symmetrising it with earlier sense-making of sets of previous experience.

Yet such symmetrisation does not depend on in depth psychoanalysis. It can happen at a bus stop. Thus, a mother is the mother of her child, yet shares being a mother or 'motherhood' with the set of all other mothers, which is why even on a casual meeting with others they can symmetrise an unbounded range of experience and values in a smile when another mother is trying to deal with a recalcitrant or distressed child, without explicitly previously knowing them, rather than 'knowing' that they mutually share the trials and tribulations implied by motherhood.

Or can be notorious, as in Margaret Thatcher demanding from her business managers in the House of Commons appropriately name "the whips" whether a candidate for promotion was "one of us".

Set theory also has a wider social base in terms of jobs and professions. A nurse or a teacher is an individual but also a part of 'a set' of people who are nurses or teachers, and similarly can share a whole range of professional values, experience and concerns relating to care of others without conceptualising the degree to which this is symmetrisation. Set theory is familiar in the phrase 'mind-sets' of which Senge (2006) rightly has made much in terms of limited ability to escape from them in management. It also was integral to the cybernetics and open systems theory of Gregory Bateson (1979)

who worked on patterns-of-patterns, or meta-patterns which he claimed were relevant both how the mind works and to understanding of the external world. Publishing in the same year as Matte Blanco, Mintzberg (1990) found that much of the organisational decision-making of top managers can be described in terms of 'organised sets of behaviour' (Mintzberg, *ibid*: 5) but which also have their own implicit rather than explicit logics.

What we are submitting therefore is that there is no single "rationality" such as has been the pretension of much post Enlightenment and "modernist" thinking but a range of rationalities which may well be entirely consistent in themselves, yet also either consistently right, or wrong depending on who judges them in which historical and social context and, especially, on what explicit or implicit premises.

Social Science and the State

Science cannot afford to be solely preoccupied with technical problems or just theory. Everywhere, it confronts the State which can constrain and confine it. Yet what this paper now submits is that this neither need be nor always implies explicit or implicit submission. Even if Copernicus had to submit, his ideas survived and changed perception not only of the world but also of the universe. Thus, Marx's Communist Manifesto, with Engels, startled both the dominant aristocracy and the emergent capitalism of his time. Yet also was subject to Popper's criterion of falsification in the sense that the workers of the world did not unite. Whereas Marx nonetheless was right in many other regards such as in claiming that the State – in his time - never had been a neutral or benevolent associate of science. For example, even Kepler (1571-1630) needed to provide astrological services for Emperor in order to independently secure his astronomic research. As Russell, if wrong on Hume, otherwise aptly has put it:

Thus, the practical experts who employ scientific technique, and still more the governments and large firms which employ the practical experts, acquire a quite different temper from that of the men of science i.e. a temper full of a sense of limitless power, of arrogant certainty, and of pleasure in manipulation even of human material. This is the very reverse of the scientific temper, but it cannot be denied that science has helped to promote it.

Russell 1956: 245-246

Yet which we suggest nonetheless has been overstated, including by Wallerstein. In that intellect, rather than a presumption to "social science" as such, both can challenge a prevailing ideology and reverse it. Russell has issued a warning which is still very relevant,

The threat to intellectual freedom is greater in our day than at any time since 1660; but it does not now come from the Christian Churches. It comes from governments, which, owing to the modern danger of anarchy and chaos, have

succeeded to the sacrosanct character formerly belonging to the ecclesiastical authorities.

B. Russell 1956: 251

The disregard of this problem can lead to the future society which will treat a democracy as another one unfulfilled dream about human beings who can be more than physio-chemical entities (Huxley 2007).

A Troubled Relationship

The importance of social sciences has been established as big historical changes took place at the end of the 18th century. Traditional foundations of society, such as religion and monarchy, had lost their dominant power though not utterly. The science has been introduced as alternative consolidating factor. The ideas of progress and melioration have generated a common target for social sciences and states. Simultaneously, this delicate relation has become permeated with ideological and methodological disdain of unpredictability and uncertainty. Social sciences were supposed to provide a better understanding of social transformations for the sake of societal well-being. But there is a problem both deeply philosophical and very banal – the idealised outcome presumed by mainstream economics, with its presumption of the maximisation of global welfare through the free working of market forces, has not happened. The economic models got it wrong. As Stiglitz has put it:

Most of us would not like to think that we conform to the view of man that underlies prevailing economic models, which is of a calculating, rational, self-serving, and self-interested individual. There is no room for human empathy, public spiritedness, or altruism. One interesting aspect of economics is that the model provides a better description of economists than it does of others, and the longer students study economics, the more like the model they become. What economists mean by rationality is not exactly what most people mean. What economists mean is better described as consistency.

Stiglitz 2010: 249

Yet, if consistent, also may be consistently wrong....

The institutionalisation of social sciences has been started at the end of the 19th century. Of course, due to the increasing importance of proper handling of social changes the demand for 'societal management' has been aroused much earlier. It is a very interesting concurrence that among first social theoreticians and practitioners civil servants were in significant numbers after the fall of religion's influence. So called Mandarins exerted not only administrative power but also intellectual one. The notion of state has permeated scientific concepts in both explicit and implicit ways. This paper follows the aim to disclose the presence of state as 'conceptual container' (after Immanuel Wallerstein) within social sciences what is deeply connected with the problem of knowledge. It is enough to remember the famous statement of Francis Bacon that knowledge is the power

itself. The power relations have shaped scientific thinking as a certain way of dealing with research object. It is in a big contrast with critical thinking aimed at returning wisdom into scientific framework thus opposing instrumentality and utility directed research mainly dependant on self-interested sponsors.

It is a perfect example of indoctrination within educational system as it would be an ideological indoctrination to consolidate a state. These two deficiencies of indoctrinated scientists and indoctrinating states are two sides of the same coin. The institutionalisation of social sciences took place together with the emergence of nation-states at the end of the 19th century: “the lay and socially oriented Third Republic in France; the authoritarian bureaucratic state dominating the society of Imperial Germany; and the unified Italian nation-state based on the interdependence of urban and rural elite groups in the north and south” (P. Wagner 2001: 10). Newly established states needed analytical tools enabling to consolidate society within specified boundaries. Not surprisingly, German universities at that time employed many Mandarins – professors simultaneously holding the positions in state service. Social sciences were supposed to sustain the functionality of states. Wagner (2001) does not identify the institutionalisation of social sciences with foundational period. He, like Hirschman (1997), has indicated that major ideas of social sciences stem from older long-lasting discussions. During the 20th century social sciences have experienced many fundamental transformations inside methodological framework. But the question regarding the maturity or transformative phase of social sciences still has not been properly answered. World War I and World War II have coincided in time with boom of social sciences but only some of it had much to do with saving or restoring societies after cataclysms. The Social Science was simply mobilised by the State. It does not mean a constant ‘enslavement’; it presupposes a call of ‘duty’. The mobilisation ends sooner or later but the request can be made in the future again and the Social Science has to stay in readiness (it is worse than manifest ‘enslavement’). The notion of detached observer has been compromised entirely. Following Wagner (2001), “in terms of epistemology, social science saw itself forced to largely abandon the idea of representing social reality and accepted the view that conceptual constructions were dependent both on the means and forms of observation and perception and on the interest of the observer in the social world” (p. 43). Rationality is nothing else but a disguised mask of the ‘political’ (Wallerstein,1999). This is a core of methodological and analytical vicious circle, it has captivated the social sciences into enclosed delusional framework of aspirational reality. The Social Science has claimed a monopoly to analyse social processes, the State has monopolised a position for sole agent of changes.

The idea of progress is relatively new in the context of history because Christianity has complied with pessimistic worldview about imperfect order in contrast to Eden (Bury 1920); Hertzler 1965; Wallerstein 1999). As noted by Hertzler (1965: 224),

With the advent of Hegelianism, social reform began to acquire efficient and opportunistic tactics which gradually began to convert longings into reality. The ideal of perfection began to be influenced by a sense of possibility.

Since the 19th century (from the moment of institutionalisation) the social sciences have indulged themselves into optimistic belief about social betterment owing to the states. There was a high expectation that social reforms will be successful by following rational principles. During the 20th century the State has failed to secure a social progress (whatever it may be) as the Social Science has not been successful in adequate understanding of social reality. The possible explanation for that is provided by the Gulbenkian Commission and Wallerstein (1996) – the social sciences have been too much state-centric which means that studied social entities are usually restricted by state boundaries. The State still has remained as ‘natural’ phenomena for research, both explicit and implicit framework.

The certain knowledge that had been promised us by social scientists seemed an evident consequence of their faith in progress. It found expression in the belief in steady improvements that would be implemented by “experts”, in which the “enabling” state would play a key role in the effort to reform society. The social sciences were expected to abet this process of rational, gradual improvement.

Wallerstein 1996: 81-82

The complexity of social entities has exceeded the boundaries of states nowadays and the State as conceptual container has lost its relevance for the social sciences. Of course, despite the growing importance of extra-state social processes the necessity to understand state mechanisms still has remained (Wallerstein 1996). But in addition to that, value-free approach has to be seriously reconsidered within social sciences. It is nothing radically new about that, “when our reforms are not touched by a sense of values, the result is that purely temporal ends are taken as ultimate, and we have such notions as efficiency or organization regarded as the very touchstone of social improvement” (Mumford 1928: 254-255).

Social sciences have not been successful in conceptual demarcation from the State yet. Indeed, Albert O. Hirschman (1997) has exposed very serious political implications within social sciences since their emergence. Most interestingly, his analysis refers to the 17th and 18th centuries. And it is not surprising, because this historical period marks the beginning of great social and economic transformations which still have affected current global political structure, and social sciences respectively. The onset of industrialisation in the 19th century cannot be the only point of departure for historical analysis of emerging social sciences. Clearly, the institutionalisation of social sciences had started before the end of the 19th century, as the demand to improve the knowledge of the physical functioning of the external long before the industrialization.

The beginning of that story does come with the Renaissance, but not through the development of a new ethic, that is, of new rules of conduct for the individual.

Rather it will be traced here to a new turn in the theory of the state, to the attempt at improving statecraft within the existing order.

Hirschman 1997: 12

Yet also needs qualification, and in significant regards is wrong. For intellectual elites, the authority of religion was seriously shaken in the 17th century but its ethics / and especially The Protestant Ethic / was to survive through to the 21st century and with devastating effects for what should have been the most rational political reconstruction of Europe after WW2 since Kant aspired for “perpetual peace”.

Hirschman (1997) also has submitted that “the idea of engineering social progress by cleverly setting up one passion to fight another became a fairly common pastime in the course of the eighteenth century” (p. 26). The principle of countervailing passions and irrationality was integral to Montesquieu’s tripartite system. Montesquieu’s tripartite system implied the separation of powers between a legislature, an executive, and a judiciary. It still has remained as one of the basic principles of democracy, and allegedly able to preventing the concentration of power.

The “Enlightened State”

The rational reconstruction of society with continuously augmented knowledge has been claimed by some of the most notable advocates of rational thought. Bacon’s “New Atlantis” written in 1622 was governed according to what he presumed were principles of scientific method, and was of the foundational statements of the case for a “rational State”. Kant then later assumed that this had achieved the peak of rationality in the 18th Prussia of Frederick the Great.

On which, in several sense, at the time / his own time / he had good reasons. Frederick was very enlightened. He rejected his father’s insistence that he should train as a soldier, wanting to be a philosopher. The language of his court was not German but French. He took advice from and valued Voltaire. He introduced a civil service based on merit rather than hereditary privilege. When succeeding to the throne of Prussia, he always sought negotiation rather than confrontation. It was only when Prussia was threatened by other powers that he was ruthless, by constraint rather than desire.

Yet, influenced by this, which was the Prussian State of his time, and though aspiring to “categorical imperatives”, Kant made a categorical error, not dissimilar to the Whig tradition in Britain at the time, that progress in government, and its humanity, was linear. Whereas Hegel recognised that it was dialectical, and that the proposition or thesis of progress could be counteracted or contradicted by regress, even if he then underestimated the degree to which an emerging synthesis could be negative rather than positive.

The Unenlightened State

As what to be dramatically and perversely illustrated by the National Socialist seizure of power in Germany in 1933 which not only subordinated a legislature and co-opted a judiciary by force, but also suborned a whole general of alleged value/free social scientists.

Moreover, Montesquieu's tripartite system can be contradicted not only when an executive may so influence the appointment of a judiciary, including a Supreme Court, as to influence what and how it is disposed to judge. An executive also may override or bypass a legislature. As not only was the case with the National Socialist seizure of power in Germany in the 1930s, but also has been the case with an increasing hegemonic Germany since reunification, which former Chancellors such as Adenauer, Brandt, Schmidt and Kohl sought to avoid.

Rational and Irrational Agents

The problem is that such an enlightened system needs constant intellectual, ideological and political maintenance if it is not to collapse. The alleged "rational agent" is rational only within a given paradigm which, if dominant, also will tend to dominate how he or she thinks. As Stiglitz (2010) has reflected, most of his economic colleagues are committed to a spurious rationality which may be consistent but also consistently wrong. The Social Science founded on rationality and objectivity discovers itself in a dubious position (if there is enough of critical reflexivity). The worldview of social scientist becomes shaped by the pervasive presence of State even on methodological level, and it is not just about providing obligatory or non-obligatory policy advice. This presence may be disguised under the labels of "social utility" or "political relevance". Mason has warned about the way governments and central banks make policy:

The agent-based model, instead of reducing reality to a few variables, tries to replicate reality – and its randomness – in detail. Such models are common in weather prediction, or city transport planning: think of them as a professional version of the computer game Sim City. In an agent-based model, you don't try to work out whether a million people will, on aggregate, buy more bread or less bread. You create a million digital "people" and unleash them in world with digital bread and digital money.

Mason 2016

Premise Dependent "Systems Thinking"

The positioning of social scientist as detached and objective observer is flawed in the degree to which it presumes to be dealing with alleged "facts". This was warned against by David Hume (1739, 1740) to whom social scientists may in passing refer but too few of whom either have read, or grasped, which also depends on the perception by an individual of what is meant by an author. What is influenced by the values, dispositions and recent experience of the perceiver even if he has been one of the most eminent

philosophers of the 20th century and renowned for an encyclopaedic *History of Western Philosophy*.

Thus, Bertrand Russell (1947) dismissed Hume as a “mere empiricist” and a “dead end” in philosophy. Yet this neglected that Hume’s aim was to outline an anatomy of the reflexive mind and connections between conscious and pre-conscious thought. Following Hutcheson, and influencing both Adam Smith, and Schopenhauer, Hume claimed that anything that we think or believe connects external perception with internal perception and that no cognition is neutral rather than influenced by values, dispositions and beliefs acquired from earlier life experience (Holland & Oliveira 2013).

Thus, while Hume and Adam Smith are often aligned with Descartes as among the first of the ‘moderns’, they countered his *Cogito ergo sum* with the claim that how we think is who we have *become* through life experience and education; that our perceptions are influenced by dispositions, values and beliefs formed by these; that no cognition is value free, and that neglect of this in ‘systems thinking’ could lead to ‘dangerous errors’.

Hume claimed that there are reflexive connections between current perception and what is already ‘antecedently present to the mind’ which recently has gained confirmation from neural research and ‘connectionist’ theory in cognitive psychology references. He also claimed that what is perceived depends on the habitual dispositions and values of the perceiver, while this is less than consciously acquired from life experience in what Pierre Bourdieu (1977, 1984, 1990), if without reference to either Hume or Smith, later conceptualised as *habitus* and is central to ‘the reflexive mind’ which does not simply induce or deduct from the external world but influences perception of it.

The State and Statistics

Gunnar Myrdal, who had extensive political experience both as minister in Sweden in the 1930s and then as Secretary General of the post-war UN Economic Commission for Europe, has stressed that “man is, as Aristotle told us, a political animal, and social science is a political science, in this sense” (Myrdal 1944: 1043). He disputed attempts to validate economics by value-free premises assuming to preclude subjectivities and interpretive validations and submitted, as had Hume, that the social scientist cannot distance himself/herself from personal values, dispositions and beliefs. He also pointed out that statistical treatment always implies either an explicit or implicit conceptual framework determining the relevance of data and the degree to which it may or may not adequately represent the external world.

The collection of data is systematised by governments through their national statistical offices or by private businesses themselves in doing market research. But this, as also the recent fashion for “Big Data” can raise not only big issues but also big problems regarding the neutrality of statistics even though these purport to report “facts”. We have touched on this earlier in relation to the case of Hume (1748, 1749) that “realities” are what we presume rather than exist independently of our own conceptual perceptions or misperceptions. But the rise of the modern state since Hume has transformed the scope

and scale of misperceptions through the evolution of what are widely deemed “official statistics”.

Besides which, although a common perception or misperception of the word “statistics” is that they are “facts”, the term “statistics” itself is originated from “the state”, and what it needed, or thought it needed, is function (Wallerstein 2001). But which may be either limited, or misleading or wrong. Thus statistical data is usually compiled according to the realistic or spurious needs of the State. Leontief (1982) also has emphasized that supposedly neutral statistics can be unscientifically partial. Even the most sophisticated mathematical models in social sciences are inadequate if input data for them is collected and supplied with biases.

An example of current relevance is national accounts. These were highly influenced when devised from the 1930s by a Keynesian conceptual framework and Keynes’s presumption in The Concluding Notes of his *General Theory* concerning the social philosophy to which it might lead that provided the State intervened to assure effective demand, the supply side of the economy could be left to the processes of “perfect or imperfect competition”. As well as his presumption that nation states still were an effective basis for policy formulation and full employment policies combining monetary and fiscal policies, therefore focusing on such accounts on national income and expenditure rather than data also concerning the supply side of the economy. Yet, even in his time, and more so since WW2, the supply side of economies has been dominated by giant transnational corporations which have qualified “perfect and imperfect competition” and dominate economic outcomes (Stiglitz 2016). Their nature as transnationals means that they can manipulate prices between their subsidiaries in different countries in a manner that can promote a fiscal crisis for states. Whereas national accounts do not in fact account for this. Each system of such accounts registers such transnationals as if they were national and does trace their transfer pricing. While proposals even at a high level that such accounts should be reformed, as made by then Commission President Jacques Delors to the statistical office of the European Union, Eurostat, were blocked by pressure from transnationals while he was President and not pursued further thereafter (Holland 2015).

Or, in statistical terms, how one measures money. There are different definitions of this ranging from M1 (cash in hand, the total of all physical currency, plus part of bank reserves, plus current account balances); M2 (most savings accounts, money market accounts, some mutual funds and small certificates of deposits); M3 (other certificates of deposits, institutional money, mutual funds and repurchase agreements), plus others.

Milton Friedman claimed that a constant rate of increase of M3 would ensure a benign non/inflationary expansion of an economy. But none of these definitions yields a significant general correlation with prices, inflation or employment in the manner that Friedman initially assumed. The one serious attempt to target money supply in modern history - during the first and second Thatcher governments - totally failed and was abandoned. Within a year of her government coming to office in 1979 and targeting an

annual rate of growth of M3 of 7-11% a year, M3 took off in the second half of 1980 at nearly 25% a year. In response the government started cutting public spending and works, such as in public housing.

Bankruptcies ensued among small and medium firms on a massive scale with, on the figures compiled by the Cambridge Department of Economics, a threefold increase of unemployment to 4.5 million which was denied by the government since it changed the statistical definition of unemployment nearly twenty times during the decade. It then, in a classic confirmation of Foucault (1977) on surveillance and punishment, cut the budget of the Cambridge Department of Economics from twelve researchers to two. And also shrunk its monetary target from M3 to a so-called M0 (M nought) and in October 1985 simply announced that it no longer would be setting monetary targets.

Yet, as Vaihinger (2001) warned, even if a theory is refuted by evidence it can survive intact. And those who claimed to challenge this, much as in theological denunciations of earlier challenges to knowledge, were excommunicated from public funding.

Research, Teaching and Surveillance

Inversely, the Social Science and the State are intimately, if not incestuously, liaised. Since the decline in Weber's terms of traditional authority, the modern State has become the arbiter of what should be both researched and taught and not least, in both cases, because it is the paymaster.

This has been well put by Foucault (1995) who stressed that the rise of mass education meant the emergence of educational norms. First, it needed school leavers who could read, write and calculate so that employers could be sure that they were 'getting value' by hiring them. Second, it needed reliable output which, third, implied measurability and, with it, formal assessment. But also that knowledge is power and that the power to commission research by the State is power rewards for conformity and exclusion for dissent, which also implies surveillance according to a prevailing paradigm or norm of what not only should be taught, but also thought. As he put it:

The judges of normality are present everywhere. We are in the society of the teacher-judge, the doctor-judge, the educator-judge... after the age of 'inquisitorial' justice, we have entered the age of 'examinatory justice'.

Foucault, *ibid*: 304-305

Foucault's (1972, 1995) case is that received knowledge has the power to inform, or to repress, at any level. This may be from the pinnacle of national assessment and funding hierarchies for research, down to lower levels concerning individual and group behaviour, while 'academic discipline' includes the power to punish by not gaining publication or gaining preferment if one challenges a prevailing paradigm.

Researchers thereby come to learn what is likely to be accepted by funding bodies and adapt their proposals accordingly, reinforcing conformism, however much they also

resent this. A *Financial Times* survey (Green 2008) of assessment exercises by the higher education authorities of England, Wales, Scotland and Northern Ireland reported on the common view of academics that the criteria for such assessments of either teaching methods or research proposals:

...distorted research output, created a cut-throat hire-and-fire labour market among academics and imposed intolerable pressures on institutions that should be concentrating their efforts on producing excellence rather than demonstrating it to government inspections.

Green (ibid)

In the UK case, Foucauldian surveillance has become all pervasive. Patricia Broadfoot, Professor of Education at the University of Bristol, before becoming a University vice-chancellor, has criticised:

...the advent of comprehensive national testing at frequent intervals throughout the course of compulsory schooling; the regular publications of 'league tables' of examination results; the obligation for schools and local education authorities to engage in detailed target-setting, and a punitive inspection system that provides arbitrary and public judgements including naming and shaming those deemed to be failing.

Broadfoot 2000: 209

In higher education, the same surveillance dominates, and has meant:

...the advent of the research assessment exercise – formal assessment of each institution's research quality; teaching quality assessment; the introduction of standards for newly qualifying teachers, as well as attempts to regulate initial and in-service training more generally, and a range of other provisions for audit and the monitoring of quality.

Broadfoot (ibid)

The outcome is:

As the language of performance indicators, audit and quality control and review becomes daily more pervasive in all sectors of education, it is clear that Foucault's 'hierarchical authority' and 'normalizing judgement' have become one of the definitive characteristics of contemporary provision. (While this) elaborate edifice is based on the rationalist assumption that the data so produced are accurate and meaningful despite the now enormous body of research literature documenting the inherent vagaries of what is, inevitably, a process shot through with human subjectivity.

Broadfoot (ibid)

Economics versus Political Economy: Neither 'Pure' nor 'Value Free'

But the difficulty of doing 'pure' or 'value free' research in 'social sciences' is not only due to their incestuous liaison of with State sponsored research. There is the question whether it ever can be either pure or value free. Following Myrdal (1944) again:

Economics – or “political economy”, to use the old-fashioned but much more adequate term (the attribute “political” has been dropped for convenience and as a tribute to the purity of science) – is the oldest branch of social science in the sense that it was the earliest to develop into a system of observations and inferences organized under the principle of social laws. In economics we can most conveniently study the influence of the static and fatalistic general bias upon the development of a social science discipline. From natural science it clearly borrowed the concept of “equilibrium”. This concept, as well as the derived concepts of “balance”, “stability”, “normal”, are all often heavily loaded with the static and fatalistic valuations. The “assumptions” of economic theory have been useful. But their load of inherited static and fatalistic valuations is heavy, and they will often turn into convenient covers for biases in this direction.

Myrdal 1944: 1047-1048

Myrdal has criticized the idea of “disinterested social science” but not the rationality itself. He has suggested to redefine it in terms of compatibility with values making rationality no less agreeable with reason this way. It coincides with Karl Mannheim’s (1954: 5) proposal for a new type of objectivity “attainable not through the exclusion of evaluations but through the critical awareness and control of them”. Accordingly, scientific terms within social sciences inevitably are “value-loaded” because, for example, the study object of economics is not only money, wealth or material resources but also intentional and spontaneous human beings following the purposes what is excluded from mathematical models. A prevalent use of mathematics usually is positioned as value-free practice aiming to objectivity through quantification. This trend has become very influential in social sciences, especially after World War 2.

Wassily Leontief, a highly accomplished mathematician and econometrician, who introduced input-output analysis to the West, has criticised a mathematical preoccupation within economics on the grounds that “the emperor has no clothes”:

Two trained engineers Leon Walras and Vilfredo Pareto translated Classical Economics with considerable refinement and elaboration into a concise language of algebra and calculus and called it the General Equilibrium Theory.

Leontief 1982

It means that a stable equilibrium scheme is not suitable for the analysis of dynamic processes within economies and societies. As was admitted by Walras who is assumed by mainstream economists to have been the founding father of such an approach. But, though he pioneered it, also was highly critical of its limits, writing in his *Elements of Pure*

Economy (1874) that he supposed the movement of economic production and consumption stopped for an instant in order to consider the conditions for equilibrium. Then adding that he has done what mathematicians do who, to rationalize mechanics elaborate the static before the *dynamic*. In this case the classical excuse “do not blame the theory” is misplaced.

Mathematics and Language

A further problem is that while mathematics is a formal language of science but it cannot be equated with the language itself. Mathematical language is supposed to transfer the content of knowledge within sciences by most possible exactness avoiding all conceivable imperfections of ‘natural’ languages. The formal procedures of proof resemble certain ‘grammatical correctness’ which sustains mathematical truths. But the social reality is not subordinated to mathematical truths despite many sophisticated attempts to impose them. Actually, Yuri I. Manin (1981: 3) has made a relevant remark that mathematical proof is ‘an essentially finite procedure’ due to Kurt Gödel who in the 1930’s “proved that for this reason provability is significantly narrower than truth, even when one only talks about the integers”. Mathematics have explored in the abstract way the patterns and sets of things surrounding human beings. Eventually, it has turned into the application on practical level where ‘organisation’ and ‘management’ takes place. The State by its essential definition is supposed to compensate the imperfections of human nature. It has been positioned as the major condition for social coexistence in front of imminent chaos and uncertainty. In those terms the State could be conceived as the most “realistic” social utopia, though not perfect enough but other alternatives being worse. The finalisation of this project has been seen as fulfilled dream of social harmony protected against all kinds of destructive forces. Instrumental and bureaucratic intellect has exploited mathematics as purified language though it is only formal language. The ideal State needs an ideal language capable to mirror the social reality and to transfer the content of knowledge in most precise way. This kind of language is antithetical to any interpretations which are treated like a source of distortions. And it is exactly identical to ideological practices.

Ideologies are customarily presented as affirmative beliefs in values, institutions, and policies...What is striking, however, is that each characterization derives its impact from the presumed faults of the alternative.

Kenneth R. Hoover 2003: 235

The concept of integer contains some flavour of platonic idea. Not surprisingly, many post-modern thinkers have criticized the statistics as disguised racist practice of deriving non-existent averages and simplified aggregates. Anyway, the same problems of aggregation of quantitative data and modelling persist in the Social Science too. The sociological approach enables to analyse the additional functions of mathematics within social sciences, such as internal consolidation and control of alternatives. According to Bourdieu (2004: 48-51), mathematical formalisms “set up a very strong social separation between professionals and amateurs, insiders and outsiders”. This means that

mathematics can be positioned as the price of entry to the discipline for newcomers. The appropriate usage of mathematical tools indicates not only the professional competence of scientists but also certain loyalty to corresponding worldview. As noted by Bourdieu (ibid), each scientific discipline has been as a separate field of forces constructing objectivity as social product dependent on commonly accepted presuppositions in the same field. The scientific capital of scientist, team or research group implies the level of their authority inside discipline. For the outsiders it means the price of entry into the discipline according to appropriate competence and loyalty. P. Bourdieu (2004: 47) distinguishes a scientific field from a political one yet he has depicted the autonomy of science as not a given, but “a historical conquest, endlessly having to be undertaken anew”.

Disconnection, Displacement and Denial: The Subprime Crisis

But struggles within a discipline may or may not connect with struggles in the social world. Consciously or otherwise the economics as a discipline may displace and deny what is happening or change it in a manner that is perverse for social wellbeing. An example is the repeal of the Glass/Steagall Act in the US in 1999.

As John Kay (2009) has observed, liberal democracies in principle deploy two means for accountability and legitimation - markets and the ballot box. But mergers and acquisitions without due oversight had encouraged financial institutions ‘too big to fail’.

With delayed effect, the deregulation of finance by the Thatcher government from what in the mid-1980s with unconscious irony was deemed the ‘Big Bang’ abetted the financial crisis of 2007-2008. As did the repeal in 1999 of the 1933 Glass-Steagall Act by Larry Summers as US Treasury Secretary thereby revoking the New Deal separation of commercial from speculative banking. Summers’ repeal of Glass-Steagall had reduced the reserves that banks needed to hold from 8% to 2%.

Meanwhile, Federal Reserve chair Alan Greenspan reduced base interest rates to 1% to counter a crisis of confidence on markets after the collapse of the dot.com bubble. A borrowing boom ensued. But nothing was learned up from the dot.com bubble itself, or the collapse the year before the repeal of Glass-Steagall of the Long Term Capital Management hedge fund, founded by two of the Chicago economists who had gained Nobel laureates for their contributions to rational expectations theory, Merton and Scholes.

Claims for ‘creative financial engineering’ continued apace through ‘derivatives’ which should have been income based, but were not since, as with a subprime mortgage, there was no guarantee that borrowers could service them. They were sold by US banks to European banks through ‘structured investment vehicles’, which were structured only in name, since they were ‘off balance sheet’ and not covered even by the minimal assets by then required after the repeal of the Glass-Steagall Act.

When the subprime crisis broke and caused a 'credit crunch' in inter-bank lending this prompted no less than 390 European banks to call for injection of funds from the European Central Bank. In August 2008 world stock markets collapsed by up to a quarter. After the crash, the European Commissioner for Competition Policy, Nellie Kroes, held bilateral meetings with the chief executives of major banks and reported that most of them 'were in denial, claiming that 'their bank' had no problems – only others did' (Holland 2011: 52).

"Structural Reforms"

Another example is the "structural reforms" demanded by the Troikas of the European Commission, the European Central Bank and the International Monetary Fund since the onset of the Eurozone crisis in 2009. Their presumption was that if that if business could fire workers more easily, then new and innovative firms would be able to attract them to expand their business. Likewise, the lower labour costs that the new enterprises would gain from reduction of social protection would increase the competitiveness of Europe as a whole in the face of globalisation.

This narrative has been extremely well 'marketed' by the European Commission and related institutions and interest groups since the onset of the Eurozone crisis (Janssen 2016). Yet the narrative, like many others from neoliberal economics such as that macroeconomic austerity is the only way to resolve high unemployment and low growth, is a myth.

In the IMF's April 2016 *World Economic Outlook*, the Fund's research staff recognised that while productivity can be increased by innovation, through investing more in research and development, by training and using more highly skilled labour and information technologies, it reported that there is no evidence whatsoever from the advanced economies of negative effects on total factor productivity that result from labour market regulation. As labour market deregulation has been a key ingredient in the 'structural reforms' and 'structural adjustment' austerity programmes demanded by the Troika of the IMF, the European Central Bank and the European Commission in several European member states, this raises serious questions not only about the intellectual and ideological basis of how the crisis since 2009 in the Eurozone has been mismanaged but also the lack of democratic legitimation in imposing austerity on Greece despite its rejection by Greek electors in both January and July 2015 (Holland 2016).

Summary

This paper has shown just a small part of the picture where "the quality of disinterestedness has never been universally achieved in practice" (Derek Bok 1982: 151). There is no unique recipe how to overcome "the maturity problem" of the social sciences and "existential crisis" of social scientists. Sadly, the ignorance of these issues is still prevalent in the sciences. Many social scientists have chosen the attitude which can be expressed by the statement "I prefer to do science and not to reflect on it". But the research of social processes needs to be a self-reflective activity. Self-reflexivity and

critical self-assessment should be internalized by every social scientist at least to maintain a connection with studied social reality. Otherwise the Social Sciences will persist in scrutinizing fixed patterns and 'routinized experiences' in unbreakable vicious circle.

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