

Adam Smith *vis-à-vis* Neoclassical Economics: A Retrospective Glance

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Many stalwarts have characterized Adam Smith as the “pioneer” of neoclassical economics as he prefigured the formal-analytical structure of theorizing in it. What follows examines their claim that he is a pioneer of its analytical structure. It upholds the view that the claim is unjustifiable because of the importance of some notions in Smith’s analysis that are decreed nonsensical by the said economists, as also of some broader theoretical issues.

The scientific philosophy of logical positivism, its impact on the methodology of neoclassical economics, and the difference between the latter and Smith’s thought are accordingly discussed below.

I Introduction

Some economists have claimed that Adam Smith is a pioneer of the formal-analytical structure of neoclassical economics. Is this claim justifiable? What follows examines this claim, and upholds the view that it is not, because of the fundamental importance of some notions in Smith’s analysis as are decreed nonsensical by the said economists, and hence of the broader theoretical issue of the fundamental irreducibility of Smithian analysis to the scientific-positivistic analytical structure of neoclassical economics.

Before outlining the broad differences between the methodology of neoclassical economics and the basic ideas in Smith’s thought, I have discussed in brief the changing relationships over time between philosophy and science, on the attempts made by logical positivism, a branch of philosophy, to bring them closer, and on the impact of logical positivism on the methodology of neoclassical economics.

II Philosophy, Science and Logical Positivism: The Logical-Positivistic Philosophy of Science

Science in Smith’s time was a branch of philosophy, all the natural sciences being clubbed under natural philosophy and all the social sciences under moral philosophy. Over time science began to dissociate itself from philosophy and by the beginning of the twentieth century this dissociation seemed to have become

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