

THE (FORMAL) RETURN TO OPENNESS: A QUANTITATIVE CONTRIBUTION TO THE HISTORY OF ECONOMIC THOUGHT

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We develop a comprehensive quantitative account of changing practices in economics in the last 122 years. The analysis uses word detection algorithms to partially characterize prevailing practices. We document a shift toward isolation from other disciplines during most of the twentieth century. In sharp contrast, the most recent decades show a strong move towards a more connected discipline. Periods of more connectedness are associated with openness to a broader set of features of economic agents and the economic environment. In parallel, the 1960s and 1970s show a notable acceleration in the move towards a more mathematical approach. This development did not reverse. As a result, the current state of the discipline is characterized by an embrace of mathematical tools together with openness to a wider set of aspects and findings developed in other disciplines. Most of the reported variables show surprisingly high correlations across disciplines and across journals.

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I. Introduction

Economic events are complex processes. They involve the interaction of agents characterized by countless features in an environment where multiple economic and non-economic processes are jointly in progress. Under limited capacity to incorporate and examine information, a researcher selects which aspects are deemed central for the inquiry and which features are ignored. In this context, the purpose of this study is to describe, in very general terms, the level of attention assigned to different aspects by an evolving community of researchers.

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The study is based on the analysis of the contents of journals published in the English language in the last 122 years. Our approach uses word detection statistics to characterize the contents. The application of quantitative techniques provides an extensive view of developments in the discipline that is hard to generate and convey otherwise. The analysis is focused on general descriptions. We have abstained from focusing on specific contributions, schools or subject areas.

The contributions in this study can be divided into three groups. First, we evaluate extent of the connections of Economics to other disciplines. Second, we analyze evidence on attention levels assigned to specific features of economic agents and specific characteristics of the economic environment. Finally, we provide a novel account of the movement towards a mathematical approach.

With respect to the first set of observations, the word counts statistics suggest a clear pattern in the connections for our sample period. Starting approximately in the 1930s a period of decreasing connectedness is observed. More specifically, the fraction of journal contents that include words that denote other disciplines, such as history, psychology or sociology, show a clear decreasing pattern that starts approximately the 1930s. For the most notable case, in the 1920s, 50% of the articles include the word “history”. In the 1970s, the value of the index dropped to 19%. This development is sharply reversed in the last decades of the sample. Staying with our earlier example, by the 2000s, the word “history” is present in 33% of the sample journal contents, showing a major increment from the 1970s value. Section III provides a detailed analysis of the results for a larger sets of disciplines. Among other observations, we report a surprisingly high correlation of the indices across disciplines and across journals. We interpret these observations as compelling indications of profound changes in the prevailing practices and attitudes in a discipline.

The second set of observations focus on attention levels allocated to features of the agents and the environment. Again, counts of selected words are used to ascertain attention levels. For the economic agent, we evaluate the interest in cognitive limitations and more flexible representation of preferences. With respect to the economic environment, we consider features related to: frictions, contracting, politics, social preferences and culture. On top of its intrinsic value, this exercise can be viewed as a robustness test of the findings regarding the connections to other disciplines. With some variations, the observations suggest an across-the-board initial cycle of narrowing focus and a second period of increasing openness to the inclusion of a wider range of issues in economic analysis. The patterns by and large mimic what is observed for the measures on connectedness.

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