

Enlightenment as a Legacy: Critiques of Classical Economics and Pluralist Perspectives

Aydınlanma Mirası Olarak Klasik İktisat Eleştirileri ve Çoğulcu Perspektifler

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ABSTRACT

Enlightenment thought was central to the rise of modern social sciences, bequeathing to Classical Economics a framework shaped by methodological individualism, a deterministic view of science, and a strong commitment to universality. Yet this inheritance seems to rest on a static and ahistorical conception of human nature. The present study follows that intellectual lineage through primary sources and, within the framework of Thomas Kuhn's paradigm theory, asks what methodological difficulties arise from the universalist claim about "human nature." The approach combines philosophical analysis with comparative theoretical review. Daniel M. Hausman's criticisms of economic methodology are placed in dialogue with Karl Polanyi's distinction between the formalist and substantivist conceptions of the economy. What emerges, I argue, is that neglecting the historical and cultural embeddedness of economic categories exposes the discipline to ideological influence. A more promising path, perhaps a necessary one, would be an economics that is historically self-aware, methodologically pluralist, and philosophically self-reflective. Adopting such an orientation could enhance the discipline's objectivity while also deepening its explanatory capacity.

Keywords: Philosophy of economics, Methodology, Enlightenment, Universality, Hausman, Polanyi

JEL Codes: B41, B12, A12, B31

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DOI: 10.62844/jerf.27

Submitted / Başvuru :20.08.2025

Accepted / Kabul :25.09.2025

ÖZ

Aydınlanma düşüncesi, modern sosyal bilimlerin kurumsallaşmasında belirleyici olmuş, Klasik İktisat okuluna metodolojik bireycilik, deterministlik bilim anlayışı ve evrensellik iddiası miras bırakmıştır. Ancak bu miras, iktisadın tarihsel bağlamı ihmal eden statik bir insan doğası anlayışına yaslanmasına yol açmıştır. Bu çalışma, iktisat teorisinin Aydınlanma düşüncesinden devraldığı mirası birincil kaynaklardan takip ederek, Thomas Kuhn'un paradigma teorisi bağlamında evrensel "insan doğası" iddiasının metodolojik açıdan doğurduğu sorunları tartışmaktadır. Yöntem olarak felsefi analiz ve karşılaştırmalı kuramsal inceleme kullanılmış; Daniel M. Hausman'ın iktisat teorisine yönelttiği metodoloji eleştirilerine yer verilerek, alternatif bir çoğulcu bir metodoloji biçimi olarak Karl Polanyi'nin biçimselci/özselci ekonomi ayrımı çerçevesinde oluşturduğu kuramıyla karşılaştırma yapılmıştır. Sonuç olarak, iktisadın kavramsal araçlarının tarihsel ve kültürel içkinliğinin göz ardı edilmesinin, disiplini ideolojik etkilenmelere açık hale getirdiğini göstermektedir. Çalışma, tarihselliğinin farkında, metodolojik çoğulculuğu benimseyen ve felsefi sorgulamayı merkeze alan bir iktisat yaklaşımının, hem nesnellik hem de açıklama gücü açısından daha etkili bir konuma ulaşacağını savunmaktadır.

Keywords: İktisat felsefesi, Metodoloji, Aydınlanma, Evrensellik, Hausman, Polanyi

JEL Codes: B41, B12, A12, B31

Introduction

Economics, ever since Adam Smith's *Wealth of Nations*, has been one of the Enlightenment's most significant products, firmly institutionalized within the modern social sciences. At its core, Enlightenment thinking was marked by trust in human reason and confidence in humanity's capacity for self-determination. Kant famously captured this spirit when he defined Enlightenment as humanity's "emergence from its self-incurred immaturity." This confidence drew its greatest strength from the Newtonian Revolution: the discovery that nature could be explained without recourse to divine authority, but rather through scientific method and universal laws.

The Industrial Revolution added fuel to this outlook. Social chaos, class conflict, and the turbulence between the bourgeoisie and a rising working class generated a new need for tools to analyze society. If science had unlocked the laws of nature, why could it not also reveal the "laws" of society? Once these were uncovered, it seemed, social processes could be managed just as predictably as natural ones. Natural science, built on observation, experiment, and the search for universal laws, seemed to offer a ready-made blueprint for the study of society. (Hobsbawm, 2011).

To make sense of economics, then, one must return to these roots: Enlightenment rationality and Newtonian mechanics. The Cartesian split between mind and body further shaped social science, while Newton's mechanistic worldview, in combination with Cartesian dualism, became foundational to its explanatory

ambitions (Hausman, 1992).

With Smith, Classical Political Economy took shape. It borrowed from the natural sciences a methodology that was both individual-centered and law-seeking. In this framework, the individual became the basic unit of analysis, and economic choices were reduced to mechanical interactions determined by universal laws. These laws were assumed to function much like those governing physical processes.

The aim of this study is to suggest that many of the difficulties economics faces today stem from neglecting its own historicity and philosophical dimensions. No science, I argue, can legitimately claim “absolute universality.” By revisiting the natural science model that shaped Classical Economics and examining the philosophical assumptions behind methodological individualism and determinism, I will bring Hausman’s critiques into focus. Polanyi’s alternative will then be considered as a counterpoint, especially against the assumption that the free market is a natural and inevitable outcome of social development.

In doing so, the study not only adopts a critical stance toward economics but also gestures toward alternative pluralist methodologies that might better capture the complexity of economic life.

Enlightenment Thought and the Historical Framework

The roots of methodological individualism are often traced back to Thomas Hobbes (1588–1679). In *Leviathan*, Hobbes built a comprehensive social system by grounding political legitimacy in the individual and in human nature itself. In doing so, he secularized the source of authority and, at the same time, introduced what may be the first universalist method of analyzing society.

For Hobbes, society is nothing more than a collection of individuals pursuing their own self-interest. The social order arises from the mechanical interplay of these actors. Sympathy and empathy, he insists, have no real place in this picture; human beings are essentially selfish. Yet, because unchecked passions lead to chaos, the infamous “war of all against all” (*bellum omnium contra omnes*, Hobbes, *De Cive*)—individuals eventually recognize the need for a social contract. By ceding their rights to a sovereign, people secure order and protection. Importantly, the sovereign is not party to the contract; the agreement is struck among individuals, and its enforcement rests in the absolute power of the ruler (Hobbes, 1985).

In Hobbes’s scheme, peace and security are purchased at the cost of freedom. However radical such a transfer of rights may appear, Hobbes opened new horizons for the social sciences by locating legitimacy in the will of individuals and grounding social authority in a contractual relationship. His method proceeds from an account of human nature, breaks society into its smallest particles and then further dissects the individual into its mental and natural components. The universalized notion of “human nature” becomes the keystone of the whole system, and in this reliance on universality lies a blind spot: history is eclipsed.

This mechanistic vision was soon reinforced by the Newtonian worldview. Newton's *Principia Mathematica* (1687) unified Galileo's mechanics and Kepler's laws under a single theory, demonstrating that natural phenomena could be captured by universal mathematical laws. This achievement, widely admired, gave further legitimacy to the belief that social phenomena too could be explained by discovering comparable "laws" of society. The deterministic outlook of natural science thus became a template for social theory.

Hobbes treated the individual as the atom of society, the indivisible building block of the political order, much as matter is composed of atoms. Having lived through the English Civil War, Hobbes was preoccupied with political philosophy and the restoration of order. David Hume, by contrast, shifted attention to the role of the passions in shaping individual behavior. His empiricism was to leave a deep imprint on Adam Smith.

With Hume, we also see a decisive shift: the Enlightenment's unwavering confidence in reason begins to waver. "Reason is, and ought only to be, the slave of the passions," he famously wrote, insisting that our actions are stirred and checked by feeling, not by logic alone (Hume, 2000, p. 19). Morality excites passion; it provokes or restrains action. Reason by itself, Hume argues, is impotent (Hume, 2000, p. 457).

This perspective complicates the picture of human beings as machines of self-interest. Sympathy and empathy emerge as additional forces guiding conduct. A mother who sacrifices her health for a sick child exemplifies this logic: her action cannot be explained in terms of rational calculation alone (Hume, 1998, p. 84).

Still, self-interest does not disappear in Hume's system. It remains a central driver of human behavior: we are drawn to pleasure, repelled by pain. Gain attracts; loss repels. The pursuit of gain and the avoidance of loss form a basic logic underlying economic action..

Hume's influence on Smith is unmistakable. In *The Theory of Moral Sentiments*, Smith affirms that while humans may be selfish, they are also endowed with sympathy:

"How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it" (Smith, 1976, p. 9).

Thus, Hume's sympathy is both confirmed and institutionalized in Smith's thought. Even if self-interest remains the foundation, sympathy binds individuals to one another and becomes an inherent part of human existence. For Smith, sociability is not something external to human beings but something inscribed in their very nature.

At the same time, Smith considered exchange and trade to be natural extensions

of this human essence. The mechanism of the market, built on the pursuit of self-interest, produces an unintended harmony. The famous passage is familiar:

“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest” (Smith, 1976, p. 27).

Unlike Hobbes, who emphasized the conflictual aspect of human nature, Smith transforms sociability into a natural condition, suggesting that even self-interested behavior conduces to social harmony.

The Problem of Historicity and Universality

When viewed as a whole, Enlightenment thought tended to build its systems on a presumed “universal human nature.” The implication was straightforward: if human nature is universal, then human behaviour must be uniform across times and places. Yet such a claim, once elevated to the status of a scientific axiom, easily turns into a narrative of timeless, context-free truths. This is precisely where difficulties emerge.

The core problem lies in assuming that human nature is constant and unchanging. The Enlightenment philosophers Hobbes, Hume, and Smith included differed in their emphases, yet all began from this same presupposition. Once such a universal is posited, the task becomes to identify the “laws” governing it. But what is left out of the picture is just as important: the flux of history, the diversity of cultures, the situatedness of social life.

To put it another way, this static conception of humanity mirrors the Newtonian image of a static cosmos. But just as physics has moved beyond the Newtonian model, so too should the social sciences move beyond rigid universalism. Scientific theories, even in the natural sciences, do not hold outside the temporal and spatial conditions in which they arise. They are valid only within specific paradigms, and when those paradigms shift, the theories collapse as Thomas Kuhn (2008) reminds us.

The claim to universality in economics, then, is methodologically suspect. Economic theories that strip away historical and cultural context risk transforming into ahistorical, static worldviews. Schools of thought throughout the history of economics have often framed economic life in terms suited to their own times, yet they frequently forgot the provisional nature of those frames and presented them as eternal truths. Once this happens, economics ceases to be a science and drifts toward ideology.

This is why philosophy becomes indispensable. Its role is to make visible the hidden metaphysical commitments that universalist theories rely upon. Philosophical critique allows a discipline to turn back on itself, to question its categories and assumptions, and thereby to guard against dogmatism. In the philosophy of economics, this means asking how methodology, concepts, and institutions interact with the broader social context (Hausman, 1992).

The problem, however, is that after the Enlightenment, economics largely treated its basic categories like, “individual,” “utility,” “value” etc. as if they were objective, context-free tools. Their historical and cultural embeddedness was rarely considered. Hausman (2006) has described this as the illusion of “conceptual objectivity,” which in turn narrows the scope of economic inquiry. Similarly, Karl Polanyi (2010) demonstrated that the so-called “formalist” definition of economics which is built around market exchange was itself a historical artefact. The market is not a timeless institution but one constructed under particular social and political conditions.

From this perspective, an economics attentive to history and context may actually be more objective, not less. A historically situated economics is more sensitive to empirical reality, more open to methodological plurality, and less vulnerable to ideological capture. As Lawson (1997) and Mäki (2001) suggest, such an approach would bring economic theory closer to the evolving structures and mechanisms of social life.

Methodology and Conceptual Critique

The methodological foundations of economics were shaped under the spell of Newtonian science. Its deterministic spirit promised clarity, precision, and predictive power. Yet in practice, this fascination with universal laws has led economics into a difficult position, one where its capacity to explain and predict social reality often falls short. Daniel M. Hausman identifies several key sources of this problem.

First, there is the classic positive–normative distinction. Economic policy cannot, in truth, be cleansed of value judgments; normative considerations inevitably seep in. Second, there is the matter of causality. Economic relationships are rarely linear or one-directional; they emerge from complex, reciprocal interactions. Third, the wholesale adoption of natural science methodology—with its hunger for universal laws—generates methodological distortions. Fourth, the reliance on abstraction and idealization often disconnects theory from lived reality, leaving us with elegant but shallow models. Fifth, the *ceteris paribus* assumption, so central to economic reasoning, is practically untenable in social systems where all variables are in flux. Finally, the orthodox framework remains largely closed to alternative methodologies, narrowing its intellectual horizons (Hausman, 1992).

Taken together, these structural critiques suggest that modern economics struggles to interrogate its own assumptions. Hausman’s contribution lies in showing that economics is, by its very nature, a discipline marked by indeterminacy. It is neither identical to the natural sciences, nor as deterministic as them. Economic explanations, he argues, must remain sensitive to historical and social conditions.

He develops this position in *Essays on Philosophy and Economic Methodology* (1992), where he rethinks the methodological foundations of economics through a philosophical lens. For Hausman, economic theories are not only tools for prediction but also instruments for making sense of processes and mechanisms. Still, when it

comes to social reality, claims to deterministic causality akin to those of physics would be misplaced (Hausman, 1992, p. 74).

Hausman distinguishes two ontological levels within the Economics:

- Nominal ontology refers to the categories economists analyse—markets, inflation, unemployment, and so forth.
- Deep ontology asks whether these categories actually exist, and if so, what causal mechanisms sustain them.

What makes economic phenomena distinctive is that they are not directly observable in the same way as atoms or planets. They are mediated through measurement. Concepts like inflation or employment are not empirical givens but constructs, generated through technical procedures. This reliance on measured categories distances economics from the concrete realities it seeks to explain. Hence Hausman insists on ontological relativity in the social sciences (Hausman, 2013, p. 5).

The danger, as he sees it, is that concepts begin to ossify. They start to be treated as if they were universal and timeless, rather than provisional and context-bound. Once that happens, models drift into dogmatism. The solution is twofold: models must be both formally coherent and ontologically defensible. And because social reality is ontologically complex, methodological pluralism is not a luxury but a necessity. There can be no single method or paradigm sufficient to capture economic life in all its dimensions.

Having traced Hausman's philosophical critique of economics, the next step is to turn to Karl Polanyi, whose substantivist approach offers a powerful counterpoint to the universalist assumptions of Classical and modern economics.

Polanyi's Substantivist Alternative and the Market Question

Mainstream economics has long carried the assumption that the market economy arose as a natural and inevitable stage of social development. According to this narrative, once societies reached a certain level of complexity, markets spontaneously emerged, as if dictated by human nature itself. Yet this assumption, as Karl Polanyi forcefully argued, is deeply misleading.

Polanyi names this assumption the "formalist" view of the economy. In this framework, economics is reduced to rational decision-making under conditions of scarcity, a universal activity presumed to exist in all societies. To this, Polanyi opposed his "substantivist" approach, which defines the economy not as abstract rational choice but as the instituted process of humans interacting with their environment. The crucial difference is that substantivism refuses to separate the economy from the wider social fabric—it sees economic life as culturally and historically embedded.

At the heart of Polanyi's critique lies the conviction that markets are not timeless structures but political creations. The free market, far from being a natural outcome of human exchange, was in fact constructed through deliberate state policies and the interests of a rising bourgeoisie. This is what he famously called the "Great Transformation." In Polanyi's account, the transformation was not organic but artificial, an act of social engineering that tore economic relations out of their traditional embeddedness in kinship, religion, and community.

Once this disembodiment occurred, three elements; labor, land, and money that were treated as if they were commodities. Yet they are not commodities in any real sense. Labor is human activity; land is part of nature; money is a medium of exchange. None of them is produced for sale, and yet under the market system they came to be traded as if they were. Polanyi called them "fictitious commodities." And it is here, he suggested, that the seeds of crisis lie. A society that treats people, nature, and credit as mere market goods inevitably produces tensions and dislocations.

The mechanism is dialectical. As markets expand and erode older social protections, society responds with self-protective measures—unions, social legislation, welfare institutions. Polanyi described this as the "double movement": on one side, the push to liberate markets; on the other, the countermovement of society to shield itself from the destructive effects of commodification.

This perspective overturns the assumption of market inevitability. Rather than being the natural expression of exchange tendencies in human nature, the market system is a historically contingent structure, born of nineteenth-century capitalism and state intervention. The Industrial Revolution, the spread of international trade, and the gold standard integrated national economies into a single global market. But these were not evolutionary inevitabilities—they were contingent choices, enforced by power.

The consequences were dramatic. In England, peasants were forced off their lands; social crises multiplied; the market logic penetrated ever more deeply into daily life. Eventually, the instability culminated in the Great Depression of 1929 and the collapse of faith in self-regulating markets. The two World Wars further underscored the limits of the liberal market vision. For Polanyi (2010), these developments made clear that the dream of a purely self-regulating market was never more than an illusion.

In short, Polanyi's substantivism reframes the economy as a culturally embedded process. It challenges the naturalization of markets and insists that economic life must be understood in its social and historical specificity. Against the determinism of Classical and neoclassical economics, it offers a reminder that markets are not discovered; they are made.

Conclusion and Discussion

This study has tried to show how the methodological inheritance of Enlightenment thought and its faith in universality, its reliance on determinism, its fixation on a static human nature, gradually hardened into a form of dogmatism within economics. What began as an effort to model society after the natural sciences, drifted into claims of perennial validity, ignoring the historical and cultural conditions that make economic life what it is.

Classical economics, with its methodological individualism and deterministic framework, sought to explain behaviour through immutable laws. But in doing so, it overlooked the role of context, the mutability of human conduct, and the possibility that economics is shaped as much by history as by reason. This neglect, I suggest, has left the discipline vulnerable, not only to conceptual stagnation but also to ideological capture.

Hausman's critiques illuminate these structural weaknesses. His insistence on ontological relativity, his doubts about universal causality, and his reminder that economic categories are constructed rather than given all highlight the fragility of a discipline that too often treats its models as natural laws. His call for pluralism seems less like a methodological luxury and more like a necessity if economics is to remain credible.

Polanyi, in turn, provides a vivid counterpoint. By exposing the market as a historically manufactured institution rather than a natural outgrowth of human exchange, he forces us to reconsider the very foundations of modern economics. His concept of fictitious commodities, and his notion of the double movement, remind us that economies do not float free of society; they are embedded, contested, and continually reshaped.

Taken together, these critiques point toward a different kind of economics that is historically conscious, methodologically plural, and philosophically self-critical. Such an economics would not aspire to timeless universality but would instead remain grounded in the changing realities of human life. It might even be argued that only by embracing its own historicity can economics achieve greater objectivity, for objectivity here does not mean detachment from context but sensitivity to it.

The broader lesson, perhaps, is that the Enlightenment's legacy is both enabling and constraining. It gave economics its scientific ambitions, but also burdened it with a mechanistic worldview that now shows its limits. To move forward, economics must carry with it the spirit of critical reflection that the Enlightenment also bequeathed—a willingness to question its own categories, to experiment with alternative frameworks, and to accept that universality is always provisional.

In short, the path beyond dogmatic universality lies not in abandoning science, but in reimagining what it means to practice a science of society.

Peer-Review: Externally peer-reviewed.

Conflict of Interest: The authors have no conflict of interest to declare.

Grant Support: The authors declared that this study has received no financial support.

Hakem Değerlendirmesi: Dış bağımsız.

Çıkar Çatışması: Yazarlar çıkar çatışması beyan etmemiştir.

Finansal Destek: Yazarlar finansal destek beyan etmemiştir.

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