

DRUID Summer Conference 2001

Cognition and the Growth of Knowledge

If economic development is more than the enactment of a pre-determined (possibly stochastic) sequence, then it must embrace novelty; and if human agency is to matter, it must include purposeful, though fallible, action. Neither the biological model of evolution nor rational choice models in economics are sufficient for the analysis of such development. Adam Smith offered a theory of the growth of knowledge which provided the basis for his theory of economic development; and recent ideas about the evolution of human cognition as a system of privileged connections rather than a logical processor of symbols offers a biological basis for a Smithian theory, which links naturally, if sometimes selectively, to subsequent work by (*inter alia*) Marshall, Knight, Young, Schumpeter, Penrose, and Nelson and Winter.

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