Preface

In mainstream economic theory, uncertainty is closely linked to the theory of economic choice. Particularly, since the 1950s the epistemic aspect of uncertainty dominates the intellectual debates and uncertainty became modelled as a subjective probability belief of a rational economic agent. Several attempts have been made to extend this approach and make it more realistic.[1] Yet, the ontological aspects of uncertainty are still not reflected in economic theory. The overarching goal of this book is to seek a comprehensive understanding of the economic theory of uncertainty and to appraise it critically. Based on this, I aim to develop a theory of economic uncertainty that integrates epistemological and ontological aspects of uncertainty. This book is based on my dissertation, which was supervised by Professor Birger Priddat (Department of Economics) at Witten/Herdecke University.

Therefore, I firstly should establish that ontological aspects of uncertainty are similarly important as epistemic ones. In Part I of this book, I therefore analyse the concept of uncertainty in economic thought and show that originally uncertainty was conceptualised as both epistemic and ontological. Only due to the economic professions' attempt to become acknowledged as a science, the more problematic aspect of ontological uncertainty became neglected and the subjective probability approach to uncertainty became dominant in economic theory.

Secondly, I will explore the ontological facets of uncertainty in Part II. Here, I critically appraise theories of uncertainty that emphasise the ontological character of uncertainty. It will become obvious that, even though, these theories are not part of the mainstream in economics, they contain significant critiques on the mainstream approach, which explain the blindness of modern economics to economic phenomena such as instability, slumps or excessive booms. Furthermore, these approaches suggest that the positivistic and instrumentalist philosophy of the science of economics inhibits a New Economic Uncertainty Paradigm, which

[1] For example, Simon (1955), Kahneman and Tversky (1979) or Gigerenzer (2002).

could reflect both the epistemic and ontological aspects of uncertainty and its implications for economic behaviour.

Based on these findings, I develop a new approach to the methodology of economics in Part III, which legitimises a New Uncertainty Paradigm in economics. The analysis suggests that taking uncertainty seriously in economics calls for a fundamental change in the methodology of economics, in which reasonable fiction replaces rational probabilities.

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