

History philosophy of science argumentative essay examples

[Business](#), [Marketing](#)



Does the concept of invisible hand play an important role in science?

Science is an explanation of human life by giving evidence of natural phenomena, and human causes in the earth we live in. Sciences are of two types, there are the human sciences and the natural sciences. Human or social sciences focus mainly on human behavior, how they react in different situations and their general lifestyles examples of this include sociology, psychology and law. Natural sciences deals with explaining the existence of nature that is beyond human creation, for example physics, and chemistry. Science is based on explaining the universe by use of testable explanations and predictions (Feyerabend, Paul (1993). These explanations seek to demystify phenomena by providing a much better understanding of what exists around us. Scientists use theories to explain nature. Scientific theory is empirical and could be falsified if new evidence is presented. (Parkin D 1991).

The philosopher of science, Karl Popper sharply distinguishes truth from certainty. This is important in order to avoid any form of contradiction in the explanation of nature. He writes that scientific knowledge “ consists in the search for the truth” but it “ is not the search for certainty...all human knowledge is fallible and therefore uncertain.” (Popper, Karl R, 2002) Since scientific explanation is based on theories, the theory of the invisible hand is a form of scientific explanation in economics. This theory was developed in the late eighteenth century by Adam Smith, an economist. It is an analysis of market trends and consumption levels. He concluded in his

theory that: the markets, if left alone, have inherent potential of becoming efficient. (Adam Smith, 1776) It is as if there is an invisible hand that guides the market to a level that is good for the society. “ The invisible hand” was a social form of channeling ambition toward meeting all the needs of society. It is a competition between buyers and sellers which channels the profit motives of individuals into providing products that society desires at prices that are rarely above cost of production. If prices rise above cost, then the producer will benefit more and in a negative way as the consumer will be worse off. This creates a market distortion that is inefficient. In his model, he proposed that markets be free in order to become efficient. In cases of free market, there is no government interference, and there is free entry and exit into the market. Government interference could be in the form of laws that limits business activities or laws that affect the consumers ability to get in to the market and buy, for example taxation. Efficient markets can be looked at in regard to how they meet the social welfare of all the players in it. The right prices and quantities of goods and services help to maximize social welfare of the consumer. On the other hand, the producer is able to sell at the right price and all their goods are sold. Such a market can be termed as being efficient. (Walker A, 1975)

Since the concept of “ invisible hand is linked to economics, a science we can say that yes, the concept plays an important role in science. There are many indicators that point to this fact, one of them is that the concept of “ invisible hand seeks to explain how markets work.” From the onset, we have said that science seeks to explain phenomena and the concept of “ invisible

hand” gives us useful insights of normal market conditions. It tells us that markets can meet everybody’s need if left alone.

The concept also plays an important role in science since it gives a clear distinction between efficient markets and non efficient markets. Efficient markets help to maximize on social welfare while non efficient markets don’t. Adam Smith said that if markets are left alone then they will become efficient. An understanding of efficient markets helps policy makers to formulate the right policies that will enhance market efficiency. Such laws will seek to enhance both the consumer’s welfare and the producer’s welfare. In the end there are favorable economic benefits for all, in terms of better prices for producers and enough quantities for consumers. Therefore, the concept of “ invisible hand” plays an important role in sciences as it gives us an explanation of market interaction between producer and consumer.

The concept of “ invisible hand” also plays an important role in science in regard to explaining the conditions that have to be met for the market to be efficient. One of the conditions outlined by Adam Smith was that there should be no government interference in the market; the market has to be free in order to achieve efficiency. This explanation of market efficiency goes a long way in helping consumers and producers across the world to advocate for no or minimal government interference in the market forces of demand and supply. Such an understanding has been critical in the liberalization of economies across the world leading to globalization and worldwide

connections through the internet. A liberalized economy is exposed to the world and this contributes to better welfare of market participants.

Bibliography

Adam Smith (1776). *Wealth of Nations*.

Feyerabend, Paul (1993). *Against Method*. (3rd Edition) London: verso.

Parkin, D. (1991) *African Divination Systems*. Indianapolis, IN: Indiana University Press

Popper, Karl R. (2002) *the logic of scientific discovery*. New York: Routledge Classics.

Walker A, (1975), *the wage question*, NY: Henry Holt