

FINANCIAL TIMES

Home World Companies Markets Global Economy Lex Comment Management Life & Arts

Columnists || The Big Read || Opinion || The A-List || FT View || Blogs || Letters || Corrections || Obituaries || Tools

December 1, 2009 2:00 am

Go for diversity not dinosaurs

From Mr Daniel J. Aronoff.

Sir, It is not surprising (or at least not unprecedented) to find economists attracted to ideas from the biological sciences about the evolution of complex adaptive eco-systems ("Organic mechanics", Analysis November 27). A century before Darwin, the philosophers of the Scottish Enlightenment, Mandeville, Hume and Adam Smith foremost among them, developed the idea of evolutionary growth of social institutions and applied it to the understanding of law, language and economic systems.

Sign up now



FirstFT is our new essential daily email briefing of the best stories from across the web

Smith's "invisible hand" is the quintessential example of the operation of a "feedback loop" that regulates adaptation of the elements of a complex system. Hayek claimed that Hume had a direct influence on Darwin and stated that "in many respects Darwin is the culmination of a development which Mandeville ... had started".

One great danger we face today is that the increasing concentration of our banking sector may reduce the funding of a diversity of ideas and business experiments that are the market analogue to genetic mutations in biological systems. In order for the marketplace to spawn emergent adaptive responses to changes in our economic environment, we need a decentralised capital market. It would be a pity if this need were overlooked in our desire to create a "risk-free" financial system, or one that was designed for mammoth banks to serve the dinosaurs of global business.

Daniel J. Aronoff,
President/Chief Executive,
The Landon Companies,
Bloomfield Hills, MI, US

RELATED TOPICS United States of America, United Kingdom

Printed from: <http://www.ft.com/cms/s/0/3c567372-de19-11de-b8e2-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© THE FINANCIAL TIMES LTD 2014 FT and 'Financial Times' are trademarks of The Financial Times Ltd.