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A Qualitative and Quantitative Outline of the Semantic History of 'Saving' in 19th-century Political Economy

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This study originally led by Alice Martini and Filippo Pietrini delves into the evolution of the concept of "saving" in 19th-century political economy, employing both qualitative and quantitative methods to trace its semantic history and economic implications. The research integrates computational linguistic analysis with a historical approach, exploring how saving was conceptualized, its association with moral and ethical constructs, and its transformation in economic thought leading to the 20th century.

Introduction

Saving has historically been a challenging concept in economics. Early analyses often relied on a "common sense" understanding rather than a clear economic definition. Classical economists like Adam Smith associated saving with societal benefaction, considering it a moral and virtuous act tied to economic growth. However, its explicit economic definition remained elusive until the 20th century. The study examines how the meaning of saving evolved from being a virtue linked to religious and moral ideologies to a rational economic behavior.

Historical Context and Classical Economics

The classical school of political economy treated saving as an essential component of economic growth, closely tied to capital formation. Authors like Smith, Ricardo, and Malthus described saving as the act of abstaining from immediate consumption for

future benefits. However, these discussions were often clouded by moral and ethical dimensions. For example:

- Saving was linked to virtues such as prudence, frugality, and sacrifice.
- Opposite behaviors, like wastefulness or prodigality, were framed as vices.

The concept was deeply intertwined with moral and social norms, reflecting the prevailing view that saving benefited society. This framing often led to a lack of clarity in its economic analysis.

The Problem of Definition

Until the late 19th century, saving was not rigorously analyzed as a standalone concept. Instead, it was seen as an element of capital, overshadowed by debates on production, consumption, and distribution. Edwin Cannan, a prominent scholar, highlighted the confusion surrounding the term, criticizing classical economists for their lack of precision. Saving was often conflated with other ideas, such as abstinence or investment, which blurred its distinct characteristics.

The authors identify a key challenge: the conceptual overlap between saving and capital. Saving was seen as an act of deferring consumption, yet it was not always clear how this translated into measurable economic outcomes.

Moral and Ethical Overtones

The study explores how the language surrounding saving reinforced its moral implications. Terms like “parsimony”, “prudence”, and “frugality” emphasized the virtues of restraint and discipline. Economists like Nassau Senior introduced the concept of “abstinence”, framing saving as a deliberate *sacrifice* for future gain. This moral framing persisted through much of the 19th century, shaping public and academic perceptions of saving.

However, these associations also created analytical challenges. The moral undertones often obscured the economic mechanisms underlying saving, such as its role in investment and growth.

Shifts in Economic Thought

The late 19th and early 20th centuries marked a significant shift in the understanding of saving. The marginalist revolution introduced new analytical tools and perspectives:

- Alfred Marshall's *Principles of Economics* (1890) emphasized individual decision-making and the demand-supply dynamics of saving.
- Marginalist economists like Böhm-Bawerk and Fisher formalized saving as a rational intertemporal choice, moving away from moral and ethical interpretations.

These developments paved the way for a more precise and measurable understanding of saving. Economists began to focus on:

1. Intertemporal preferences: Saving as a choice between present and future consumption.
2. Individual rationality: Methodological individualism replaced class-based approaches.
3. Economic modeling: The introduction of models that analyzed saving behavior in terms of utility and time preferences.

Computational Linguistic Analysis

The study used computational tools, such as Sketch Engine, to analyze the semantic evolution of "saving" in key economic texts. They examined:

- Keywords and collocations: Terms like "frugality", "prudence", and "abstinence" were strongly associated with saving in early texts. By the 20th century, terms like "time preference" and "future income" gained prominence, reflecting a shift to economic rationality.

- Diachronic trends: A decline in moral and ethical terminology over time, replaced by more neutral and technical language.

This analysis revealed a clear transition from saving as a virtue rooted in morality to saving as an economically rational behavior.

Conclusions

The semantic and conceptual history of saving reflects broader shifts in economic thought. Initially framed within moral and ethical contexts, saving evolved into a technical concept analyzed through models and individual preferences. This transition underscores the increasing formalization and specialization of economics as a discipline.

The study concludes that saving remains a complex and multifaceted concept. While modern analyses emphasize its economic dimensions, its historical associations with morality and virtue continue to influence public and academic discourse.

Key Contributions

The study provides a nuanced understanding of the evolution of saving, highlighting its role as a bridge between moral philosophy and modern economic science. By integrating computational linguistics with historical analysis, the authors offer a novel approach to exploring the intersections of language, ideology, and economic theory.

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