

## ECONOMICS 506

### The History of Economic Thought in the Context of Intellectual History

Philip Mirowski  
Spring 2003

The following texts should be available in the Notre Dame Bookstore:

Jurg Niehans, **A History of Economic Theory** [HET]  
Philip Mirowski, **More Heat than Light** [MHTL]  
Philip Mirowski, **Machine Dreams** [MD]

This is a course which intends to ask how it is that we have arrived at this curious configuration of doctrines called "economics"; and more importantly, how differing modes of historical discourse tend to ratify us in our prejudices about our own involvement in this curious project. Such an inquiry requires a fair amount of reading, simply in order to have any serious ideas at all, much less to possess a critical faculty to accompany them. **All readings *not* enclosed by text boxes are required.** Readings bracketed by text boxes are merely suggested. All required readings other than the textbooks will be found through the WebCT site for this course or on electronic reserve. {Online journals available at the university are marked @ND.} The first thing you will notice about the required texts is that they seem to be referring to entirely different planets, even though they all claim to be histories of economic thought. Good. This means you are awake and alive. Another thing you will notice is the center of gravity of the course is biased more towards the relatively recent past than is conventional. I thought that since we are now living in the 21<sup>st</sup> century, it was about time for a history of economics course to spend a little more time in the 20<sup>th</sup>. The next thing you will probably notice is that original sources are rarely explicitly required. This may seem a little curious to those accustomed to other history courses, although it is a calculated move to try and make you think again about the differing interpretations of "classic" texts without presuming there is some unmediated primary document which settles the issue once and for all. Of course, you can't become a historian of economic thought without studying the original sources; but I am not presuming that very many of you aspire to that lofty status.

Because I don't assume that you come equipped with a background in the history of economics we shall treat this experience more like a lecture course and less like a research seminar. You will choose a single topic by **March 4** and write a ~30 page research paper, based upon research using original sources, due **April 29**. [**There will be no exemptions or extensions!**] There will also be a take-home final exam, due at the regularly scheduled time. Students should also be aware that grades of incomplete generally are not granted for this course.

## I. Natural Laws and Social Laws

{A} What kind of story are we trying to tell here?

E. Kahil, "Has Economics Progressed?" **History of Political Economy**, Spring 1995, (27):43-87.

Niehans, HET, ch.1

Marion Fourcade-Gourinchas, "Politics, Institutional Structures, and the rise of economics: a comparative study," **Theory and Society**, 2001, (30):397-447; @ND.

Joseph Schumpeter, **History of Economic Analysis**, chaps. 1,4

Keith Tribe, **Land, Labor and Economic Discourse**, pp.5-23

Richard Rorty, "Historiography of Philosophy" in Rorty et al, eds. **Philosophy in History**

{B} Desperately seeking the antecedents of economics

Niehans, HET, chs.2, 3

Mirowski, MHTL, pp.139-163.

Aristotle, from Book V, **Nicomachean Ethics**

S. Gudeman & A. Rivera, **Conversations in Columbia**, pp.28-37,54-9,66-77, 84-97.

{C} Does "the economy" drive thought about "itself"?

Mirowski, MD, chapter 1.

Philip Mirowski, "Adam Smith, Empiricism and the Rate of Profit in 18th Century England," **History of Political Economy**, 1982, (14):178-198.

David Cannadine, "Past and Present in the English Industrial Revolution," **Past and Present**, 1984, (103):131-172.

\* Mary Poovey, **A History of the Modern Fact**. [the best of the new wave literary approaches to the history of economics]

See my review: "The Good, the Bad and the Bungly" **Journal of the History of Economic Thought**, 2000, (22):85-91.

{D} What Can Economists Know, and How Do they Know It?

Philip Mirowski, "Doing What Comes Naturally" in **Natural Images in Economic Thought**

Wade Hands, **Reflection without Rules**

Richard Hadden, **On the Shoulders of Merchants**

Otto Mayr, **Authority, Liberty and Machinery in Early Modern Europe**

## II. Classical Economics and the Substance Theory of Value

{A} The Sweeping Narrative: Smith, Ricardo, Marx

Niehans, HET, ch.4-9  
 Mirowski, MHTL, ch.4  
 Mirowski, MD, pp.26-36.

Most conventional histories of economics devote the bulk of their time explicating these figures. An entire class could well be spent reading Smith's *Wealth of Nations*, Ricardo's *Principles* and Marx's *Capital*. While I will spend some time in lectures surveying the originals, the following are some significant secondary sources which will also be considered:

Salim Rashid, **The Myth of Adam Smith**  
 Piero Sraffa, **Production of Commodities by Means of Commodities**  
 Alvin Gouldner, **The Two Marxisms**

{B} Ricardian Orthodoxies

Catherine Gallagher, "The Body vs. the Social Body" in T. Laqueur and C.Gallagher, eds.  
**The Making of the Modern Body.**

{C} Marx between Labor as substance and virtual labor

Mirowski, MHTL, pp.174-185  
 M. Howard & J. King, **The Political Economy of Marx**, 2nd ed., pp.63-86,119-149.

### III. Economics as Social Physics: Early Neoclassical Economics

{A} What Is Value?

Samuel Bailey, **A Critical Dissertation on Value**, ch.1 & 6  
 Jevons, **Theory of Political Economy**, ch.2,3,4  
 Niehans, HET, ch.11,13,16-18  
 Mirowski, MD, pp.37-43.

{B} The Basic Physics Model, and How to Detect a "Discovery"

Niehans, HET, ch.22,23  
 Mirowski, MHTL, ch.1-5  
 M.Wise, "Mediations" in P.Horwich, ed. **World Changes**

\* Irving Fisher, **Mathematical Investigations in the Theory of Value**

\* P.M. Harman, **Energy, Force and Matter**

\* See also the controversy over the existence of multiple discoveries in economics: Jurg Niehans, **European Journal of the History of Economic Thought**, 1995 (2)1-28; and responses by Neil de

Marchi and Philip Mirowski, **ibid.**, 1995 (2):275-298.

{C} Who was Originally Interested in Psychology, and What Happened to them?

James Capshew, **Psychology on the March**  
 \* Graham Richards, **Mental Machinery**  
 \* Kurt Danziger, **Constructing the Subject**  
 Gerd Gigerenzer, "Discovery in Cognitive Psychology," **Science in Context**, 1992 (5):329

{D} But What About Our Venerable Laws of Supply and Demand?

William Thornton, **On Labour**, Book II, ch.1  
 Philip Mirowski, "Introduction" to **Collected Economic Works of William Thornton**  
 Niehans, HET, ch.15,20  
 Philip Mirowski, "Smooth Operator" ch.4 in Rita Tullberg, ed., **Alfred Marshall in Retrospect**

{E} The Role of Mathematics and How it became significant

Philip Mirowski, "The How, the When and the Why of Mathematical Expression in the History of Economic Analysis," **Journal of Economic Perspectives**, Winter 1991, (5):145-157.  
 P. de Ville & C. Menard, "An Insolent Founding Father," **European Economic Review**, 1989, (33):494-502.  
 Roy Weintraub and Philip Mirowski, "The Pure and the Applied: Bourbakism Comes to Mathematical Economics" **Science in Context** 1994, (7):245-72.  
 Philip Mirowski, MD, pp. 390-414.

Roy Weintraub, **How Economics became a Mathematical Science**. See my review in **Isis**, 2003.

{F} The Seven Different Neoclassical Theories of Production, and the Ghosts of Classical Political Economy

Mirowski, MHTL, ch.6  
 Niehans, HET, ch.14,21,28

On the beginnings of an "economics of technical change" see David Hounshell, "The Medium is the

Message" in T. Hughes & A. Hughes, eds. **Systems, Experts and Computers**  
**IV. How America Got the Orthodoxy It Deserved**

{A} Brief Excursus into American Institutional Economics

Philip Mirowski, **Against Mechanism**, chap. 7  
 Malcolm Rutherford, "Understanding Institutional Economics:1918-29" **Journal of the**

**History of Economic Thought**, Sept. 2000, (22):277-308.

Brad Bateman, "Make a Righteous Number," in J. Klein & M. Morgan, eds., **The Age of Economic Measurement**

The following is an outsider's attempt to argue the Institutionalists weren't inevitably fated to lose out to the neoclassicals in America:\* Yuval Yonay, **The Struggle for the Soul of Economics**

{B} The Depression, Statistics, and the Search for a Science of Demand

Wade Hands and Philip Mirowski, "Harold Hotelling and the Neoclassical Dream" in R. Backhouse, et al, eds., **Economics and Methodology: Crossing Boundaries**

Claude Menard, "Three Forms of Resistance to Statistics" **History of Political Economy**, 1980, (12):524-554.

Mirowski, MD, pp. 190-99.

Ellen O'Brien, "How the G got into GNP" in Karen Vaughn, ed., **Perspectives in the History of Economic Thought 10**

{C} Socialism (and a few Europeans) Come to America

Bruce Caldwell, "Hayek and Socialism" **Journal of Economic Literature**, 1997 (35):1856-1890. @ND

W. Solberg & R. Tomilson, "Academic McCarthyism and Keynesian Economics," **History of Political Economy**, Spring 1997, (29):55-81.

Philip Mirowski, *Machine Dreams*, chap. 5

Here are some sources on the 'Socialist Calculation Controversy':

Don Lavoie, **Rivalry and Central Planning**

David Steele, **From Marx to Mises**

{D} The War, John von Neumann, Operations Research and Game Theory

Philip Mirowski, *Machine Dreams*, chaps. 3,4, 6

Rob Leonard, "From Parlor Games to Social Science" **Journal of Economic Literature**, June 1995, (33):730-761. @ND

Niehans, HET, chs.29, 30

Sylvia Nasar, **A Beautiful Mind** [for a glimpse of a really ugly mind] See also my review: **Economics and Philosophy**, October 1999, or watch the movie version (2001) starring Russell Crowe!

{E} Three Postwar Schools of Neoclassical Price Theory: or Why your textbooks are misleading

Niehans, HET, chaps. 31,32,35

Philip Mirowski and Wade Hands, "A Paradox of Budgets" in M. Rutherford & M. Morgan, eds., **From Interwar Pluralism to Postwar Neoclassicism**

Philip Mirowski, MD, pp.199-231,

Michael Bernstein, **A Perilous Progress**

{F} Does Keynes Fit Comfortably Anywhere in these Narratives? The Short but Eventful life of a Keynesian Macroeconomics

Philip Mirowski, **The Birth of the Business Cycle**, pp.46-61.

Niehans, HET, chs.27,33, 34,36

William Darity and Warren Young, "ISLM: An Inquest," **History of Political Economy**, Spring 1995, (27):1-41.

The first is the best biography written about any economist, bar none:

\* Robert Skidelsky, **John Maynard Keynes**, 3 vols: *Hope Betrayed*, *Economist as Saviour*, *Fighting for Britain*

\* D. Moggridge, **Maynard Keynes: An Economists' Biography**

{G} The History of Neoclassical General Equilibrium Theory as a History of Frustrated Searches for Unification

Abu Rizvi, "The Microfoundations Project in General Equilibrium Theory" **Cambridge Journal of Economics**, 1992, (18): @ND

Bruna Ingrao & Giorgio Israel, **Invisible Hand**, chs.10-12

Abu Rizvi, "Responses to Arbitrariness in Contemporary Economics" in John Davis, ed., **New Economics and its History**

Mirowski, MHTL, chs.7-8

Abu Rizvi, "Game Theory to the Rescue?" **Contributions to Political Economy**, 1994, (13):1-28.

Wade Hands, **Reflection without Rules**, pp. 286-296.

## V. The Past as Glimpse of the Future

{A} The Computer as Tool and Metaphor

Philip Mirowski, *Machine Dreams*, chapter 8

Paul Edwards, **The Closed World**

Slava Gerovich, **From Newspeak to Cyberspeak**