

Dear Colleague,

Thank you for your interest in the National Endowment for the Humanities Summer Institute on “The History of Political Economy.” The Institute will be held on the campus of Duke University in Durham, North Carolina from June 2– 21, 2013. I invite your application to participate in this exciting endeavor.

The institute will explore various episodes in the history of economics from a variety of disciplinary perspectives. The intended audience is faculty in economics and the humanities who desire to explore economic knowledge in a historically informed, inter-disciplinary fashion. We hope that about half of the NEH Summer Scholars will be drawn from economics, and the other half from a variety of humanities disciplines.

In creating this institute we are responding in part to the fact that the history of economic thought has been disappearing as a subject within American economics departments. It is part of our mission to reverse that trend. We applied to the NEH for the summer institute rather than to another funding agency because the history of economic thought is one of the few subjects in the curriculum where economists must connect economics to other disciplines within the humanities and social sciences.

Duke University is an ideal site for the program. Duke is home to the Center for the History of Political Economy, whose mission is to promote research in, and the teaching of, the history of economics. The Center has an active fellowship program, weekly workshops and lunches for the discussion of academic work, an annual conference, and, for the past three summers, some form of summer programming. This is the second time that the Summer Institute is supported by the National Endowment for the Humanities.

The institute will run for three weeks, from Sunday June 2 through Friday June 21. Registration and a welcome dinner will take place on the first Sunday. For the first four days of each week there will be 2 sessions, each lasting roughly 2 hours (with a brief 5-8 minute break after the first hour), one in the morning and one in the afternoon. On Fridays there will be only the morning session; the afternoon can be used for further reading and study. Participants may do as they like on the weekends. There will be a closing dinner on Thursday, June 20, and the NEH Summer Scholars will depart after the Friday morning session.

The institute will not survey the history of economics, but rather will undertake a selective, in-depth treatment of topics. Each week will have a different theme and period. Week one will explore alternative readings and understandings of key texts from the 17<sup>th</sup> and 18<sup>th</sup> centuries. The second week will examine alternative paradigms in economics that emerged in the 19<sup>th</sup> century. Week three will be devoted to the question of the role of the state in the economy as it played out in the writings of certain justifiably famous 20<sup>th</sup> century economists.

Discussions will be led by multiple visiting faculty who are specialists in the specific subject matter under discussion, drawn from economics and other disciplines, each of whom will visit from 2 – 3 days. The content of the Institute is described in more detail directly below. As will be seen, sometimes the interdisciplinary elements will derive from the fact that the

discussion leaders are from different disciplines. Even when this is not the case, however, the make-up of the participant list will ensure that different sensibilities are brought to the readings and subsequent discussions.

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**Week One** will explore contending readings of episodes in the 17<sup>th</sup> and 18<sup>th</sup> centuries. After an introductory session and a discussion of historiographical issues, we will begin by exploring mercantilism, the loose body of doctrines whose emergence accompanied the rise of the nation-state and the quest for national power in the early modern period. The mercantilists argued that the state grows strong by acquiring gold and silver, which led them to advocate protectionist policies – those promoting and subsidizing export industries, and limiting or taxing imports – that would lead to a net inflow of bullion. Adam Smith and later economists criticized the mercantilists, and those criticisms laid the basis for the preference for free trade that many economists today share. Recently, certain historians have claimed that economists paid too little attention to the political and economic context in which mercantilist pamphlets were authored, and thereby often misunderstood their message. These contending readings will form the focus of the first part of the week. Institute Director Bruce Caldwell will present the standard economist’s reading, and historian Carl Wennerlind will present an historian’s take on the period, issues, and writers.

In the second half of the week the writings of two great Enlightenment thinkers, David Hume and Adam Smith, will be explored. The discussion of Hume’s work will be led by political scientist Ryan Hanley and historian Carl Wennerlind. Topics will include Hume’s epistemology, the roots of Hume’s political economy in his *Essay Concerning the Principles of Morals*, and the importance for Hume of “commerce, industry, and the arts” in generating material abundance, greater political liberty, and improved morals. We will turn next to Hume’s friend Adam Smith who, though largely known today as an economist, was regarded as one of the foremost moral philosophers of his age. Ryan Hanley will examine his first book and his major contribution to ethics, *The Theory of Moral Sentiments*, and will provide the context for an appreciation of his understanding of the relationship of economics to ethics. This will be followed by an examination, led by Bruce Caldwell, of *The Wealth of Nations*. We will look at Smith’s arguments about the nature and causes of national wealth, which he tied to the division of labor, the expansion of trade, and capital formation. Parts of Smith’s work will feel very familiar to economics students of today, but other parts (like his cost of production approach to the theory of value) will seem strange, and exploring why some ideas persisted and others did not will be part of our goal. We will also see that, contrary to many modern portrayals, Smith was no advocate of pure laissez-faire, offering instead a nuanced account of both the virtues of markets and the role of government in the economy.

In **Week Two** we will shift our focus to alternative approaches to understanding economic phenomena that emerged in the 19th century: Marxism, the Austrian School, the German Historical School, and American Institutionalism.

The recent global financial crisis has generated much new interest in Marx’s ideas about how crises occur under capitalism. Mainstream economists, though, are often dismissive of Marx’s

economics, in particular his use of a labor theory of value in his theory of exploitation. Bruce Caldwell and Bilge Erten will co-lead the two day discussion on Marx, and their approach should be both provocative and intellectually stimulating. Currently a post-doctoral fellow at Columbia University, Erten attended the 2010 NEH Summer Institute as a graduate student and very quickly emerged as one of the stars of the group. Erten provided a spirited defense of the Marxian system with arguments that were clear even to those untutored in economics. In four sessions we will touch on areas of Marx's specifically economic framework that are often ignored by those in the humanities, and economists will be shown that even today reasonable economists (Erten and Caldwell!) can disagree about the value and relevance of his economic contributions.

Carl Menger was the founder of the Austrian School of economics, a group that defended a theoretical approach to the explanation of social phenomena. From its inception in the 1870's the School faced opposition, first from the Gustav Schmoller and other German Historical School economists (who thought that history, rather than theory, was the proper tool for studying society), and later from socialists and positivists. Some of the positions taken by the opponents of the Austrians are echoed in criticisms leveled today against the economics profession as a whole: its preoccupation with theory, its assumptions of rationality and self-interested behavior, its neglect of history. Interestingly, positivism in various guises was the most successful of the doctrines in making inroads into the rhetoric of economists as they sought to describe their practice. The battles we will examine had theoretical, political, methodological, and academic dimensions, all of which will be explored.

Starting in the Progressive Era a pioneering band of American economists began a re-examination of the state's relationship to the US economy, and the role of the economist in that relationship. This led to the establishment of economics as a university discipline and to the creation a new vocation, the expert economic advisor to government. Many of the economists participating in this movement, from Thorstein Veblen and Wesley Clair Mitchell to Walton Hamilton, were critical of mainstream economics and offered alternative approaches. These Institutionalists stressed "social control" and the centrality of institutions, customs, habits, and traditions in shaping the dynamics of economic life. Historians of economic thought Tim Leonard and Malcolm Rutherford will help us examine the contributions of this distinctly American group of economists.

A fundamental question for the economics discipline concerns the proper role of the state in the economy. Are there grounds, based in economic theory, that argue for more or less state intervention? One strand of literature within mainstream economics, that dealing with so-called "market failures," argued for selective intervention in the economy to correct for these failures. The sessions in the first part of **Week Three** will focus on the emergence of this literature, as well as its critique in the work of the British-born Nobel laureate Ronald Coase, with economist Steve Medema leading the discussion.

The rest of the week will be devoted to examining the multi-dimensional contributions of perhaps the two best known economic protagonists of the 20<sup>th</sup> century, John Maynard Keynes and Friedrich A. Hayek. We will look at the economic thought of both figures, but will also show how their economics was embedded in a wider range of humanistic concerns by examining their

contributions in such diverse fields as social, moral and political philosophy, social science methodology, and the arts. The main discussion leaders will be the Keynes specialist Brad Bateman and Hayek specialist Bruce Caldwell, but Duke economist and leading American collector of art of the Bloomsbury group Craufurd Goodwin will also join us for a day to discuss the impact of Bloomsbury on Keynes' ideas.

It will be evident that, to the extent that participants might be inspired to go on to teach the history of economics or in some way integrate what they have learned into their courses, the program is only a starting point. The Center for the History of Political Economy will provide various forms of follow-up and support. We are currently in the process of developing a range of resources for the community of teachers and researchers in the history of economics on our Center's website. One section contains syllabi, discussion questions, examination questions, and course handouts; another shows the practices of documentary research in the history of economics.

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Participants will be sent a packet of materials in advance so that they can get started on their reading before coming to the Summer Institute. As noted above, the schedule permits additional time for reading and study.

During the first week Bruce Caldwell will present a few lectures at lunchtime about some basic economic concepts and graphs. Attendance will be strictly voluntary. The intended audience is humanities professors who do not have much familiarity with economic concepts and jargon. Caldwell (who will be in attendance all three weeks) and the visiting faculty will be available for consultations as appropriate throughout the Summer Institute. We also anticipate that informal discussions will spring up outside the seminar room.

There will be additional planned group activities, including a display and presentation by the Special Collections librarian on the Economists' Papers Project (EPP) at Duke. The EPP houses an impressive collection of original documents, including the papers of ten Nobel prize-winning economists and those of the American Economic Association. Some social events are planned as well.

The faculty who will lead discussions is a distinguished group. Institute Director Bruce Caldwell is also the Director of the Center for the History of Political Economy, and he directed the 2010 NEH summer institute. A former president of the History of Economics Society (HES), he is author of *Hayek's Challenge: An Intellectual Biography of F. A. Hayek*, and serves as the General Editor of the book series, *The Collected Works of F. A. Hayek*.

Brad Bateman is Provost of Denison University. He is a leading expert on the manifold contributions of John Maynard Keynes. Brad is a past president of the HES and was a visiting faculty member at the 2010 NEH Summer Institute.

Bilge Erten received her PhD in economics from the University of Massachusetts at Amherst, and is currently a post-doctoral fellow at the Committee of Global Thought at

Columbia University. Bilge was an outstanding participant at the 2010 NEH Summer Institute and is especially well-versed in the thought of Karl Marx.

Ryan Hanley is a political science professor at Marquette University. The author of *Adam Smith and the Character of Virtue*, he edited the Penguin Classics edition of Smith's *Theory of Moral Sentiments*.

Thomas "Tim" Leonard is an economics professor at Princeton University. Tim has written extensively on the role of American economists in Progressive Era and is concluding a much-awaited book on the influence of eugenics on labor relations during this period. He is secretary of the HES.

Steve Medema is an economics professor at University of Colorado Denver. He served for ten years as the editor of the *Journal for the History of Economic Thought*. Medema has written extensively on Coase, and his book on market failures, *The Hesitant Hand*, won the best book award of the European Society for the History of Economic Thought in 2010. A former president of the HES, Steve was a visiting faculty member at the 2010 NEH Summer Institute.

Malcolm Rutherford is an economics professor at Victoria University, British Columbia. A former president of the HES, he is the leading expert on American Institutionalism.

Carl Wennerlind is a history professor at Barnard College, Columbia University. He is co-editor of *David Hume's Political Economy*, and recently published *Casualties of Credit: The English Financial Revolution, 1620-1720*.

Craufurd Goodwin and E. Roy Weintraub are both distinguished members of the Duke economics faculty. Craufurd served for forty years as the editor of *History of Political Economy*, the premier journal in the field. Roy is a co-editor of the *Science and Cultural Theory* book series, one that publishes work on the history of natural and social science from a humanities perspective. Both are former presidents as well as Distinguished Fellows of the History of Economics Society, and both participated as faculty in the 2010 NEH Summer Institute.

NEH Summer Scholars will be provided with single, air-conditioned rooms, with linens, towels, and washcloths, on west campus at Duke. We do not know the exact charge yet but anticipate it will be in the \$800-900 range for the entire stay. For those who wish to stay off campus, the University Inn and Brookwood Inn have rooms available for about \$70 a night. These Inns are about a twenty minute walk from campus. Parking passes are available at \$10 a week. There are many places to eat on campus and off. All participants will be able to use the libraries and will have complimentary wireless access to the internet via the Duke system while on campus.

Participation is limited to twenty-five applicants. Three spaces will be reserved for qualified graduate students in economics or the humanities. Applicants who are selected to participate in the Summer Institute will be paid a stipend of \$2700, half payable on arrival at the Institute, and the other half payable in the final week of the program. Stipends are considered taxable income.

Participants who, for any reason, do not complete the full tenure of the project must refund a pro-rata portion of the stipend.

If you wish to apply, application information and guidelines please [click here](#). Your completed application should arrive no later than March 4, 2013 and be submitted by e-mail attachment to [az28@duke.edu](mailto:az28@duke.edu). Perhaps the most important part of the application is the essay. This essay should include your reasons for applying to the Institute; your relevant personal and academic information; what you hope to accomplish; and the relation of your study to your teaching.

I hope that you will agree that those of us who are organizing the Summer Institute have put together an intellectually stimulating program. We look forward to your application.

Sincerely,

Bruce Caldwell  
Research Professor of Economics  
Director, NEH Summer Institute on “The History of Political Economy”  
Director, Center for the History of Political Economy