



## Politics of Economics

Economic anxiety defines our times. In the opinion columns of newspapers, the speeches of political leaders, and in dinner table conversations, the state of the economy and knowledge about its workings are pervasive topics. Given this background, one should ask: how have economists and their intellectual products become important players in the shaping of our democracies?

Economics' has roots in XVIII century political and moral philosophy, but this legacy was repudiated as the discipline shaped itself as a "social science." Economists today largely refrain from joining social causes. When a few engage political commitments they are accused of abandoning science. On occasion, economists will be asked to speak publicly as experts on narrowly defined topics. But such explicit contributions do not exhaust the influence of economics in our collective lives, to fully appreciate it we must look in non-obvious places. The subject of this course is to survey and evaluate different understandings of the "politics of economics." To achieve this goal we will consider the writings of economists, historians, sociologists, political scientists, journalists, and cultural critics.

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Appointment: by request, send email or call to arrange.

### Meeting

Mondays, 10:00 - 13:00, room E. 1.51.

### Aims

The course will introduce and develop the latest developments in studies of science. By the end of the course the student is expected to be able to (1) identify economics in political and cultural discourse and (2) parse the multiple interpretations of economic content. The course therefore, develops awareness for the social and political implications of economics.

### Examination

Weekly written assignments answering an essay question (50%), participation in a collective blog "Observing Economics" (<http://economicsobserver.wordpress.com/>) (10%), final essay of five pages using the materials of the course to examine a current event or debate (40%).

### Course readings

Weekly readings distributed during the course or available in blackboard (estimate € 30,-).

### READING LIST AND SKETCH OF WEEK DISCUSSIONS

*All [pdf] are available in blackboard,  
the remaining texts are hardcopy handed out in the first lecture.*

#### **W1: Introduction to the course, experts, publics and culture.**

The discipline of philosophy and methodology of science has become increasingly interested on how science shapes culture and society. Alongside the study of the production of knowledge, we have begun to probe its consumption. Science redefines the identities of individuals by changing their perception of their place in nature. Recently, science has brought to the public agenda an awareness of environmental and biological insult. Global warming, nuclear proliferation, terrorism, and epidemics have become major political concerns. It is nearly consensual that in the coming decades major decisions must be made for the preservation of human welfare. As science grew in importance in public discourse so did economics. Most items in the current agenda have economic dimensions and the structure of the world economy seems to require redesign. This lecture will introduce concepts that will help us follow economics through culture. We will also discuss how economics became the dominant social science across the world.

#### *Readings:*

- \* Michel Foucault. 1977. "Panopticism" in *Discipline and Punish: The Birth of the Prison*. New York: Vintage Books. 195-228.
- \* Massimiano Bucchi and Federico Neresini. 2008. "Science and Public Participation" in E.J. Hackett, O. Amsterdamska, M. Lynch, J. Wajcman. (ed.) *The Handbook of Science and Technology Studies*. Cambridge, MA: MIT Press. 449-472.
- \* Mary Morgan. 2003. "Economics" in *Cambridge History of Science, Volume 7, The Modern Social Sciences*. Porter, T. and Ross, D. (ed.). Cambridge: Cambridge University Press. 275-305.
- \* Charles Thorpe. 2008. "Political Theory in Science and Technology Studies" in E.J. Hackett, O. Amsterdamska, M. Lynch, J. Wajcman. (ed.) *The Handbook of Science and Technology Studies*. Cambridge, MA: MIT Press. 63-82.

*Act 1. When economists meet power...***W2: War technique.**

Historians have addressed the Second World War as a turning point in the history of economics. In the war effort economists joined engineers and physicists in developing and implementing routines for optimization. The tools they designed established the analytical infrastructure of contemporary economics. This foundational story suggests that we should examine economics as a science of control and management in relation to its involvement in war and the military. In this class we will discuss how international conflict, be it World War or Cold War, has shaped the development and reach of economic ideas.

*Readings:*

- \* Mark Guglielmo. 2008. "The Contributions of Economists to Military Intelligence in World War II" in *Journal of Economic History*. 68(1). 109-150. [pdf]
- \* Philip Mirowski. 2002. "The Military, the Scientists, and the Revised Rules of the Game." In *Machine Dreams. Economics Becomes a Cyborg Science*. Cambridge: Cambridge University Press. 190-231.
- \* M.S. Morgan and M. Rutherford. 1998. "Postwar Economics: The Character of the Transformation" in *From Interwar Pluralism to Postwar Neoclassicism*. Durham, NC: Duke University Press. 1-26. [pdf]

**W3: From the new right, a battle for freedom.**

In the wake of the Second World War social democratic parties were elected to government in the majority of western countries. The rapid welfare and economic reforms that followed prompted many intellectuals to consider the political implications of state planning. To these liberal or libertarian authors the purpose of economics was to elucidate on the limits of the control economy. They linked the pursuit of political freedom with economic rights to private property, minimal government, and free trade. In this class we will discuss how these libertarian authors developed a theory of government that draws extensively on the interplay of economic interests and institutions.

*We will see excerpts from the documentary by Greg Barker and William Cran. 2002. Commanding Heights: The Battle for the World Economy: PBS. and have a class discussion about them.*

*Readings:*

- \* Milton Friedman. 1962. "The Relation Between Economic Freedom and Political Freedom." in *Capitalism and Freedom*. University of Chicago Press. 7-21.
- \* F.A. Hayek. 1976 [1946]. "Security and Freedom" and "Why the Worst get on Top" in *The Road to Serfdom*. Routledge. 89-113.



- \* James M. Buchanan and Gordon Tullock. 1965. [1962]. "Democratic Ethics and Economic Efficiency" and "Pressure Groups, Special Interests, and the Constitution." in *Calculus of Consent*. University of Michigan Press. 265-295.

#### **W4: From the New Left an offensive against freedom.**

Libertarian ideas, notably as they influenced the economies and politics of Latin America, were accompanied by autocratic regimes. Inequality between and within nations increased while states withdrew from managing the economy, privatizing social services and liberalizing labour and trade standards. In response, a discourse emerged that blamed liberalism, globalization and corporations. These narratives focus on how economists in government, in corporations and in para-political institutions, such as think-tanks, sought to steer decision makers and circumvent democracy. We will contrast these narratives with the arguments offered the previous week about the extension of freedom through the rule of private property and individualism.

*We will see excerpts from the documentary by Adam Curtis. 2007. The Trap: What Happened to Our Dream of Freedom. BBC. and have a class discussion about them.*

#### *Readings:*

- \* Richard Cockett. 1995. "A Counfounded Nuisance" "The IEA at Work" in *Thinking the Unthinkable. Think tanks and the Economic Counter Revolution, 1931-1983*. London: Fontana Press. 159-199.
- \* Naomi Klein. 2007. "The Other Doctor Shock" "Milton Friedman and the Search for a Laissez-Faire Laboratory." and "States of Shock" "The Bloody Birth of the Counterrevolution." In *The Shock Doctrine*. New York: Metropolitan Books. 49-97.

#### **W5: Market technique.**

For economists markets are unproblematic. Economists do not ask what a market is or how it comes into existence. Traditionally, their contribution is to study what occurs when a market is already formed or to diagnose the consequences of its absence. Sociologists on the other hand have been fascinated by how markets organize social interactions. A recent literature, has looked at economists as the designers of markets. In this light, economics provides blueprints to economic agents on how they should behave, and what a market should do. This connection between economists and market participants entails that the world begins to resemble the world in economists' abstract models.

#### *Readings:*

- \* Donald MacKenzie. 2006. "Transforming Finance" and "Theory and Practice" in *An Engine, Not a Camera. How Financial Models Shape Markets*. Cambridge, MA: MIT Press. 37-88.



- \* Donald MacKenzie and Yuval Millo. 2003. "Constructing a Market, Performing Theory: The Historical Sociology of a Financial Derivatives Exchange" in *American Journal of Sociology*: 109(1). 107-145. [pdf]

*We will see excerpts from the documentary by Niall Ferguson. 2009. The Ascent of Money: PBS. and have a class discussion about them.*

*Act 2. ... and then they became intimate.*

### **W6: Person and Identity.**

Economic concepts have travelled far and wide within academia. Disciplines as diverse as law, biology and psychology make reference to optimization, efficiency, utility, and preferences. This cross fertilization is not new. Famously, in the XIX century the ideas of Charles Darwin owed something to the political economy of Robert Malthus and his study of population. But while in the past economics' influence on other disciplines was unsystematic, we now witness a comprehensive and widespread movement that some have called "economic imperialism." The purpose of this class is to characterize current "economic imperialism" and to see it expressed in the (sociological) treatment of identity.

#### *Readings:*

- \* George A. Akerlof and Rachel E. Kranton. 2000. "Economics and Identity" in *Quarterly Journal of Economics* 115(3). 715-753. [pdf]
- \* Edward P. Lazear. 2000. "Economic Imperialism" in *Quarterly Journal of Economics* 115(1). 99-146. [pdf]
- \* George Stigler. 1984. "Economics: The Imperial Science?" in *Scandinavian Journal of Economics*. 86(3). 301-313. [pdf]

### **W7: Bodies and blood.**

Our understanding of our bodies is informed by culture. The ways we perceive good health and its maintenance has changed dramatically in recent years with the genetic revolution in biomedical sciences. The projected new treatments envision the end of many chronic and deadly illnesses and have sparked the public imagination. And so too they have forced a reconfiguration of how health services are organized. Economics contributes explicitly to management of health services with its cost benefit analysis, but it also engages these transformations at a deeper and symbolic level. Blood can be seen as a commodity to be exchanged or as a gift offered to others. Blood can be seen as a savings account anticipating illness. The cultural meanings of blood are thus economic. Our goal is to identify how these new framings shape the provision of health.



*Readings:*

- \* Philippe Fontaine. 2002. "Blood, Politics and Social Science: Richard Titmuss and the Institute of Economic Affairs, 1957-1973." in *Isis*. 93(3). 401-434. [pdf]
- \* Catherine Waldby and Robert Mitchell. 2006. "Blood Banks, Risk and Autologous Donation: The Gift of Blood to Oneself." and "Umbilical Cord Blood: Waste, Gift, Venture Capital." in *Tissue Economies*. Durham, NC: Duke University Press. 31-58; 110-130.