

**ECONOMICS and POLICY**  
**ECON 43130**  
**HPS 93742**

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

**Philip Mirowski**  
**Winter 2011**

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

Roger Backhouse, **The Puzzle of Modern Economics** [PME]  
Philip Mirowski, **More Heat than Light** [MHTL]  
Alessandro Roncaglia, **The Wealth of Ideas** [WI]

Also available, but not required:

Philip Mirowski, **Machine Dreams**

This is a course that 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 frame our understanding. Such an inquiry requires a fair amount of reading, simply in order to have any serious ideas at all. **All readings *not* enclosed by text boxes are required.** Readings bracketed by text boxes are merely background to the lectures, possible sources for paper topics. All required readings other than the textbooks will be found through the ND Libraries Electronic Journals service [marked @ND] at:

[https://www.library.nd.edu/eresources/ereserves/course.cgi?course=2011S\\_ECON\\_43110\\_01](https://www.library.nd.edu/eresources/ereserves/course.cgi?course=2011S_ECON_43110_01)

Any graduate students in the course should contact me concerning supplementary readings and other special arrangements. There will also be a voluntary option for students who want to write a research term paper to arrange it with the instructor. This will result in reducing the proportions of grades attributed to the midterm and the final, as per special arrangement.

Because I don't expect that you will have any previous background in the history of economics or intellectual history, we shall conduct our inquiry more like a lecture course. For purposes of grading, there will be an in-class midterm, and a take-home final exam, due on May 10 at 12PM. Students should also be aware that grades of incomplete generally are not granted for this course. Plagiarism is a serious offense, and grounds for expulsion. Please consult the following university policy:

<http://ocw.nd.edu/philosophy/introduction-to-philosophy-1/Philosophy%20Department%20Guidelines%20for%20Plagiarism.pdf/view>. Furthermore, if you are surprised that Wikipedia will not be allowed as a source for any of your work in this course, than you had better discuss research standards with the instructor *now*.

The grading scheme will be:

Midterm	40%
Class participation	10%
Final	50%

## I. Should the World Economic Crisis Prompt Us to Rethink the History of Economics?

Backhouse, PME, chaps. 1, 5, 7, 9

John Cassidy, *How Markets Fail*  
Justin Fox, *The Myth of the Rational Market*

## 2. Natural Laws and Social Laws

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

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

@ND Marion Fourcade, "Politics, Institutional Structures, and the rise of economics: a comparative study," *Theory and Society*, 2001, (30):397-447.  
Roncaglia, WI, chap. 1

{B} Desperately seeking the antecedents of economics

Roncaglia, WI, chap. 2

Mirowski, MHTL, pp.139-163.

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

Spencer Pack, "Aristotle's difficult relationship with modern economics," *Foundations of Science*, 2008 (13):265-280

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

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

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

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

{A} The Sweeping Narrative: Quesnay, Smith, Ricardo, Classical Political Economy

Mirowski, MHTL, ch.4

Roncaglia, WI, pp. 96-107; 111-114; chaps. 5-8; & (optional) chap. 16 on Sraffa

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 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} Marx between Labor as substance and virtual labor

Mirowski, MHTL, pp.174-185  
Roncaglia, WI, chap. 9

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

{A} What Is Value?

@ND Samuel Bailey, **A Critical Dissertation on Value**, ch.1 & 6  
Roncaglia, WI, pp.215-218.

{B} The Basic Physics Model, and How to Detect a “Discovery” in Economics

Mirowski, MHTL, chaps.1-5  
Roncaglia, WI, Chaps. 10,12

\* 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?

Mirowski, MHTL, pp.202-216

James Capshew, **Psychology on the March**  
\* Graham Richards, **Mental Machinery**  
\* Kurt Danziger, **Constructing the Subject**

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

@ND William Thornton, **On Labour**, Book II, ch.1  
@ND Philip Mirowski, **Effortless Economy of Science**, chaps. 13, 14  
Roncaglia, WI, chap. 13

{E} The Role of Mathematics and the Significance of Equivalence

@ND 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..

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

Mirowski, MHTL, ch.6

#### 5. How America Got the Orthodoxy It Deserved

{A} Brief Excursus into Early 20<sup>th</sup> century American Institutional Economics

@ND Philip Mirowski, **Against Mechanism**, chap. 7  
@ND Malcolm Rutherford, “Understanding Institutional Economics:1918-29” **Journal of the History of Economic Thought**, Sept. 2000, (22):277-308.

The following are attempts to argue the Institutionalists weren't inevitably destined to lose out:

- \* Yuval Yonay, **The Struggle for the Soul of Economics**
- \* Geoff Hodgson, **The Evolution of Institutional Economics**

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

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

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

Backhouse, PME, chap.8

@ND Philip Mirowski & Rob Van Horn, "The Rise of the Chicago School" and Mirowski "Defining Neoliberalism" in Mirowski & Plehwe, eds., **The Road from Mont Pèlerin [RMP]**

@ND 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.

Roncaglia, WI, pp.315-321.

Bruce Caldwell, **Hayek's Challenge**

{E} The War, John von Neumann, and the Birth of Game Theory

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

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

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!

Nicola Giocoli, **Modeling Rational Agents**

{F} Three Postwar Schools of Neoclassical Price Theory: or Why your textbooks are misleading  
Backhouse, PME, chap.6

@ND Mirowski & Wade Hands, "A Paradox of Budgets," **From Interwar Pluralism to Postwar Neoclassicism.** Eds. M. Rutherford & M. Morgan. Durham: Duke Univ. Press, 1998, pp.260-29

@ND Philip Mirowski, *Machine Dreams*, pp.199-231

Michael Bernstein, **A Perilous Progress**

{G} Does Keynes Fit Comfortably Anywhere? The Short but Eventful life of a Keynesian Macroeconomics

Roncaglia, WI, chap. 14

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

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**

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

@ND Alan Kirman, "Demand Theory and General Equilibrium: a journey down the wrong road" in Mirowski & Hands, eds. **Agreement on Demand**, Duke University Press, 2006

@ND Abu Rizvi, "The Microfoundations Project in General Equilibrium Theory" **Cambridge Journal of Economics**, 1994 18: 357-377.

Mirowski, MHTL, chs.7-8

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

## V. The Past as Glimpse of the Future

{A} The Computer as Tool and Metaphor

Philip Mirowski, *Machine Dreams*, MD, chapter 8

@ND Philip Mirowski, "Twelve Theses on the History of Modern Demand Theory" in Mirowski and Wade Hands, eds., **Agreement on Demand**

@ND Philip Mirowski, "Markets Come to Bits," *Journal of Economic Behavior and Organization*, April 2007 (63):209-242.

{B} And Suddenly, Economics becomes an 'Experimental' Science

@ND Alvin Roth, "On the Early History of Experimental Economics" *Journal of the History of Economic Thought*, 1993, (15):184-209.

@ND Vernon Smith, "Experimental Economics at Purdue" pp.154-8 in his **Papers in Experimental Economics**

@ND Kyu Sang Lee and Philip Mirowski, "The energy behind Vernon Smith's experimental economics," **Cambridge Journal of Economics**, March 2008; 32: 257 - 271.