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FRI1A Session: "Smith and his Intellectual Milleu"

Organized by the International Adam Smith Society (IASS)

Erik W. Matson, George Mason University

Understanding Smith's Ethos of Acquisitiveness by Way of Hume's Conclusion

I've recently coauthored a piece arguing that Smith's famous parable of the poor man's son in TMS Part IV significantly parallels the famous and moving conclusion to Book 1 of Hume's Treatise of Human Nature. The major contribution of that piece is an exposition of the textual and narrative similarities between these two important passages. In the present project, I propose to more substantially develop their conceptual connection and its significance.

I claim that Smith's engagement with Hume shows him adopting a version of Hume's dialectic of true philosophy. Hume's dialectic emphasizes the psychological and epistemic contradictions between propositions of instinct and reason. From this dialectic emerges a synthesis – a mode of self-aware philosophy (true philosophy, as it were) that diffidently accepts the principles and conventions of common life but limits inquiry to the realm of experience. In his parable of the poor man's son, Smith deploys a Humean dialectic to comment on the ethics of the acquisition of wealth. In the parable, Smith speaks of the poor man's son, who is instinctively driven to pursue his materialistic ambition, imagining that material wealth and status will bring contentment. But upon realizing his ambition and achieving his goals, he reflectively views the acquisition of wealth as meaningless. The contradiction between these attitudes is resolved in Smith by way of synthesis that, like Hume's true philosophy, emphasizes a self-aware path of moderation that leans upon the social perspective of common life. Smith's true attitude about the acquisition of wealth thus transcends both the common, instinctive view and the splenetic reflective view. Smith sees meaning in the self-aware acquisition of wealth, particularly once one realizes the positive benefits it confers on others. The acquisition of wealth and the good life are not mutually exclusive enterprises.

J Kevin Quinn, Bowling Green State University

Enlightenment and Economics: Smith and After

Recent studies of the Enlightenment by Jonathan Israel and Dennis Rasmussen have continued the tradition of finding "two" Enlightenments rather than one, one the good or the true enlightenment, the other the bad or false one. Hayek of course pioneered in this enterprise. Although each writer has very different criteria for making the split, the thinkers in the two groups tend to be pretty similar: thus, for Rasmussen Smith and Hume are part of the good Pragmatic Enlightenment against non-pragmatic French Enlighteners; while for Israel, Smith and Hume are part of the bad Moderate Enlightenment, to be contrasted with the Radical Enlightenment of Spinoza and most of the French Enlighteners.

Besides evaluating the characterizations of Smith that justify his placement in either case, and finding them wanting, I argue that both Smith and Kant deserve to paired in making Enlightenment a matter of extending the authority of reason, against those, including Hume in the standard interpretation, and some of the French Enlighteners, who put the deflation of reason – a mere “slave of the passions’, an instrument for obtaining happiness-at the heart of their thought. I make a case that for both Kant, against Herder, and Smith, against Rousseau, Reason and Happiness are not related as means to end, that the pursuit of happiness may or may not be reasonable, and that our desires are not in themselves reasons, but must be justified by reason.

Post-classical economics adopted the Humean line on reason, hook, line and sinker, and in doing so, it is argued, became complicit in the normative nihilism and relativism about reason that Zeev Sternhell’s Counter-Enlightenment finds to be a crucial component of all counter-enlightenment thought.

Jimena Hurtado, University de los Andes
Adam Smith and Alexis de Tocqueville on the Division of Labor

Adam Smith and Alexis de Tocqueville are associated with the defense of individual freedom and its association with commercial society, for Smith, and democracy, for Tocqueville. Even though Smith does not seem to explicitly connect commercial society with democracy, and Tocqueville has been portrayed as a social conservative at times nostalgic of the Ancien Régime, their assessment of the extension of the market and commerce share interesting features. In particular, they do not appear as dogmatic advocates of its advantages, and call attention upon the negative effects associated with the market.

They both recognize commercial society and the extension of the market depend upon industrialization, and this phenomenon, in its turn, depends on specialization or an increasing division of labor. Moreover, the transformation of society is possible with the appearance of waged labor, and with the possibility of having an increasing number of people who are free to employ themselves for a salary, and become specialized workers in industry. The extension of the market, the division of labor and industrialization promote wealth and prosperity. However, the downside of this wealth and prosperity is that those who produce it do not necessarily benefit from it or can suffer negative consequences from their participation.

Adam Smith, when discussing public institutions, and, in particular, education, calls attention upon the effects of the division of labor on the cognitive skills of workers (WN V.i.f.50). Most members of commercial society live from their wages and are “confined to a few very simple operations”, which determine their intellectual development. Highly specialized industry workers have “no occasion to exert [their] understanding […]. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become” (WN V.i.f.50).

Tocqueville would agree with this description, when he writes the specialized industrial worker "becomes more skillful and less industrious, and you can say that in him the man becomes degraded as the worker improves" (Tocqueville 2009 [1840]: 982; 1029). And he also shows the other aspect touching the laboring poor: their immobility "[a]mid the universal movement" (Tocqueville 2009 [1840]: 982); social mobility is not open for industrial workers. And "[a]s the principle of the division of labor is more completely applied, the worker becomes weaker, more limited, and more dependent" (Tocqueville 2009 [1840]: 982).

In this paper I would like to explore the coincidences and differences in Smith’s and Tocqueville’s assessment of the effects of the division of labor and the extension of the market that point at the vulnerability of the laboring poor.

FRI1B Session: “Remembering Craufurd Goodwin”

Paul Dudenhefer, Managing Editor of Politics and Society
Evelyn Forget, University of Manitoba
Kevin Hoover, Duke University
Tiago Mata, University College London

FRI1C Session: “American Political Economy”

Melvin Cross, Dalhousie University
Competition, Regulatory Policy, and Institutional Change in the late 19th Century: A.T. Hadley's Work.

The firms in the economy of Adam Smith’s time were, for the most part, small proprietorships or partnerships that employed only a few people. Smith proposed sympathy and atomistic competition as regulators of self-interested behaviour. However, it was obvious by about 1840 that nascent capitalism of Smith’s time was changing. Large corporations were developing extensive overland transportation networks. Canals developed first, but soon were overshadowed by railroads. Railroad corporations were very large. They employed many people, had market power, and were characterized by limited liability. They practiced price discrimination and set prices for joint products that seemed unrelated to costs. Moreover, large corporate projects raised questions concerning management of risk and asymmetric information to a new level. Could competition work as an effective regulator in an economy characterized by large corporations? How? Could “good business ethics” operate in place of Smith’s sympathy? What policies would serve the public’s interests?

Arthur Hadley, a transportation specialist who served as President of Yale University in the late 19th century, analyzed these issues. He argued that the emergence of large corporations made it necessary to develop new institutional relationships among business, government, and the public. This paper will examine Hadley's analytical framework and recommendations concerning institutional change. It will make a preliminary comparison of his work with earlier work and with what would come later, especially analyses of imperfect competition.

Nicola Giocoli, University of Pisa
Neither Populist Nor Neoclassical: the Classical Roots of the Principle of Competition in American Antitrust

Antitrust is back to centerstage of American public policy debate. Concerns have been raised about the inadequacy of the current approach to antitrust – which focuses on a narrow, purely economic notion of consumer welfare – to counter the modern manifestations of market power by technological giants such as Amazon or Google. A return to a more pro-active enforcement, of the kind sometimes affirmed by American courts during the last century, is not only expressly invoked, but also deemed necessary to reconnect the antitrust enterprise to the original intent of the principle of competition that formally governs it. While the current debate is entirely played between the polar opposites of populist versus neoclassical antitrust, the paper adopts the viewpoint of the history of economic thought to argue that the original – and still ruling – formulation of the principle of competition stemmed from neither populism nor (proto-)neoclassicism. When Justice Rufus W. Peckham first proposed it in 1897, the principle was firmly rooted in classical economics, and by emphasizing contractual freedom it targeted the distributional, rather than allocative, effects of anti-competitive behavior. The paper argues that this old characterization of competition may still be useful to drive antitrust enforcement during our, so-called New Gilded Age.

Sofia Valeonti, PHARE, Université Paris I Panthéon-Sorbonne
What Future for the Reconstructed US? The Gold Approach Reply in the Greenback Debate: Evidence from Hugh McCulloch's and John Sherman's Monetary and Tariff

During the United States Civil War an inconvertible monetary system was established after the issuance of inconvertible paper money – the so-called greenbacks. At the end of the War, a debate arose concerning the monetary system to be adopted. Two opposing approaches came to the fore: a greenback approach, and a specie approach that favored resumption of specie payments at prewar parity. The greenbacks debate was also linked to the question of tariffs and to the choice between a protectionist and a free-trade policy. This debate was crucial as it opposed different visions concerning the economic development of the reconstructed US.

This paper focuses on the gold approach in the greenbacks debate. This approach is commonly treated as homogeneous in that the adoption of the gold standard along with free trade would promote specific economic interests (finance capital), of a specific section (Northeast), party

(Republican) and economic philosophy (utilitarian liberalism) (Nugent, 1967; Bensel, 1990). Recent literature identifies the non-homogeneity of the gold approach in what concerns their trade policies propositions, and situates its coherence on a political level, not on a theoretical one (Barreyre 2014, 124). This articles shows that the specie approach was not only coherent on a political level, but also on a theoretical level: the monetary and tariff measures endorsed served a larger objective, one concerning the future of US's position in international markets.

Evidence will be drawn from Hugh McCulloch (1808-1895) and John Sherman (1823-1900), the main advocators of resumption of specie payments. McCulloch was the Secretary of the Treasury that proposed and implemented the Contraction Act (1865-1869), the policy aiming at restoring the gold standard though withdrawal of greenbacks out of circulation, while Sherman was the Secretary of the Treasury that completed the resumption of specie payments (1877-1881). Although they both favored resumption, their opinion differed on the monetary instruments that should be used to implement specie payments. McCulloch favored withdrawal of greenbacks out of circulation, while Sherman favored a more passive policy of debt refunding. They also held different opinions concerning tariffs; McCulloch advocated for a free-trade policy, while Sherman urged for a protective tariff. This paper shows that even if McCulloch and Sherman disagreed on the monetary and tariff policy measures, the coherence of their policy proposition lies on the objective those policies served: to integrate US economy in international markets by rendering it able to compete with Great Britain, and, dominate international markets. That is to say, that they shared the same vision concerning the future of the reconstructed US.

FRI1D Session: "Constitutional Economics"

Paul Dragos Aligica, George Mason University

Constructivism and the Realm of the Artifactual. The "Two Basic Articles of Faith" of James M. Buchanan and Vincent Ostrom's Social Philosophy

Towards the end of the 1970s James Buchanan and Vincent Ostrom were engaged in an attempt to create a joint project uniting what were latter to be called the "Virginia School of Public Choice" and the "Bloomington School of Public Choice" (Mitchell, 1988) into a distinctive approach to Constitutional Political Economy and social philosophy. The letters exchanged in this process between the two scholars (as preserved in the James Buchanan Archives at George Mason University) capture not only the institutional and personal challenges they faced in this (failed) attempt to shift the Public Choice program to a new stage, but also the intellectual efforts those two main figures of the Public Choice movement made to clarify and articulate the common position they held. The archives capture some of their remarkably frank effort at intellectual self-understanding. A letter written by Buchanan and dated 18 March 1977, encapsulates the essence of what Buchanan and Ostrom considered to be the distinctiveness of their joint position, as seen in comparison to other schools of thought which were part of the same intellectual family:

> There are two basic articles of faith in our position: (1) Institutions matter; (2) Institutions can be constructed. We face opposition on both these counts. The reason George Stigler and the modern Chicago crowd object to so much of my own stuff is that they explicitly and implicitly deny the former of these two articles. We face opposition from the "evolutionists" (Hayek, Oakeshott, Popper, etc.) on the second article of faith. And, in a sense, we might use something like this simple two-article test to determine just who might be among the group that might ultimately be assembled (Buchanan, 1977).

What is remarkable about this document is that in it Buchanan goes beyond the standard conceptual and theoretical aspects of a research program. In doing that he reveals something essential about the deeper dimensions of the position assumed by him and Vincent Ostrom. Their stance is not just about theoretical proportions, it is also about attitudes, values and norms, including the attitudes, values and norms of the scholars themselves:

> (...) In a sense [we] argue for a different attitude toward politics, toward governance, what I have called a "constitutional attitude," based on the two articles of faith noted. This attitude is extremely important, and no one could have stressed this more than I have done. And the critical objective for us is to get attitudes turned around. But, and here you face precisely the problem that I have faced and have not succeeded in resolving, namely, how can we talk about attitudes independently of precise normative content (Buchanan, 1977).

It is evident that once the theoretical apparatus they bring to the table is taken into account, the Buchanan-Ostrom stance, as sketched above, is rather distinctive not only in the broader context of mainstream social sciences of those times, but also in the context of the Public Choice movement. Yet, this distinctiveness is rather elusive and open to misunderstandings and misinterpretations. The defining underlying themes uniting Buchanan and Ostrom into their joint position were rarely, if ever, explicitly and properly recognized in the literature.

This paper is an attempt to deal with this problem. Its thesis is that the particular nature of the Buchanan-Ostrom approach is fully revealed only if we focus on one key concept, which despite its lack of salience in the Public Choice theory and the intellectual histories of the field, captures best the gist of their core insights and attitudes: The concept of "artefactual" and through it, an entire cluster of related notions such as "artefact", "constructivism" and "artisanship". Thus, this paper, wIll use the concept of the "artefactual" as the preeminent vehicle helping us to revisit and get a more nuanced understanding of the Buchanan-Ostrom system of ideas, while staying very close to the textual evidence supporting the working thesis at the core of the paper.

David Coker, George Mason University

Democracy and Contract: Idealism in the Work of James M. Buchanan.

James Buchanan frequently described himself as a “nonidealist”. By this he meant someone who avoided theorizing based on truth-judgements. But there are other senses of the word “idealist” which do accurately characterize his theoretical stance. A comparison with a distinction central to Pareto helps explain this. Pareto assumed that market activity demonstrated a “logical” character, while political activity lacked this straightforward connection between act and goal, and was therefore best seen as “non-logical”. It is central to Buchanan’s thinking that he did essentially make this bridging connection between market and politics that Pareto challenged. Using market exchange as the foundation point, Buchanan saw politics as a bottom-up process. This, coupled with a basic individualistic stance, allowed Buchanan to see a continuum across market and politics that Pareto denied. The “otherness” of political actors and difficulties is thereby refuted; disciplining government becomes a form of self-discipline. The comparison with Pareto, while not rendering Buchanan’s thought unrealistic, does highlight an idealism which helps clarify the unity of his thought.

Samuel Ferey, University of Lorraine
Hayekian Constitution and Republicanism

Hayekian thought is mostly considered as an achievement of the economic and political liberal views. In the third volume of Law, Legislation and Liberty, Hayek provides a model of a Constitution for a free people. Our article deals with the analysis of the hayekian Constitution by taking seriously what Hayek says about constitutional norms. We would like to show that, contrary to what could be expected, a lot of hayekian constitutional ideas are more influenced by the classical Republican thought than by the classical liberal thought. The first part of the paper describes the hayekian constitution by insisting both on its classical liberal roots (separation of powers, rule of law, constitutionalism…) and on its original and strange components like the voting system, the generation clubs, etc. We show how this Constitution tries to be an answer to the risks of economic corruption of the State. The most important ideas of Hayek are, for us, about the corruption of political regimes. Then, in a second part, we study more precisely how some of the hayekian thoughts are deeply influenced by republicanism. We show how the authors quoted by Hayek (Harrington, Sydney etc.) are ones of the most famous representatives of the classical republicanism and civic humanism and how some of the classical topics - civic virtue and political corruption - are reconsidered by Hayek. Finally, the paper draws a strange portrait of Hayek as if liberal principles were insufficient to be the foundations of political freedom.

FRI1E Session: “European Issues"

Elisabeth Allgoewer, Universität Hamburg
German Economics and Social Policy after World War I: Economists Between Historical-Ethical Economics and the Emerging Mainstream

The German historical-ethical school under the leadership of Gustav Schmoller defined a broad field of inquiry under the title of social policy. Starting with the foundation of the Verein für Socialpolitik in 1872, a research program comprising studies of institutional and legal matters, living and working conditions of laborers etc. was pursued in light of the "social question" with the aim of reforming social relations. Around the turn to the 20th century younger members of the German economics profession began questioning this agenda, not least in view of the value judgments it entailed. The demise of historical-ethical economics after World War I was a long drawn-out process. Social policy was redefined as a sub-field of specialization and eventually utilized standard mainstream methods. To trace the development of this field of study through its transformation opens up perspectives on the turning points in German economics during the Weimar Republic, Nazi Germany and the early years of the German Federal Republic. Part of this story is the differentiation of sociology which was an integral part of the research published by economists in the decades before World War I. This paper adds to research on the developments in other sub-disciplines of German economics in the first half of the 20th century e.g. business cycle analysis or economic statistics which has shown how economists at the time utilized the diverse heritage from historical, Marxist and neoclassical economics to develop original integrative approaches.

Ivo Maes, National Bank of Belgium
The E in EMU: A Short History of European Commission Proposals (1962-1990)

A "Genuine" Economic and Monetary Union (EMU) is, also today, the topic of intense discussions in the European Union. In this paper, we take a step back and have a look at the "Economic" pillar in some of the key official documents in the history of Europe's EMU process. We focus on the period from 1960 to 1990, from the Rome Treaty to the Maastricht Treaty. We analyse the proposals for an "economic pillar" in six documents: The Commission's Action programme of October 1962, The Barre Memorandum, The Werner Plan, The Marjolin Report, The Macdougall Report and the Commission study One Market, One Money. These studies developed several proposals, aimed at advancing the process of economic and monetary union, paying attention to both the economic and monetary pillar of EMU. At the end of the 1970s a shift occurred from a more activist policy towards a strategy based on medium-term stability, market-oriented policies and emphasis on measures enforcing the supply side of the economy. This shift was also clearly reflected in the economic thought at the institutions of the European Community. This fitted in with the internal market program and a move towards EMU, but one with a limited economic pillar. With the Euro Area crisis, the focus has shifted again to the economic pillar of EMU. Several of the ideas being discussed now, like a European unemployment insurance scheme, were also part of the earlier proposals.

Eric Scorsone, Michigan State University
When Economies go to War: Economic Thinking during World War 2

War forces many changes in socioeconomic systems. Societies have altered their traditional and conventional institutional rules in order to engage in war which might include suspending legal rights, rethinking land use and building structures, training civilian and military personnel and of course addressing the private and public economy and the process of resource allocation. Given these important themes, the question is how economists have thought about the need to address the unique resource needs of a society leading up and during war that may be dramatically different for peaceful times.

World War 2 (1939-1945) presents a unique time which covered the entire globe and engaged most of the major economies for a sustained period of time. Economists during the period wrote about the challenges facing both the allied and axis countries. These issues were addressed by scholars such as Karl Brandt, Henry William Spiegel, Benjamin Higgins, Frederick Strauss and several others across economic journals. The focus of this study is on those economists who wrote during the war period about the issues of resource allocation mechanisms, planning versus prices, and what can we learned about public finance and economics more generally. Here, we take a specific focus on the economists writing during the period about the German economy. Specifically, we look at how economists thought and understood war planning and the attempts of the German economy to engage in a policy of "autarchy" and its relationship to conventional economic thing during this period and its lesson for allied economies.

FRI1F Session: "Biology"

Marius Kuster, University of Lausanne - Centre Walras-Pareto (CWP)
"Struggle for Existence" Between Wild Speculation and Masses of Unemployed: Albert Schäffle and the Social Consequences of Metaphors

This paper explores the reliance of the Austrian-German economist Albert Schäffle (1831-1903) on organic metaphors he borrowed from recent developments in (social) biology to understand capitalism. Schäffle advocated state intervention in the existing economy and had considerable influence on social reforms in the German Empire. Consequently, he was characterized as a "New Dealer" by Schumpeter. Close to socialist thought, Schäffle accentuated the weaknesses of capitalism, but accepted them as belonging to unavoidable features of the economic system. "Wild speculation" and "masses of unemployed" were inherent to its functioning. To close in on these "economic diseases", Schäffle concentrated on how to alleviate the sufferings of the weak who could not keep up with the strongest. I argue that organic metaphors to understand the economic system – the social body (Sozialkörper) and the struggle for existence (Existenzkampf) – shaped Schäffle's persuasion that only the "symptoms" of crises and capitalism could be treated. By recognizing that the social organism could not be understood, but only described, Schäffle put aside attempts to change capitalism in its fundamentals, but concentrated on holding it together by curing its worst symptoms instead.

Jennifer Jhun, Lake Forest College
Economic Mechanism and Bodily Metaphor

The body as a metaphor for the economy appears throughout the history of economic thought, but its methodological relevance is not especially clear. Invocations seem to run from passing remarks intended to be evocative, to more substantial comparisons. This paper re-examines the metaphor. This paper reinterprets Alfred Marshall's prescient remarks that the future of economic science is in biology rather than physics not as proposing an alternative to the Newtonian metaphor, but a continuation of it. Then, I offer an alternative way we read use of the biological metaphor in institutional contexts by identifying it not as primarily a way in which economists can fit economic science into an evolutionary framework, but alternatively as a way of identifying mechanism, and consider its decreasing influence in the U.S. in the mid-20 th century.

Pierrick Dechaux, University Paris 1
Behavioral Economists as Marketers

> *"Over the years there has been a gradual change in our thinking about the consumer. We no longer see him as a dismal economic man, counting his pennies and calculating the marginal utility of a fifth orange as over against a first mango [...]. Nor do we any longer see him as one of a captive audience of docile birds charmed and terrified by serpentine advertisers. A third view [...] has also been found wanting. Here the consumer is seen as a kind of 'preference machine.' [...] The desires that move him are not questioned. [...] The 'preference machine' approach may tell us what the consumer buys, it does not tell us why he buys or what his satisfactions and dissatisfactions are". (Clark, 1954, p.vii, je souligne)*

These words could easily be attributed to authors within the new behavioral economics movement. However, they have been written in 1954 by a researcher in marketing, to introduce the research program of the *Committee for Research on Consumer Attitudes and Behavior* (CRCAB). Why would such a committee emerge? Who was involved and what kind of works did it promote? What remains from this group nowadays?

The article explores the interactions between marketing and economics after World War 2. Hardly discussed in the history of economic thought, marketing was yet an important scene from where critics of traditional economics would emerge. In the end, it is possible to say that marketing was a crucial meeting ground between psychology and economics, one comparable to modern behavioral economics.

This articles is divided into three sections. The first section summarizes the emergence of modern marketing in the 1940s, and its critical stand against the rational framework of microeconomics. The second section studies the CRCAB, a committee that brings together prominent economists, psychologists, sociologists, and marketers. This group is an important place for methodological debates, questioning the relations between psychology and economics and the possibility of using standard consumer theory for practical applications. The third section explains how this group will take its distance from economics in order to survive. It will eventually become a sub-discipline of marketing. This episode may be called the “marketing switch”. It explains why this group is still an unknown episode for historians of economic thought, while it is an important episode for the history of marketing research. The following paragraphs detail each of the sections before enhancing the principal results.

The emergence of our modern consumer society in the interwar period gives rise to unprecedented issues. The consuming behavior of the uprising middle class follows new patterns. Various actors are thus interested in studying them. This is the case, most obviously, of manufacturers for who predicting and boosting the sales is necessary. Governments also need to predict economic fluctuations, and eventually isolate structural patterns to control the economy. In this context, marketing research enters a turmoil. Young researchers feel that marketing should be the core discipline to study all those new phenomena, as well as selecting some concrete means of actions for the institutions interested. To achieve this goal, they want to give marketing a scientific basis, one which would transcend the shortcomings of traditional economic theory by unifying it with psychology and other social sciences. This new framework would rely on new empirical tools like surveys and experiments. Of course, this ambition finds some opposition from other marketers and economists, giving birth to a controversy.
As an illustration, I study the exchange between Bartels and Hutchison in 1951.

This context allows the emergence of a research group, the CRCAB. This committee will gather modern thinkers from many disciplines in order to rebuild consumer theory. The quote at the beginning of this abstract is the introduction to the first conference proceedings which takes place in 1952. The attendants of the first two conferences are Arthur F. Burns, Angus Campbell, F. Stuart Chapin, H. S. Houthakker, George Katona, Rensis Likert, James N. Morgan, James Tobin, Clyde Coombs, Robert Ferber, Lawrence Klein, Theodore Newcomb and Andreas J. Papandreou. This wild array of disciplines and object of study is impressive. We find theoretical microeconomists and psychologists, as well as macroeconomists, business cycle researchers, sociologists, and social psychologists. Those researchers directly confront to businessmen and marketers, always questioning the pro and cons in terms of practical applications. As a consequence, the methodological discussions are very rich. The second section is devoted to the analysis of these debates. I show that the initial ambition to rebuild the theory of the consumer, which was shared by all those researchers, quickly leads to a dead end. Indeed, they do not manage to overcome the important differences between their objectives and methodological framework.

The group splits up in 1962. Every participant eventually goes back to his/her own discipline, except for the core group of the CRCAB. In fact, this core group lead by Rober Ferbert – an economist from the Cowles known for his econometrical work on the consumption function –

builds a new sub-discipline in the 1960s. Called Consumer Research, this intellectual tradition develops as a sub-discipline of marketing. This "marketing switch" of the CRCAB interdisciplinary project is studied in the third section.

By bringing together original sources – articles in the history of marketing thought, archival materials from the University of Michigan and conference proceedings of the CRCAB - this article points to various dynamics and events not yet discussed in the history of economic thought. Firstly, it reveals an episode of the interaction between economics and psychology completely overlooked in the history of behavioral economics. Yet it is important to understand the influence of "old behavioral economics", notably its applied aspects contrary to the more theoretical aspect of "new behavioral economics" (Sent, 2004). Secondly, the article points out some links between the history of marketing and economics. Finally, it questions the reaction of various economist to applications, and shows how the applications can have an influence upon the theoretical frameworks chosen.

FRI2A Session: "Smith and his Contemporary Issues"

Organized by the International Adam Smith Society (IASS)

Rebeca Gomez Betancourt, University of Lyon 2, and John Berdell, DePaul University
The Present and Past Relevance of Hume, Steuart and Smith's Economics

We examine the past and present relevance of Hume, Steuart and Smith's contending analyses of how external economic interactions affect the economic growth. Hume's emphasis upon the diffusion of better legal and political institutions through trade is shown to be alive and well within recent cross-country empirical studies of the inter-relationships between economic political and legal variables. His price-specie-flow mechanism was a critical contribution to the rich country-poor country debate of his day, but we argue that he ultimately defended openness based on the diffusion of ideas and institutions. Smith adopted, adapted, and popularized, Hume's historical understanding of the growth of trust, law and liberty. We show that Smith's distinctive network approach to trade has much in common with recent work on vertical specialization and the disintegration of production. Sir James Steuart's 'principle of effective demand' set the tone for those of Malthus and Keynes in that income distribution affects spending and growth. Steuart rejected quantity theory thinking and supported very low interest rates and active trade policies. His work is easily appropriated by those who would seek to insulate small developing economies from the vicissitudes and exploitation of richer countries, but we reflect in conclusion on the fact that Hume and Smith's economics were constructed around vehemently anti-colonial political positions.

Mauricio C. Coutinho, State University of Campinas
Smith on Money

The Wealth of Nations represents a disruption in the tradition of English eighteenth century economic literature, in the sense of abandoning the dominant monetary bias of great part of that literature. Whereas most of the economic debates of the 1700s resounds monetary issues, Smith's approaches to money and credit are localized, well spread throughout WN's text, and mixed with other (and more resounding) theoretical questions.

The proposed paper is the first installment of an ampler project on 'Smith on money', that will try to relate Smith's approaches to money and credit to those of his predecessors, and, given the impact of The Wealth of Nations, to speculate on the consequences of Smith's turnaround upon the subsequent political economy.

This paper will be quite descriptive: its purpose is to identify and to classify the precise contexts of Smith's passages on money and credit all along The Wealth of Nations, envisaging two results. First, to associate these passages with the specific contents of the distinct Books and chapters where they are located, on the grounds that a mere classification may contribute to avoid the (frequent) misusage of isolated passages on money as sources of authority, on Smith as well as on money and credit. Second, to connect Smith's assertions on money and credit to forerunners. Hume is the most obvious forerunner, but many of Smith's approaches to the matter are indebted to a varied previous literature that, given Smith's paucity of acknowledgements, it is not always easy to identify.

Maria Pia Paganelli, Trinity University and Reinhard Schumacher, Universität Potsdam
Do Not Take Peace for Granted: Adam Smith's Warning on the Relation between Commerce and War

Is trade a promoter of peace? Adam Smith, one of the earliest defenders of trade, worries that commerce may instigate some perverse incentives, encouraging wars. The wealth that commerce generates decreases the relative cost of wars; it increases the ability to finance wars through debts, which decreases their perceived cost; and it increases the willingness of commercial interests to use wars to extend their markets, increasing the number and prolonging the length of wars. Smith therefore cannot assume that trade would yield a peaceful world. While defending and promoting trade, Smith warns us not to take peace for granted.

FRI2B Session: "Archival Round Table"

CHAIR: David Mitch, University of Maryland, Baltimore County

Roundtable Participants:

Bruce Caldwell, Duke University
Douglas Irwin, Dartmouth College
Sara Seten Berghausen, Duke University Library
Stephen Stigler, University of Chicago

FRI2C Session: "French Economics in the Long 19th Century"

Javier San Julián Arrupe, University of Barcelona

A Foreign Perspective on National Public Finance: Leroy Beaulieu on the Spanish Debt Troubles of the End of 19th Century

All along the second half of the 19th century, successive Spanish governments had attempted to rein in the problems of the public deficit and debt and to stabilize the currency. Not surprisingly, at the end of the century, even if some successful episodes had occurred, the circumstances of public finance seemed to get worse due to the agrarian crisis and the political and colonial crisis. The French public followed this events with interest and kept informed thanks to the reports of some economists. This paper focuses on the contributions of Paul Leroy Beaulieu on the Spanish public finance crisis of the end of the century. Leroy Beaulieu wrote a handful of contributions on L'Economiste français in 1898, in which he dealt with the debt of the government and its maneuvers to stabilize the currency, and the role of the Bank of Spain in this regard. Leroy accused the Bank of Spain of having turned into a mere lender to the Spanish government, leading to a depreciation of the currency and not to observe a desirable orthodox budget policy. This opinion was not without controversy: Théry, after his mission to Spain in 1899, made a very indulgent analysis saluting the Spanish particular way of dealing with the debt and monetary issues. These chronicles show the interest of French economists and the opinion for the ins and outs of the economic evolution of their not so developed neighboring country, in which they had so many economic interests (mines, railways, and –important– public bonds). Hence stabilization seemed to be of primary concern to them.

Guy Numa, University of Massachusetts Boston

Money as a Store of Value: J.-B. Say on Hoarding and Idle Balances

The common narrative about Say's treatment of money holdings is that he denied the possibility of hoarding. I show that this interpretation of Say's thinking is erroneous. Drawing upon the various editions of Traité and Cours and other lesser-known texts, I provide substantial evidence to refute the widespread but erroneous view that, for Say, money was only a medium of exchange. In reality, not only did Say analyze long-term and short-term hoarding, but more generally, Say did envision that money could serve as a store of value. In particular, two motives can lead individuals to keep idle balances: a precautionary motive, and the expectation of a higher profitability of future investments in times of uncertainty. For Say, hoarding was not a cause but a symptom of political and economic crises.

Simon Hupfel, Université de Haute-Alsace, Mulhouse, France

The Economists and the Combination Laws: A Rejoinder

The repeal of the combination laws, that prohibited workers and employers from organizing to fix wages, has become a classical theme of British social history. Passed in 1824, it has generally

been presented as a triumph of classical political economy. One of the few articles written on this topic by a historian of the economic thought was published by William Grampp in 1979. Paradoxically, Grampp found that the economists did not write much on this issue, in which they simply, and surprisingly, did not seem very interested. Associating classical political economy to the repeal of the combination laws is also surprising because one could reasonably suspect the measure would reduce competition in labour markets. Basing on the study of the literature in the field of social history, as well as the parliamentary debates and inquiries from the end of the 18th century to the 1830s, the aim of this article will be to provide some material to understand those paradoxes. It will be argued that, given the terms of the parliamentary debates on the connected issues of combinations and wage fixing, on which the influence of the economists was much clearer, it appeared self-evident that they would favour the repeal of the combination laws, even though they did not intervene directly to support it. On a methodological ground, this article is also an attempt to reassess the history of policy perspective that Grampp tried to develop in the 1970s and 1980s.

FRI2D Session: "Methodology"

John Davis, Marquette University and University of Amsterdam
Specialization, Fragmentation, and Pluralism in Economics

This paper investigates whether specialization in research is causing economics to become an increasingly fragmented and diverse discipline with a continually rising number of niche-based research programs and a declining role for dominant cross-science research programs. It opens by framing the issue in terms of centrifugal and centripetal forces operating on research in economics, and then distinguishes descriptive from normative pluralism. It reviews recent research regarding the JEL code and the economics' J. B. Clark Award that points towards rising specialization and fragmentation of research in economics. It then reviews five related arguments that might explain increasing specialization and fragmentation in economics: (i) Smith's early division of labor view, (ii) Kuhn's later thinking about the importance of specialization, (iii) Heiner's behavioral burden of knowledge argument, (iv) Ross innovation-diffusion analysis and Arthur's theory of technological change as determinants of specialization in science, and (v) the effects of space and culture or internationalization on innovation appropriation. The paper then discusses what descriptive pluralism implies about normative pluralism, and makes a case for multidisciplinarity over interdisciplinarity as a basis for arguments promoting pluralism. The paper closes with brief comments on the issue of specialization and pluralism in the wider world outside economics and science.

Erwin Dekker, Erasmus School of Economics, and Pavel Kuchar, UNAM
Lachmann and Shackle: On the Joint Production of Interpretation Instruments

In this paper we present fragments of previously unpublished correspondence between Ludwig Lachmann and GLS Shackle on the nature of institutions. Shackle suggested to Lachmann that institutions might be inputs into economic activities and that they themselves may be reproduced and transformed by these activities. Our goal in this paper is to develop these idea by explicitly connecting two different but essential themes in Lachmann's work—capital and institutions—to better understand the role of institutions as suggested by Shackle. By combining these two strands of his work, we are able to demonstrate that there is an interdependence—or cross-complementarity—between institutional orders and capital structures, that is, we can arrive at a thicker understanding of the workings of markets. We suggest, following Shackle and Lachmann, that the institutional structure, like the structure of capital goods in the economy, is an emergent property of the system which structures interactions in markets. This institutional structure forms a kind of shared framework which enables economic agents to interact within uncertain environments. We show that while this shared framework is a key complement of physical and human forms of capital, unlike them, this framework is a shared good. Because its use is often non-exclusive and non-substractible, the framework is being produced and reproduced by sharing and contributions through a process of joint production. We believe that analyzing cross-complementarities between shared and private capital structures may open up a new chapter of institutionalism in economics and sociology.

FRI2E Session: "Influences in Communist Economics"

Ivan Boldyrev, Radboud University Nijmegen
Slits in the Wall: Soviet Mathematical Economics Going International

Anna Klimina, University of Saskatchewan
Role of Women-economists in Shaping Soviet Economic Discourse on Capitalism and its "Bourgeois Economics": 1920s - early 1960s

Paper discusses the analysis of modern capitalism in Soviet academic economics from 1920s to the early 1960s, crucial decades during which foundational ideas were developed that not only continued to dominate Soviet economic discourse until the 1991collapse of the Soviet Union but also actively blocked reforms and necessary new ideas that could have prevented that collapse. During this time the New Economic Policy (NEP) experiment was replaced with a command economy, and the Soviet Political Economy, its apologetic, was constructed and reached its zenith, a work in which women, along with men, had a long-lasting impact. This paper demonstrates that from the early days of the establishment of a dictatorial Bolshevik rule, those educated women-economists who accepted, as their own, the official Party line and its dogmatic teaching, were quite influential in shaping Soviet Marxist-Leninist orthodoxy, within which the analysis of Western economic thought and assessment of modern capitalism were conducted. This study presents the views of Sofia Shachnovskaya (1898-196?), who pioneered the pugnacious propagandist framework, within which the Soviet analysis of Western economic thought was subsequently carried on, and examines the role of two other trusted Party loyalists, Maria Smith-Falkner (1878-1968), and Elizaveta Khmelnitskaya (1902-1969), in shaping Soviet debates concerning the role of the state in advanced capitalist societies, and in refining the theory of state monopoly capitalism and global capitalism (imperialism) as taught in Soviet political economy.

Till Düppe, Université du Québec à Montréal
"Economic laws are there to be used, not to be ignored": The Stasi and GDR Revisionism

In the first years of the socialist experiment in Eastern Germany, during the early 1950s, and in particular after Khrushchev's speech breaking with Stalinism, there was the hope among leading economists that new reforms will build up a truly democratic socialist economy. Specifically in the newly founded institute for economics at the Academy of Science of the GDR, under the lead of Friedrich Behrens, ideas that the party system soon labelled "Revisionist" were put forward. This essay reconstructs in detail the forced break down of this group of reformist economists using the detailed documents of the secret service, the Stasi, which controlled these economists in every spoken and written word as well as in their private life.

FRI2F Session: "Hayek, Insitutions and Knowledge"

Emily Skarbek, Brown University, and Peter J. Boettke, George Mason University
The Nature and Significance of a Priori Knowledge

Lionel Robbins's *Essay on the Nature and Significance of Economic Science* is widely considered one of the most influential pieces in defining the scope of modern economics. This paper discusses the influence of Ludwig von Mises on Robbins's early views on the importance of the positive – normative distinction and the place of economic laws in economic science. Specifically, we examine archival documents and an unpublished appendix Robbins wrote to the article in 1929 that addresses these issues. Drawing on Mises's work, the appendix establishes Robbins's understanding of the problem of subjective valuation and clarifies Robbins understanding of the status of a priori reasoning in economic theory and analysis. We consider the importance of the argument for Robbins's methodological contributions and address the implications for maintaining this distinction in economic analysis.

Don Mathews, College of Coastal Georgia
When the World is Falling to Pieces: Observations on the Political Economy of the 1930s and 1940s

The 1930s and 1940s was a time of calamity. It was also a time during which some remarkable political economy was written – by economists such as Knight, Schumpeter, Simons and Hayek, and popular writers such as Lippmann, Orwell, Burnham and Drucker. This essay offers an overview of the political economy of the 1930s and 1940s and explores its most pronounced theme: the weaknesses of a liberal market order.

Scott Scheall, Arizona State University
Contextualizing Hayek as Theoretical Psychologist and Naturalistic Epistemologist

In 1952, F.A. Hayek published The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology (hereafter TSO), an elaboration of an essay originally written in 1920 when Hayek was still a student at the University of Vienna. The significance of TSO, and its relation to the rest of his work, have in recent decades become prominent themes in the secondary literatures on Hayek and Austrian economics. Given how much ink has been spilled on the book, it is surprising how little work has been done to place Hayek's theoretical psychology in its proper historical and geographical contexts. What work has been done in this regard rarely goes beyond pointing out the influence of Ernst Mach, erstwhile Viennese physicist and sensory psychologist, on Hayek's theoretical psychology. Little effort has been made to place either Hayek 1920 or TSO within the contexts of late-19th- / early-20th-century German-language science and philosophy. The present paper fills this lacuna by drawing the lines of intellectual development in epistemology, physics, physiology, biology, and psychology that lead to TSO. The result is a far richer conception than we have possessed heretofore of the scientific and philosophical significance of Hayek's theoretical psychology, and a stronger foundation for understanding the significance of TSO for Hayek's methodology and social science.

FRI3A Session: "Eighteenth-Century French Political Economy"

Organized by the International Adam Smith Society (IASS)

Oliver Cussen, University of Chicago
Vincent de Gournay: Organic Intellectual of Cadiz

Loïc Charles and Christine Théré, l'Université de Paris 8
The Empirical Economics of Physiocracy

Alexandra Hyard and Thierry Demals, Université de Lille
Dugald Stewart, James Mill and the Evidence of Legal Despotism

The three papers in this session will discuss different aspects of eighteenth-century political economy.

The first paper will trace the influence of Vincent de Gournay's fifteen-year experience as a merchant in Cadiz on the ideas and policies he went on to promote as intendant du commerce in the 1750s. In Cadiz Gournay gained experience of, as Turgot later put it, le plus grand commerce de l'univers, and through his involvement in the cochineal trade in particular Gournay learned about the relationship between overseas trade and France's emergent manufacturing sector—knowledge he put to use when he became intendant.

The paper will make three broad claims. Firstly, that the commodity chain maps fairly accurately onto some of the principal areas of concern in Gournay's political economy: Spanish America, the Iberian Peninsula, the Languedoc and the Levant. Secondly, that the trades orchestrated by Gournay during the War of Austrian Succession marked a significant moment of collusion between the French state and the interests of its mercantile society. And thirdly, that in the correspondence and activities of Gournay's merchant house in Cadiz surrounding the cochineal trade we can trace the origins of the new discourse of the « entrepreneur » that would become increasingly prevalent in France during the reformist decades of the 1750s.

The second paper will present the empirical aspect of physiocracy. While the physiocrats have been often criticized for being too abstract in their political economy, the authors argue that the physiocratic writings contain a strong empirical dimension. The paper will present their empirical methods, like their reliance of economic surveys and how they combine in their writings theory and fact-gathering on an equal footing.

The third paper will examine the reading of the physiocratic theory of legal despotism made by Dugald Stewart (1753-1828). Stewart saw legal despotism as a political doctrine in line with the Scottish philosophy of common sense. However, this interpretation did not imprint on Stewart's main pupil, the political economist James Mill (1773-1836). This does not mean that Mill was uninterested by the doctrine of legal despotism, but he was critical of the philosophy of common sense.

FRI3B Session: "The Natural Rate at 50"

Mauro Boianovsky, Universidade de Brasilia
Cambridge Anticipations of the Natural Rate Hypothesis? Robertson and Champernowne Revisited.

The "natural rate hypothesis" (NRH), based on the notion that agents' decisions depend only on relative prices, is usually ascribed to ideas put forward by M. Friedman and E. Phelps between 1966 and 1969, further elaborated by R. Lucas in the early 1970s. NRH postulates that changes in nominal aggregate demand affect aggregate output because agents cannot distinguish relative from general price movements when they face imperfect information. This paper shows how some key conceptions of the NRH may be found in contributions by Cambridge economists D.H. Robertson and D.G. Champernowne advanced in the 1930s as critical responses to J.M. Keynes's General Theory. Robertson and Champernowne devised the concepts of "normal" and "basic" unemployment rates respectively, expressed as equilibrium positions when workers' real wage expectations are confirmed. Robertson combined that with his previous (1915) discussion of monetary misperceptions, whereas Champernowne argued how equilibrium may be achieved through inflation/deflation acceleration. Unemployment homes in on its "natural" equilibrium level only if the market rate of interest converges to the (Wicksellian) natural rate, as Robertson stressed. The paper also deals with their mainly positive reactions to the money-wage econometrics performed by A.W. Phillips and others in the 1950s. Finally, comparisons are drawn between Cambridge and Friedman-Phelps formulations of the natural rate of unemployment idea.

James Forder and Kardin Sømme, Balliol College, Oxford

How did Friedman's Presidential Address Come to be Seen as Being About the Phillips curve?

Friedman's (1968) Presidential Address to the American Economic Association is widely held to have presented arguments which proved crucial in the development of macroeconomics. Supposedly, in a brilliant and innovative discussion, Friedman undermined the prevailing view that there was a 'menu of choice' on the inflation-unemployment tradeoff, thereby heralding the end of the Keynesian consensus and the acceptance of the idea of money neutrality. This view is incorrect because, first, as argued in Forder (2014) and Beggs (2015) no such consensus on the Phillips curve ever existed. Secondly, as described in Forder (2018a) and Forder (2018b), Friedman's lecture had none of the characteristics that would be expected. It is neither well constructed, nor carefully written, its discussion of the Phillips curve is very brief, and neither that part of the lecture nor any other conveys any impression of Friedman feeling he was making strikingly new claims.

The question therefore arises as to when and how Friedman's lecture came to be seen as all important. We begin by showing that the earliest responses to it showed little or no sign of their authors feeling the paper important, and less of them seeing it as being principally about the Phillips curve and that a change in understanding of it appears fairly suddenly around 1972. It is then argued that although some conjecture is involved, the factors explaining this transformation can be identified.

In that year Tobin (1972) sought to defend the idea of an exploitable Phillips curve and strongly suggested the importance of Friedman in criticising that view. As inflation rose, his defence came to be disregarded, but the implication that Friedman had been attacking the story was strengthened. Lucas (1972) also put the Phillips curve at the centre of policy discussion, presenting a view of it which was said to resemble that of Friedman, and in other works, Lucas emphasized the degree to which he was thinking along the same lines as Friedman. In particular, although the idea of inflation affecting wage bargaining was commonplace, Friedman (1968) had placed some emphasis on the idea that the important result would be that monetary policy would have strictly no effect on employment. That point was also very much a theme in Lucas.

In the following years, a number of economists declared the 'death' of the Phillips curve. In fact, econometric work on it continued and it quickly became apparent that various treatments of inflation expectations quite readily allowed the preservation of an underlying Phillips curve. In that way, the explicit econometric introduction of expectations had the effect of rescuing rather than condemning the Phillips curve as an analytical device. Nevertheless, the fact that it was Friedman who had first put emphasis on the distinction between 'short run' and 'long run' Phillips curve, in that vocabulary gave strength to the impression that he was the originator of the criticism of the 'short run' curve as guide to policy.

Finally, in responses to Friedman, his opponents very largely failed to draw attention to the point that he had presented the 'natural rate of unemployment', not just as an equilibrium, but as a unique equilibrium level. On the basis of ordinary Keynesian theory, that point should have been challenged. But when it was not, the impression was created that unemployment could deviate from the natural rate only in conditions of disequilibrium. In that context, it became harder to appreciate that there might be any basis on which to deny the impotence of monetary policy other than an avowal of an exploitable Phillips curve. The fact that it had been Friedman who emphasized the former then lent strength to the view that he had been attacking the latter.

Thereafter, as the Phillips curve myth solidified in the way described in Forder (2014), Friedman's supposedly pivotal role in the story started to go without question.

Kevin Hoover, Duke University
Phelps and the Phillips Curve

Macroeconomists nearly always attribute the expectations-augmented Phillips curve and the natural rate hypothesis to both Milton Friedman and Edmund Phelps. In practice, however, Friedman stands in the limelight and Phelps is treated as the understudy. Whereas Friedman's treatment of these topics appeared in an accessible presidential address to the American Economic Association, Phelps's treatment was less accessible and less rhetorically successful, having been presented as a formal model in a lesser journal. I reconstruct and contextualize Phelps's treatment of the Phillips curve and the natural rate hypothesis, which differs in important respects from Friedman's treatment.

Sylvie Rivot, University of Mulhouse
Moving Around the Natural Rate of Unemployment: Information and Expectations in Friedman's Disequilibrium Economics

To a certain extent, all of Friedman's efforts at the analytical level can be viewed as an endeavour to provide theoretical underpinnings to his account for macroeconomic disequilibria. As is well known, one of the major criticisms addressed to Friedman and Schwartz's Monetary History of the United States 1867-1960 (1963) was the lack of theoretical explanation for the transmission mechanism of changes in money supply to output, prices and employment. Yet, as acknowledged by Friedman, the theoretical framework of this book is the quantity theory of money as stated in Friedman (1956) and developed in Friedman (1958, 1959), which explains the non-neutrality of money in the short run mainly by nominal rigidities but also by inelasticities in price expectations. Besides, it is noticeable that expectations and uncertainty are very rarely referred to in Friedman and Schwartz's narrative of the Great Depression. Accordingly, until the late 60s, the non-neutrality of monetary policy is mainly (but also

implicitly) explained in Friedman by long-term contracts, lags in adjustment between desired and current money holdings, which are in turn explained by delays in price perceptions.
When Friedman comes to address more explicitly the issue of the transmission mechanism with his restatement of the Phillips curve (Friedman's 1968), there are unfortunately in his dynamic analysis two distinct and incompatible arguments aiming at rationalising the non-neutrality of monetary policy in the short run: the first one relies on nominal rigidities because of market imperfections within a disequilibrium framework; the second one relies on perfect competition and inelasticities in price perceptions within an equilibrium framework. At that time, Friedman accounts for lags in private expectations to explain macroeconomic disequilibria but individuals are viewed as developing backward looking and myopic expectations.

Friedman's matters of concern shit towards information and forward looking behaviour in the early 70s, undoubtedly under the influence of the rational expectations revolution launched by Lucas and others. Noticeably, Friedman's (1972) restatement of the Phillips curve still makes use of the adaptive expectations hypothesis but the stress is now led on the crucial difference between anticipated and non-anticipated changes in the rate of inflation while abandoning the nominal rigidities perspective. He also discusses the role played by inflationary expectations regime on the volatility of the Phillips curve in the short run. Friedman (1975) goes a step towards the analysis of forward-looking behaviour. He even acknowledges positively the rational expectations approach to the Phillips curve and endorses Lucas' claim that, regarding the non-neutrality of money, only 'surprises' matter. Yet, a full adherence to the rational expectations approach would severely undermine Friedman's call for monetary policy rules in terms of a constant rate of growth in money supply: otherwise, any rule announced in advance would in principle do the job. This probably explains why Friedman changes his mind and appears not so enthusiastic with the rational expectations approach in his Nobel lecture (Friedman 1977). And this also probably explains why later on he becomes much more critical to this methodology (Friedman and Schwartz 1982) while sticking explicitly to Keynes', Knight's and Savage's approach to uncertainty.

The paper proceeds in chronological order. The first part covers the 1956-1970 period and shows that Friedman's disequilibrium economics then relies on nominal rigidities and inelasticities in backward-looking price expectations. The second period investigated goes from 1972 to 1977 and brings into light Friedman's shift towards dynamics and forward looking behaviour fostered by the rational expectations approach to macroeconomics: Friedman then considers forward-looking behaviour within imperfect information. The paper closes with Friedman's way of addressing the expectations and disequilibrium issue during the 80s, when he has clearly moved away from the rational expectations approach to macroeconomic disequilibria while not going back to a mechanistic approach of backward looking behaviour as encapsulated in the caricatured and simplistic version of adaptive expectations. For each of these three periods, we will use the economic policy advocated by Friedman as a guideline for understanding his shifts in methodology.

FRI3C Session: “German-American Interactions”

Guillaume Vallet, Université Grenoble Alpes

A Noble (But Failed) Attempt: Explaining the Weak Influence of the German Historical School in Early 20th Century American Economic Ideas. A Focus on R.T. Ely and A.W. Small

Although North-American scholars are dominant in economic thought today, it was not so clear a century ago. Ideas of eminent European scholars mattered in economics and political economy, especially those coming from social scientists belonging to the so-called German Historical School such as K. Knies, G. von Schmoller or A. Wagner. Indeed, through their courses, German scholars educated several distinguished American scholars before they returned to the USA.

Therefore, there was a room to firmly anchor the German influence in the American economic thought. Great thinkers such as R.T Ely or A.W. Small, on whom we focus, tried to do so, especially through the founding of American Economic Association. Borrowing from their German mentors, they launched the AEA to define a new kind of political economy resting on ethics, pluralistic approaches, and new roles for the State both in the economic and the social spheres. Indeed, time was ripe in the USA to implement a new type of economic and social policies without condemning the fate of capitalism: even though these authors were progressive, they rejected Marxism. On the whole, they brought significant contributions to the economic thought, especially with respect to labor and property issues.
However, the paper argues their “noble attempt” to anchor and develop this approach ultimately failed, in particular starting from the 1920s. We pose in this paper several hypotheses explaining the reasons of this failure:

- The growing rise of quantitative methods: many researchers (I. Fisher, J.B. Clark, W. Ogburn, etc.) identified a lack of quantitative demonstrations in the work of Ely and Small;
- The absence of a legacy: neither Ely nor Small succeeded in transmitting a clear legacy to their followers, especially their PhD Student (Thomas, Veblen,…). Moreover, within the history of the social science, scholars generally consider more relevant the thoughts of the latter than those of the former;
- Their large belief in moral, and more specifically in Christian morality, had some shortcomings;
- They were not sufficiently influent in political debates: even though Small was close to Woodrow Wilson and Ely played indirectly a great role in the implementation of new economic policies through the New Deal, they did not succeed in spreading their ideas on a large scale in political debates;
- The “Schumpeter puzzle”: Small and Ely could have benefited from the involvement of Schumpeter, who was also close to the German Historical School. Unfortunately,

Schumpeter arrived certainly “too late” in the USA, believed in the importance of quantitative methods.

- The “New School puzzle”: What did this institution bring to progressive ideas? Did its representatives (in particular Alvin Johnson) make connections with German economic ideas? Did they know Ely and Small?

For these reasons, Ely and Small’s attempt was noble, but failed. However, their approach was very original and rings still relevant today.

Charles Rose, King’s College London
American Origins of Ordoliberalism.

The paper considers the central role of General Lucius Clay, in establishing a market economy in West Germany immediately after the Second World War. He was the commander of the American zone. The reforms he introduced, and those that he allowed Erhard, the economics minister, crystallised Ordoliberalism in practice, shaped the market economy and ushered in the high growth “Wonder Economy” of the 1950s and 60s.

From the 16th Century, the survival of the strong state, was a primary economic goal. Industrial structure promoted cartels and guilds, which contributed to the state financially, not efficient markets. After unification in 1871, economics was dominated by Schmoller’s Historical School until the Methodeinstreit brought Austrian economics, as represented by Menger and, the future Ordoliberal, Eucken, into the debate. Economic ideas remained contested during the Weimar Republic until rejected by the Nazis, after 1933. Ordoliberal ideas formally emerged in Freiberg in the 1936 Ordo Manifesto, as one of a set of competing schools of economic thought.

Erhard knew the Ordoliberals and as an anti-Nazi market economist, acceptable to the Allies, which allowed his meteoric rise to economics minister in 1948.

Clay controlled the state, upon which Erhard’s economic successes depended. Evidence includes the 1948 currency reforms, for which Erhard falsely claimed authorship, the 1948 market reforms, which escaped the Clay veto, and difficulties encountered after Clay’s 1949 retirement. The symbiosis is apparent, but the paper argues that Clay’s objectives and methods were necessary for the Ordoliberal economy.

Matthias Störring and Nils Goldschmidt, Universität Siegen
More than the Accumulation of Capital? An Analysis of the Genuine Nature of Entrepreneurs

The entrepreneur as an individual and his importance for the economic process has been underemphasized in economic research. True, there were some early efforts but they were mostly driven by the attempt to define the entrepreneur in context of capital accumulation. The works of Schumpeter, who focused quite more on the economic functions of entrepreneurship, formed the peak but also the temporary end of that analysis. Especially in the predominant theory of neoclassical economics with its assumptions of perfect competition, the entrepreneur came to be a static and rational economic agent. In this abstract definition, the entrepreneur disappears behind his capital or at best behind a rough sector of "firms". In the current rise of behavioral economics and the more realistic view on economic agents and their interactions, this is no longer a satisfactory approach. A more realistic analysis of entrepreneurs, of their psychological and ethical nature, and their formal and informal responsibility for the economy is necessary. One approach to this effort is to look at economists' works of the 19th century. Gustav Schmoller the leader of the Younger German Historical School of Economics described entrepreneurship from its very beginning and collected data on institutional change arising during the industrial revolution. Basing on his preliminary work, this paper draws on an initial definition of entrepreneurship, with special interest on the entrepreneur as a psychological and ethical human being. Schmoller's historical and inductive method of analysing the economy without an abstraction of real world phenomena can significantly improve the understanding of entrepreneurs' motives, even in terms of contemporary behavioral economics. This is important not only for the analysis of economic processes but also for neighboring fields, such as institutional economics or industrial relations.

FRI3D Session: "Public Finance"

Alain Marciano, Université de Montpellier
Drowned by Numbers: How Buchanan Came to His Views on Clubs

One of the most famous papers that James Buchanan, the 1986 Nobel Laureate in economics, published is "An Economic Theory of Clubs" (1965). This article indeed received a huge attention, especially after the "evaluative survey" written by Todd Sandler and John Tschirhart for the Journal of Economic Literature (1980). "Clubs" were now an object of study in economics and Buchanan the economist who had discovered them. Then the literature on clubs became abundant and Buchanan's paper was repeatedly cited. In particular, what has usually been noted is the closeness with Charles Tiebout's 1956 "A Pure Theory of Local Public Expenditures". Yet, very little is known about Buchanan's article itself and what he meant for Buchanan. Our purpose, in this article, is precisely to show how the paper fits into Buchanan's intellectual trajectory. We try to explain its origins, or roots, and understand why Buchanan wrote it at this very moment.

The starting point of our analysis is, as put forward in a previous article (Boettke and Marciano, 2016), Buchanan did not write his article having Tiebout in mind. He disagreed with what Tiebout had written in 1956 and had set the matter in a note (unpublished) written in 1957. We claim that three crucial elements triggered Buchanan's interest in groups and led him to write about clubs. Our paper is built on an analysis of these three elements.

First, his interest in roads. Transport has always been an important issue for Buchanan. It had been one of the first subject of "applied" economics he had dealt with (1949). In other words, our claim is that the background of Buchanan's theory of clubs is the question of the financing of roads. Then, as a second crucial point, Buchanan started to pay attention to the idea that a limited number of individuals could finance a public good – actually roads – at the end of the 1950s, when he started to work with Gordon Tullock. One of the most important point that Buchanan had then in mind was that cooperation in the provision of a public good was linked to the number of individuals. He then noted, for the first time in 1961, that individuals were likely to adopt a cooperative – he even wrote "ethical" – behavior in a small number environment. When the number of individuals increase, the probability of adopting non cooperative behavior increase too. Buchanan did call that "free riding" yet. It is only when free riding behavior started to play an important role in economics and in public finance that Buchanan did write his article on clubs. This is the third element that we present in our history.

Marianne Johnson, University of Wisconsin Oshkosh
Rules Versus Authorities: Buchanan and Simons and Fiscal Policy

This chapter examines the origins of James M. Buchanan's critique of Keynesian fiscal policy. Considered are Buchanan's graduate training in public finance and fiscal policy and his early work in fiscal federalism. Two important themes emerge. The first is the influence of Henry C. Simons. The second relates to the necessity of choice between "rules versus authorities" or democratic process versus authoritarianism in policy making. Beginning with his 1948 dissertation, Buchanan consistently emphasized the importance of incorporating democratic processes directly into economic models rather than relying on omniscient and benevolent social planners or other authorities. It is the lurking authoritativeness in fiscal policy that Buchanan particularly objected to, more than the theoretical mechanics.

Julien Grandjean, Université de Lorraine
From Arrowian Stability to Downsian Dynamism

The article deals with the foundation by Anthony Downs of a new paradigm in political economy that changed the way of doing politics. The 1950's have been characterized by a lot of changes in the way of doing research in economics. Until then confined to analyses concerning economic issues, economists started to seize problems then reserved to political analysts. Kenneth Arrow in particular paved the way in this direction. His work however gave birth to a theorem concerning social choices that abruptly nipped his project in the bud. But Anthony Downs, Arrow's student, by-passed this theorem and gave birth to another paradigm. If we usually think of Anthony Downs for his voting paradox or for the median voter theory, his developments concerning political economy are much more important. We would like to show that, rather than thinking like an economist about political issues, he decided to think outside the box, reasoning like a real political scientist but without abandoning his economist's intuitions. The main contribution of Anthony Downs to political economy that laid the foundations of his paradigm is a book entitled An Economic Theory of Democracy. This book was inspired by the reflections of such economists as Kenneth Arrow of course but also Joseph Alois Schumpeter and Harlod Hotelling. Beside his new way of thinking, the paradigm included is this book was also built on the addition of uncertainty into his political model. This allowed economic models of social choices to become dynamics.

FRI3E Session: "Applied Economics"

Jean-Baptiste Fleury, l'Université de Cergy-Pontoise

From Opportunity Theory to Capital Punishment: the Emergence and Development of the Economics of Crime and Law Enforcement

This paper aims at reconstructing historically the emergence and development of a relatively recent subfield in economics, namely the economics of crime and law enforcement. We study, in particular, the links between the increasing popularity of such a peculiar application of economics outside of its traditional boundaries and the evolving needs of the government and other public administrations from the mid-1960s on. We argue that the relative success of the economics of crime and law enforcement was related to economists' ability to position themselves as policy advisors, using tools and a general approach to crime and law enforcement that squared with the public demands that emerged at the end of the 1960s. Early contributions by economists on crime addressed topics such as the optimal allocation of resources in law enforcement that obviously interested public policy officials. That 1968 marks the rapid increase in the number of analyses by economists is by no means a mere coincidence: the economic analysis of crime proposed an approach to social problems which matched the conservative rhetoric about law and order developed initially by Barry Goldwater. But the field's rapid expansion was also related to internal debates within the disciplines of economics and law. These theories were developed at a time when notions of compensation and deterrence were being discussed in much broader debates addressing, in economics, external effects, property rights, and within legal research, tort and accidents law. Thus, for different reasons, the academic success of the analysis of law enforcement came in part from its ability to redefine law as a general mechanism of compensation guided by the sole principle of efficiency, which appealed to scholars as well as policymakers at the time.

José Edwards, Universidad Adolfo Ibáñez

Becoming applied? Empirical? A History of Very Recent Economics

In this project, we will examine the *History of Political Economy* 2000 and 2017 Supplements' theses about the "age of the applied economist" – i.e. economics becoming applied since the 1970s, as depicted by Backhouse & Biddle (2000) and Backhouse & Cherrier (2017) – especially the "credibility revolution" (e.g. Leamer 1983, Angrist & Pischke 2010, Panhans & Singleton 2017). We will proceed through a bibliometric survey (citations, co-citations and/or bibliographic couplings) using a Web of Science dataset of 23,634 (i.e. all) economics journal

articles for 2017 (a historiography of very recent economics), in order to check the magnitude of that so-called revolution. In doing so, we will also aim at discovering how economists approach empirical/applied work in relation to other forms of analysis, and challenging similar surveys like, for instance those by Kim et al. (2006), Kelly & Bruestle (2010), Hamermesh (2013), Guo et al. (2015), Claveau & Gingras (2016), Biddle & Hamermesh (2017), or Angrist et al. (2017).

Matthew Panhans, Federal Trade Commission
Health Economics: Scientific Expertise and Policymaking

FRI3F Session: "Pedagogy"

CHAIR: Joseph Persky, University of Illinois

Ron Baiman, Roosevelt University
Clara Mattei, New School for Social Research

Saturday, June 16

SAT1A Session: "Keynes Post Keynes"

Hans-Michael Trautwein, Carl von Ossietzky Universität Oldenburg
Leijonhufvud on New Keynesian Economics and the Economics of Keynes

In a famously unpublished paper on The Uses of the Past, which Axel Leijonhufvud presented at the ESHET 2006 conference in Porto and on other occasions, he has compared the evolution of economic thinking to the growth of a decision tree. The currently predominant theories have developed out of earlier decisions about modelling standards that, at the time of their making, appeared plausible and feasible for reducing complexity. However, those modelling conventions may create blind spots that critically limit their scope. In his semi-centennial classic On Keynesian Economics and the Economics of Keynes (1968) and many later writings, Leijonhufvud has amply demonstrated that it is possible to detect the blind spots by looking at research questions in theories that branched off at lower forks of the Econ tree. Moreover, climbing out on those older branches by way of analytical reconstruction may lead to new ideas.

In this spirit, Leijonhufvud has looked for strategies to provide alternative microfoundations for insights about macroeconomic coordination and instability that can be found in the works of Keynes and other writers in the inter-war years of high theory. The theme that Leijonhufvud extracted from the Economics of Keynes is the incompleteness of information and resulting failures in the intertemporal coordination of activities in large, complex economic systems. Fifty years ago, he attacked standard Keynesian Economics (the old Neoclassical Synthesis) for its adherence to a frictions view that reduces macroeconomic pathologies to deviations from optimal general equilibrium caused by nominal rigidities and other spanners in the works of the price mechanism. With the rise of DSGE-based New Keynesian Economics (a k a New Neoclassical Synthesis), Leijonhufvud has pointed out time and again, that 'standard macroeconomics' may have made much technical progress since the 1960s, but is still stuck in the frictions view. Referring to the global financial crisis of recent vintage, he considers DSGE modelling conventions to be fundamentally obstructive to analysing core problems of macroeconomic coordination and instability. Yet, many New Keynesians (even some Post Keynesians) now claim that they have found various ways to deal with the coordination failures that concern Leijonhufvud within their DSGE frameworks.

The aim of the proposed paper is to describe continuity and change in Leijonhufvud's critique of Old and New Keynesians, and to assess the contrary claims of progress made in the DSGE world.

Maria Cristina Marcuzzo, Sapienza, Universita di Roma
Pets and Favourites: Keynes's Investment Philosophy

Extant literature has shown that while commodity speculation took the lion's share in Keynes's portfolio during the 1920s, early in the 1930s he shifted to equities, his main sources of income being capital gains and dividends, concentrating with a few holdings which he kept at least for four or five years in a row. In this paper I will examine Keynes's investment philosophy, both as institutional and personal investor, which he summarized in the statement: "the right method in investment is to put fairly large sums into enterprises which one thinks one knows something about and in the management of which one thoroughly believes". On the basis of largely unexplored archival material (ledgers and correspondence) I will look at his favourite holdings – which he referred to as his "pets"- both in Wall Street and the London Stock Exchange in the 1930s, searching for clues behind the choice of these assets. Factors like knowledge of the sector or company (often acquired through personal connections) and the solidity of the ownership and trust in the management together with size and frequency of dividends may lie behind Keynes's choice to hold on to a small subset of company shares more than the others.

SAT1C Session: "Macro after Keynes"

Up Sira Nukulkit, University of Utah
The Effect of Technical Progress Upon Distribution Along Kaldor-Kennedy Neutrality Line and the Measure of Value

I investigate the question of "the effect of progress upon distribution" based on the analysis of Hicks, Harrod, Robinson, Kaldor, Samuelson and Kennedy. This paper describes a growth and distribution history of thought behind the analysis. The paper aims to address a neglected controversial theoretical argument on neutral technical progress related to the measure of value preceding and continuing to the Cambridge Capital Theory Controversy. The paper focuses on Kennedy's writings and his solutions to the complications of value and technical invention. There are important intuitions behind the measure of value crucial to the formulation of neutral technical progress in endogenous growth model.

James C.W. Ahiakpor, California State University
Is the IS-MP Model a Better Alternative to the IS-LM Model?

David Romer (2000) proposes his IS-MP model as an easier alternative to teaching the IS-LM model to undergraduate economics students. More importantly, he claims the model better represents central banks' focus on controlling real interest rates rather than on controlling the level or the growth rate of the "money stock," such as M1 or M2, since the early 1980s. However, the model is still at odds with economic reality for its retaining two fundamental problems of the IS-LM model, namely, (a) treating saving as a withdrawal from the expenditure stream in deriving the IS curve and (b) treating interest rates as being determined by only a central bank's money (H) supply and demand in the LM curve. Furthermore, the IS-MP model specifies no theory of inflation other than there being inflation when an economy is operating beyond its natural rate but provides no specification of how the economy's natural rate is determined.

John Maynard Keynes (1936), whose arguments the original IS-LM model is supposed to represent, urged that "the object of our analysis [be], not to provide a machine, or method of blind manipulation," but that we "know all the time what we are doing and what the words [we use] mean" (297). Romer's IS-MP model provides a "machine" for manipulation, to imitate a central bank's behavior, but attributes to the bank a capability it cannot have, namely, controlling the level of real interest rates. The IS-MP model thus appears to be worse than the IS-LM model.

SAT1D Session: "Home Economics"

Agnès Le Tollec, ENS Paris Saclay
The Rise of "Home Economics" Between the Late XIXth Century and the 1930s.

Andrea Beller, University of Illinois at Urbana-Champaign
History of the Development of the New Home Economics

SAT1E Session: "Fisher and Tinbergen"

Raven Hetzler, New School for Social Research
The Evolving Thinking of Irving Fisher

This paper examines the extent to which the stock market crash of 1929 changed the thinking of Professor Irving Fisher. As a prominent Progressive economist writing in the early twentieth century Fisher provides an interesting case study in how mainstream economic thought reacted to the crash and ensuing depression prior to Keynes' publication of *The General Theory*. I

examine Fisher's earlier thinking by a close reading of his 1930 book *The Stock Market Crash – And After* which, although published following the 1929 crash, is entirely consistent with Fisher's pre-crash statements and presents an extremely optimistic view of the economic situation at the time. I compare the theoretical understanding of crisis revealed there to Fisher's later work on debt-deflation, as elucidated by his 1932 text *Booms and Depressions*. I then discuss the extent to which this theoretical shift represents an actual radical shift in Fisher's understanding of the economic system.

Peter Rodenburg, University of Amsterdam
Rationalisation and the 'Engineer-Economists' in the Netherlands, 1920-1940

During the interwar period the Netherlands experienced a phase of rapid industrialisation and mechanisation and saw the introduction of many new labour-saving techniques on the work floor. This process, which went under the name 'rationalisation of production', caused great concern in the labour movement and sparked an intensive debate over the existence and extent of technological (or permanent) unemployment. Although the problem of technological unemployment was denied by the mainstream economists of the day, the problem was addressed by left-wing, mathematically trained economists, such as Theo van der Waerden and Jan Tinbergen. They sought for rigorous, 'scientific' arguments that would convince policy makers, colleagues and the public of socialist employment policies.

This paper shows that Van der Waerden and Tinbergen used ever-increasing formal methods to face an issue, rationalisation, which became politically relevant and controversial in the specific context of the interwar period. Their new scientific tools gave them esteem and influence. In their role as advisers to the government they gained influence and were able to recommend policies that were in accordance with their political beliefs.

SAT2A Session: "Development"

Anirban Karak, New York University, King Juan Carlos I of Spain Center
From Indian Economics to Economics: Alfred Marshall and Economic Thought in Inter-War South Asia

No one can seriously question the global influence of economics today. As academic worldview, guide to policy and career option, its status is truly singular. In the Indian higher education system, the emphasis on economics is surpassed only by the prestige accorded to the natural sciences. But if that is an all-too-familiar story by now, the historical development of political economic thought in colonial contexts is not well understood. The waning influence of Marxism and the concomitant rise to prominence of postcolonialism during the 1990s, has led to competing developments. While the horizon of questions has been widened through an emphasis on the historicity of modern political economy, the interpretive possibilities have also been narrowed by the insistence that political economy was one among many colonial discourses tied to the project of empire and the violent erasure of alternative epistemologies.

To be sure, there is truth to the latter claim. During the nineteenth century, Robert Malthus, James Mill, and his son John Stuart Mill were all associated with imperial administration. Jeremy Bentham's infamous design for a centrally monitored prison – the Panopticon – was initially meant to be instituted in India. In other words, it is hard to deny that political economy arrived in South Asia as a colonial import. However, to account for political developments from the late nineteenth century onward, a schematic colonizer/colonized binary seems inadequate. Beginning from the 1870s, Indian nationalists appropriated political economic discourse as an appropriate vehicle for the critique of colonial rule. Specifically, they undertook a significant historical attempt to go beyond the limitations of Classical Political Economy (CPE) by deploying the concept of "national economy." They criticized the lack of an adequate spatial referent for the concept of economy in CPE as a form of rootless cosmopolitanism, and castigated the notion of "free-trade" as an ideology veiling British imperialist interests. In formulating this critique, Nationalist Political Economy (NPE) drew from the work of Friedrich List the basic insight that the "economy" should be coterminous with the territorial limits of the "nation." Thus, NPE provided the foundation for a critique of the "drain of wealth" from India to Britain. During the first three decades of the twentieth century, this line of critique evolved into an attempt to develop a specifically "Indian Economics," whose burden was "the formulation of a framework adequate to the perceived inner dynamic of indigenous social institutions and practices."

This much is well known. However, the benefit of hindsight also allows us to see that a unique conceptual apparatus of "Indian Economics" was never fully constituted. By the end of the 1930s, Indian nationalists were conceptualizing economic development as a technical-scientific process that could be "planned" for and managed by experts. In other words, they began to think of the "economic" as a purely technical realm divorced from both the specificities of social relations (such as the structure of kinship relations) and the contingencies of political conflict. This was the beginning of a conception of economics as an abstract, universalizable science unmoored from either historical or cultural/geographical specificities. The significance of these developments is that by formulating such a concept of economics, Indian nationalists implicitly conceded that there could be nothing "Indian" about economics. Hence, there could really be no "Indian economics" as such.

The shift I am emphasizing was sudden and almost imperceptible, a fact reflected in the absence of attention among historians to either the manner in which it happened or its implications. But we cannot hope to explain the subsequent importance of economics in India if we do not understand how and why the project of developing an Indian economics evolved into an abstract formalism.

In my paper, I seek to clarify the importance of this subtle shift in Indian economic thought by focusing on the intellectual trajectory of Radhakamal Mukerjee (1889-1968): a well known sociologist and economist inspired by the ideals of the Swadeshi (of one's own nation) movement (1903-08) that sought to promote the indigenous production of goods. Mukerjee published one of the most well known tracts of the genre of Indian Economics – The Foundations of Indian Economics – in 1916. However, less than a decade later, he published another, much less well-known book – Groundwork of Economics (1925).

Through a close reading of these two texts, I make three points. First, I argue that the shift from Indian Economics to Economics can be understood by placing Mukerjee's intellectual endeavors in the proper context of a post-Swadeshi disillusionment with the possibility of ethical politics. Second, I show that Mukerjee's attempt to argue for an "economic" dimension in Indian social life, without surrendering an ethical critique of commercial society, was fundamentally informed by his familiarity with the work of Alfred Marshall. Finally, and most provisionally, I suggest that the coming together of Marshallian economics and Indian nationalist thought throws up important questions that ought to be of interest to both historians of South Asia and historians of economic thought more broadly.

Jimena Hurtado, Andrés Álvarez, and Andrés M. Guiot-Isaac, Universidad de los Andes
The Emergence of an Economic Technocracy in Colombia 1950 - 1970

Carlos Eduardo Suprinyak, Cedeplar/UFMG
Nicholas Georgescu-Roegen, Development Economist

Accounts of Nicholas Georcescu-Roegen's career as an economist usually focus either on the brilliance of his pioneer contributions to mathematical economics during the 1930s, or more frequently, on his later conversion to a critical approach to economic theory anchored on the centrality of the entropy law in a dynamic setting. These two disparate moments, however, were joined by an interlude during which Geogescu-Roegen was strongly drawn to the study of the problems afflicting underdeveloped societies. This began with his work on the agricultural economy of his native Romania, produced under the auspices of Harvard's Russian Research Center in the late 1940s. Thenceforth, he embarked on a journey that spawned his early critique of Leontief linear programming models, an extended tour of Southeast Asia commissioned by Vanderbilt University's Graduate Program in Economic Development, and several visits to Brazil during the 1960s as part of Vanderbilt's contract to assist in the development of academic economics in that country. The journey culminated in his celebrated 1969 Richard T. Ely Lecture 'The Economics of Production', which signaled his definitive break with the "arithmomorphic" approach of neoclassical economics. The paper highlights these lesser-known aspects of Georgescu-Roegen's intellectual trajectory, while using his case to illustrate some of the paths open for inquiry during the heyday of development economics.

SAT2B Session: "Economics and Engineering: Institutions, Practices and Cultures"

Thomas Stapleford, University of Notre-Dame
Engineering, Managerial Science, and American Economics, 1900 – 1940

This paper explores the intersections of engineering, managerial science, and economics in the United States during the early decades of the twentieth century. It tells the story of how engineers became drawn into management, using their skills in quantitative analysis and modeling in efforts to rationalize managerial decisions about production and organization.

Beatrice Cherrier, CNRS & THEMA, University of Cergy Pontoise, and Aurélien Saïdi, Université of Paris Ouest Nanterre
Engineering and Economics at Stanford, 1950-1990

This paper will study the institutional, intellectual and metaphorical relationship between economics and engineers at Stanford in the postwar period, using prosopographic and qualitative analysis to do so and focusing on key characters such as K. Arrow or George Dantzig , as well as lesser-known, although equally influential ones, such as Bonnar Brown, Albert Bowker or Gerald Lieberman.

Guillaume Yon, Max Planck Institute for the History of Science
Shaping Behaviors, Planning Investment: The Engineers-Economists of Électricité de France (EDF) and the Pricing of Electricity in Post-war France

This paper depicts the distinctive style of practice of EDF engineers-economists, ranging from relatively abstract developments, such as the application of Walras' general equilibrium theory to the pricing of electricity to very practical considerations such as the concern for national independence in coal supply, or the wish to limit the pollution of Paris generated by the smoke of coal-fired plants.

Juan Pablo Pardo-Guerra, UC San Diego
Computers, Tinkering, and the Imaginations of Finance

SAT2C Session: "Social Development"

Viktorija Mano, Roehampton Business School, London
The Role of Elites in the Support of Neo-Liberal Reforms in Transitional Economies

Neo-liberalism has propagated a hegemonic discourse, which has in turn created a new space for economic development. Within this space, the imposition of neo-liberal economic policies has become common-place and the ways in which mainstream policy makers and academics interpret these policies have become a matter of 'common sense'. The question that arises then, concerns how neo-liberalism has achieved this status of a body that transcends ideological bounds.

The objective of this article is to critique the neo-liberal reform process in transition economies and examine how these policies found support among the people of Macedonia. Specifically, it uses a contextualised and critical account of various sources of data (IMF's policies, policy documents, interviews with key actors and enacted policies) to explore the neo-liberal discourse during Macedonia's economic reform process. As for many other transition economies, the IMF propagated a universal approach adopted from elsewhere while ignoring context-specific factors, such as macroeconomic instabilities in Macedonia, the regional political situation, old habits maintained from the Yugoslav planned economy and the poor institutionalisation. In addition, and perhaps, more importantly, this study uncovers the politics of economic reform rooted in the relationship of national elites with other national political actors and assesses the importance of the role of the elites in obtaining support for neo-liberal reforms.

The impact of neo-liberal economic reform processes on transition economies has received lots of research attention (Baker, 2003; Geddes, 1995; Rodrik, 1996; Stiglitz, 2002). International financial institutions (IFI) and pro-market reform governments gave assurances that benefits of neo-liberal reforms would be evident by the end of the 1990s.
However, the 'economic roller coaster' has prevailed through the turn of this century (Baker, 2003: 424). Given evidence to suggest that popular support by target countries is necessary, and may even contribute to the success of reforms (Baker, 2003; Chhibber and Eldersveld, 2000; Przeworski, 1996; Rodrik, 1996; Stokes, 1996), many scholars link the failings to the difference in political systems present in various countries. They argue specifically that local democratic practices are often hostile to generic economic reforms (Geddes, 1995), or that these reforms cannot succeed in authoritarian regimes (Stokes, 1996). They suggest the relative lack of support for the shortfalls of attempted reforms.

The variation that exists in popular support for economic reforms between countries may also be a result of the extent to which political and economic elites are supportive of the reform process (Chhibber and Eldersveld, 2000). The 'Washington consensus', in favour of market orthodoxy, has provided the basis for a consensus among political and economic elites, leading to a more likely pro-market discourse and sentiment in various countries (Baker, 2003; Habib and Padayachee, 2000). It is argued that when elites in countries are more approving of the reform process, there is a high probability that the economic reforms will be supported by the population (Chhibber and Eldersveld, 2000). Thus, in addition to attempting an understanding of IMF's involvement in the economic reform process in Macedonia, this article explores why the popularity of the neo-liberal reform process in transition economies have remained unexplored. I argue that 'implementation and sustainability [of the reforms] are often considered to be mechanical, not political, processes', thus 'factors that affect whether certain policies will be pursued, altered, reversed or sustained', such as the role of political and economic elites in embracing (or not) external reforms, have been neglected (Grindle and Thomas, 1989: 214).

The findings and discussions here confirm that mass support for reform has been influenced by the attitudes of the political and economic elites. The main implications for policy-makers that this article attempts to put forward is firstly for client-countries and their policy-makers to be more critical of the agenda set by foreign experts in small economies. It also highlights the need for IMF experts to fully recognise the nuances in targeted contexts in order to determine appropriate and potentially relevant context- specific policy programs. Thirdly, there appears the need for researchers in this field to consider, or gain increased awareness, that the neo-liberal policies gain their legitimacy from the political elites of the leading political parties.

Joe Blosser, High Point University
An Economics of Sufficiency: An Argument from Economic History

Economists tend to emphasize the reality of *scarcity*, but theologians tend to emphasize the reality of God's *abundance*. As an ethicist engaged in both fields, I seek to develop the language that falls in-between – the language of sufficiency. This paper traces the ways in which economists have helped develop the language of sufficiency. Though most macroeconomic orthodoxy desires growth in GDP, more nuanced economists have long suggested that growth itself isn't the true economic goal. From Adam Smith, to Marx, Keynes, and Galbraith, to Heyne, Ostrom, and Sen, economists have wrestled with the ideas of limits, collective action, "down-shifting" (in Juliet Schor's language), that "small is beautiful" (to quote E.F. Schumacher), and that there may be something akin to "enough" in economic terms.

The paper argues that there is an economics of sufficiency. That is, the tools of economic analysis can create a concept of sufficiency, and economic incentives can be aligned to encourage people to value sufficiency over limitless growth. In fact, the paper highlights real examples of these incentives as they appear daily in low-income communities.

This paper is part of a larger book project that develops a series of touchstones for responsible community development. The book creates a theology of "enough-ness" alongside the economic argument for sufficiency developed here. These economic and theological positions are interlaced with the actual lives and stories of lower-income and middle-income people who are working to build stronger communities where they live.

John Windie Ansah, University of Cape Coast
Political Economy Theories and Issues in Social Entrepreneurship

There is a vast array of discussions on social entrepreneurship which are relevant and impacts political economy thoughts yet political economy analysis on social entrepreneurship is rare. This paper sought to, first, unravel those key issues in social entrepreneurship which though discussed by scholars in business and management studies, are of equal relevance to political economists. Second, pull those ideas in social entrepreneurship which are advertently aligned to orthodox and heterodox theories in political economy; and third, bring out the unexplored issues in social entrepreneurship which form the crux of political economy discourse. It was discovered that the three main theoretical perspectives in political economy namely neo-liberalism, Marxism and the integrationist (heterodox) are full of unconventional ideas for any social entrepreneurship research though they suffer limitations which may impair their applicability to activities and behaviours of social entrepreneurs which are socially and subjectively constructed. It was also discovered from the analysis that several research issues as important areas for problem-oriented work at the intersections of social entrepreneurship and political economy which include wealth distribution, capitalist contradictions, state-market interplay, commercialization-welfare interface, public good and social justice, partnership, citizens' participation, recognition of product/service delivery and social actors, inequality, dependency and social conflicts. Finally, this paper presents twenty-six (26) unexplored issues which may act as guides and sources of initiating political economy research on social entrepreneurship.

SAT2D Session: "Keynes, Econometrics, Risk and Growth"

David Glasner, Federal Trade Comission
Keynes and the Fisher Equation

One of the most puzzling passages in the General Theory is the attack (GT p. 142) on Fisher's distinction between the money rate of interest and the real rate of interest "where the latter is equal to the former after correction for changes in the value of money." Keynes's attack on the real/nominal distinction is not only puzzling on its own terms inasmuch as the distinction is a straightforward and widely accepted distinction that was hardly unique to Fisher and was advanced as a fairly obvious proposition by many earlier economists including Marshall. What makes Keynes's criticism even more problematic is that Keynes's own celebrated theorem in the Tract on Monetary Reform about covered interest arbitrage is merely an application of Fisher's reasoning in Appreciation and Interest. Moreover, Keynes endorsed Fisher's distinction in the Treatise on Money. But even more puzzling is that Keynes's analysis in Chapter 17 demonstrates that in equilibrium the return on alternative assets must reflect their differences in their expected rates of appreciation. Thus Keynes, himself, in the General Theory endorsed the essential reasoning underlying the distinction between real and the money rates of interest. The solution to the puzzle lies in understanding the distinction between the relationships between the real and nominal rates of interest at a moment in time and the effects of a change in expected rates of appreciation that displaces an existing equilibrium and leads to a new equilibrium. Keynes's criticism of the Fisher effect must be understood in the context of his criticism of the idea of a unique natural rate of interest implicitly identifying the Fisherian real rate with a unique natural rate.

Christian Walter, Collège d'Études Mondiales, Maison des Sciences de l'Homme, and Robert Dimand, Brock University
An Overlooked Step in the History of Portfolio Theory: Dickson Leavens between Cowles and Markowitz

The Nobel Prize-winning work of Harry Markowitz (1952, 1959) at the Cowles Commission and Cowles Foundation established optimal portfolio diversification (minimizing risk for a given

expected return) as central to financial theory. Much less attention has been given to the first Cowles Commission study to show that diversification reduced portfolio risk: Dickson Leaven's article "Diversification of Planning" (published in Trusts and Estates, 1945, and reprinted as a Cowles Commission Paper). Leavens, a statistician on the Cowles Commission staff and author of Cowles monographs on monetary issues, came to this insight as the result of computing returns on twenty randomly-selected portfolios for Alfred Cowles to use in Cowles's 1944 Econometrica article "Stock Market Forecasting," which argued that, with one apparent exception, stock market forecasters had failed to out-predict random portfolios. We present Leavens's little-known contribution and explore his role in the development of financial economics at the Cowles Commission.

Carlo Zappia, University of Siena
Uncertainties that are Not Risks: Contextualizing the Ellsberg Paradox

The Ellsberg Paradox suggests that rational agents of the Bayesian kind do not ignore the weight of evidence, as postulated instead by Leonard Savage in his foundational study on decision-making and later taken for granted in mainstream decision theory. Daniel Ellsberg proposed an experimental setting to prove his argument, one which concentrates on choices related to urns containing coloured balls.

Although it has been admitted that Ellsberg's urns can represent not only risky but also ambiguous situations, a widely agreed contention is that uncertainties of a proper kind—such as the ones referred to by Keynes—cannot be represented through them.

This paper examines Daniel Ellsberg's rationale underlying the paradox and his use of the urns, by placing his contribution in the context of the crucial biographical episodes of the 1950s and early 1960s that originated his interest in the paradox. Both his motivations and reactions to critics of his result are analysed. It is argued that Ellsberg's choice to use urn examples in order to prove his claim cannot be taken as indication of his lack of interest for uncertainty proper. Rather, the issue of uncertainty was the main thread of his commitment to decision-making as field of research.

SAT2E Session: "Virtue"

Paolo Santori, Libera Università Maria Santissima Assunta (LUMSA), Rome.
Honouring Money, Monetizing Honour

Since the early days of Modern Political Economy, honor and esteem have played a central role. This centrality has been lost in the successive centuries, and it reappears recently in the economic debate (Brennan and Petit 2004). The so-called 'Economics of Awards' is the clearest example of this renewal interest. Its manifesto, the book Honour vs Money (2017) from Bruno Frey and Jana Gallus, stressed the dichotomy between incentives (material, extrinsic) and awards (symbolic, intrinsic). This paper aims at providing an historical argument to attenuate this division. It will be analyzed the passage of notion of 'honor as a reward for virtue' from the Greek philosophers (Aristlotle and Stoicism) to the Roman thinkers (Cicero, Seneca, Sallust) and then to Christian theologians (Augustine, Aquinas). In this 'threefold transition', I claim, honor has been considered close to money in its negative effect (crowd-out virtue), but also in the positive one (crowd-in virtue). The latter effect paved the way for the modern understanding of incentive in political and civil economy (Bruni 2013; Sugden 2018). The former has been recognized experimentally in recent literature (Gubler et al. 2016), but little emphasized theoretically.

Ayman Reda, University of Michigan-Dearborn
Self-Interest and Rationality: An Islamic Perspective

Scholars have always debated the question of human nature and the forces that direct human action. The debate has comprised two distinct paradigms: the view that human action is primarily driven by considerations of self-interest, or the view that humans possess a benevolent nature that is attentive to the interests of others. An intellectual history of self-interest will naturally lead to a discussion of rationality, a concept that has gained singular predominance in modern social and economic thought. This paper examines the position of Islamic thought within this broader debate in the history of ideas. Specifically, we examine the Islamic position on the 'invisible hand' thesis and the relationship between private and public interests. We also survey its position with regards to efficiency, maximization and economic rationality. Moreover, the article presents an Islamic alternative to the economic rationality of Rational Choice Theory, by highlighting the role of reason and justice in the context of a metaphysical understanding of the world. In particular, this understanding is predicated on the Islamic concept of the vicegerency of man and the purpose of creation. While the modern view of economic rationality emphasizes maximization, the Islamic view is one of justice, defined as giving each person or thing its proper due. The Islamic notion of rationality as justice leads to crucial implications with respect to human behavior, both individually and socially.

Nicolas Aguila, New School for Social Research
The Understanding of the Individual in the History of Economic Thought

The understanding of the human being, his/her motivations and behavior is a central component of Economics, even when it is not done explicitly. Classical and neoclassical authors postulate a pre-social, naturally egoistic human being whose individual self-interested behavior produce social institutions. Additionally, the later depict him/her as isolated, self-sufficient, and abstract, and hide the philosophical foundations of his/her behavior under apparently neutral mathematical axioms which produce rational "Homo Economicus". Behavioural economists show the empirical fact that individuals do not behave rationally and turn to the analysis of the actual behavior of individuals. However, they left unchallenged the methodological structure of

neoclassical economics, and return to a natural (even anatomical) explanation of the human being. Heterodox macroeconomists reject the idea of microfoundations of the previous perspectives, but their focus on aggregate accounts has led to ignoring altogether the existence of individuals and their role in the economy. In this paper, I analyze the most important moments in the History of Economic Thought regarding the understanding of the individual to show that there is a fundamentally wrong reading of the ontological character of human beings, which leads to the absence of a proper theoretical role for the individual in Economics.

SAT2F Session: "Smith Across Time"

Amos Witztum, CPNSS, London School of Economics
The Political Economy of Property Rights: A view from Adam Smith and Henry Maine

In modern economics, the idea of property rights has become one of the most important pillars of the idea of economics as a natural order. In the presence of missing markets, decentralised decision making based on competitive interactions could yield a solution to the economic problem only if property rights have been allocated. Moreover, in a world of uncertainty, these rights have to be allocated in a specific (optimal) manner to ensure the smooth working of laissez-faire. This, of course, should have created immense difficulty for the Robbinsian claim about the ethical neutrality of economics and subsequently, its universality. But this has not been the case. As is common to most of modern economics, property rights are analysed from a utilitarian perspective and in a totally a-historical fashion. Moreover, there seems to be an implicit general agreement that property rights are some form of natural rights and therefore, do not interfere with the morality of the system. By contrast, both Adam Smith and Henry Maine (who was also a great influence on Hayek), examine the question of spontaneous or natural order by treating property rights in a clear historical-- and anthropological-- manner. As a result, the evolution of property rights imposes conditions on the organisation of society that restrict rather than facilitate the efficiency of natural economic order. The restriction comes from the fact that the existence of property rights and their distribution is a result of an evolution over various stages of society while the idea of efficiency through natural liberty is the apparent recipe for a particular stage in social evolution. Both Smith and Maine see the evolution of private property as a natural process. In Smith, this is the result of the same drive that lies behind the division of labour. In Maine, it is the disentanglement of collective ownership due to the shift in the cement of society from blood-kinship to property in land. But while Maine—a legal historian—is not directly interested in the question of whether such moves correspond to the evolution of an ethical system which would support it, in Smith, the two are closely intertwined. Maine is only focused on the fact that the social move from blood-kinship to land-based kinship changed the terms of social relationship from status based to contract based. Though he is very clear that there is nothing obviously natural about the acquisition and holding of anything, he accepts the fact that there was a process which made the private ownership of what used to be owned collectively and therefore, property rights are the outcome of a natural process. Not surprisingly, this was very much in line with Hayek and the Austrian view. However, in Smith, he is not only interested in the evolution of ownership but also in the question of how they were perceived morally and how they became law. I will show that in Smith, the spontaneous order which allowed property rights to be sanctioned by law was a result of politics rather than its ethical universality.

Chris Wass, University of Waterloo
Problems with Das Problem (Smith)

This paper questions why there is currently such wide spread agreement that the Adam Smith problem has been resolved and whether or not this consensus is justified. It begins with a brief look at the relevant sections of Smith two major works before turning to the German originators of *Das Problem*. It then looks at the most influential rebuttals to the German criticisms and how those rebuttals got passed down into accepted canon, particularly in the New Glasgow edition of *The Theory of Moral Sentiments*. Having explored where the prevailing opinion on *Das Problem* came from the paper concludes by considering the possibility that it might be premature to consider *Das Problem* resolved and that there are important contemporary questions that it could shed light on.

Robin Malloy, Syracuse University
A Theory of Adam Smith's Jurisprudence

Adam Smith, as the author of The Wealth of Nations, is best known for his foundational work in economics and for his metaphor of the invisible hand. In fact, this metaphor has been used by economists to give intellectual credence to the benefits of self-interest and it purports to explain how markets can be both self-coordinating and self-correcting; thus, supporting a policy of laissez-faire. Legal economists have borrowed this understanding of Smith's work from economics and applied it to law in order to advocate for efficient legal rules, and in an effort to make law more scientific by removing moral reasoning from legal judgments. This paper explores Adam Smith's contribution to jurisprudence by looking at how his theory of jurisprudence was linked to his theory of moral sentiments. Smith positioned justice, not economics, as the main pillar of society. Moreover, the paper shows that while Adam Smith was interested in the relationship between law and economics, he was not principally concerned with the need to make law more efficient; he was concerned with the way in which law advanced justice while limiting the excesses of self-interested individuals. For Smith, law was about moral judgment and not economic efficiency. In advancing this discussion, the article connects Smith's famous metaphor of the invisible hand with his much less examined metaphor of the man in the mirror, and with that of the impartial spectator. The metaphor of the man in the mirror seems particularly relevant to understanding Smith's approach to jurisprudence. [The paper reflects preliminary work for a much longer project.]

SAT3A Session: "Smith the Polimath"

Paul Mueller, The King's College

18th Century Theology in the Theory of Moral Sentiments

Bry Martin, University of Notre Dame
Shaftesbury's Letters and Character in Adam Smith's Lectures on Rhetoric and Belles Lettres

In a rhetoric lecture on the Third Earl of Shaftesbury, Adam Smith pummeled the philosopher, not only for his allegedly pompous style but for his character and ideas. This counts as something of a surprise, considering that Smith was a great admirer of perhaps Shaftesbury's greatest acolyte, Smith's former teacher at Glasgow, Francis Hutcheson, and that Shaftesbury has traditionally been hailed as something of a father figure to the Scottish Enlightenment. In his article "Das Shaftesbury Problem," Doug Den Uyl argued that the lecture revealed a gulf between the morality of the two philosophers—Smith founded moral life and self-understanding on the sympathetic relationship to others in society, while Shaftesbury encouraged both moral development and self-understanding through self-examination. James Otteson and Ryan Patrick Hanley also provided response papers in the same issue of the Adam Smith Review. My paper draws on the historical context of the lecture to show how Smith's remarks reflect a bitter dispute over Shaftesbury's reputation that raged in the 1750s, how they draw upon a couple-dozen published letters from Shaftesbury, and much of his antipathy toward Shaftesbury seems to have been shared with others holding a reputation for Commonwealthman politics and deistic religion.

Julia Marchevsky, University of São Paulo, Brazil
The Pleasure of Order: the Presence of an Esthetic Criterion in Adam Smith's Work

This paper purposes to analyze the presence of an esthetic criteria as a crucial principle in Adam Smith's analysis of society's progress. Individuals are, according to Smith, social animals with a propensity to look for a pattern in their observations, as way to bring tranquility to their minds and, consequently, pleasure. This process of organizing the representations of nature is strongly connect to an esthetic criterion of order, regardless of utility, and based mostly on pleasure.

For example, in the essay *Considerations concerning the first formation of languages*, the principles underlying sentences structures are guided by an esthetic criterion, strongly associated to order, which renders the sentence more pleasant, even though it does not change its meaning. The reason for that structure is the pleasure of a "regularity of sound" as a way for creating patters. The same characteristic is presented in the essay *Imitative Arts*, in which the pleasure from music arises not from imagination, but from the search of a pattern, a regularity.

This willingness to find order is also a key stimulus to economic development, because all the production, following *Theory of Moral Sentiments*, is not result of a 'maximization of utility', but from the desire to possess more perfect objects, which would have an appearance of utility, and could express the idea of wealth. So, this paper aims to comprehend production as based on an esthetic criterion founded mostly in the appearance of utility and the customs from society, exploring different parts of Adam Smith's work.

SAT3B Session: "Methodological and Theoretical Foundations of Early Growth Models"

Esteban Pérez Caldentey, Economic Commission for Latin America and the Caribbean
Roy Harrod's Views on Statics and Dynamics in the History of Economic Thought

This paper focusses on a lesser well-known aspect of Harrod´s contributions to economics: his views on the history of economic thought and how these were shaped by his understanding of statics and dynamics. In the Essay in Dynamic Theory (1939), Harrod emphasized that the study of dynamics did not merely represent a change in the method of analysis but a new method of approach and a mental revolution. Harrod´s views on statics and dynamics were derived from his understanding of classical mechanics. Harrod´s applied his distinction between dynamics and statics to the whole spectrum of economic theory including to the different stages in the history of economic thought. In light of his understanding of classical dynamics, this paper explores Harrod´s interpretation of classical economics (mainly Ricardo), marginalist economics (Marshall and Walras) and of the inter-temporal equilibrium method (Hayek and Hicks).

Michaël Assous, Université Lyon 2, CNRS TRIANGLE, and Muriel Dal Pont Legrand, Université Cote d'Azur, CNRS GREDEG
Early Growth Models and Expectations

Early developments of growth theory are seen widely as the result of a two-step process – the first, Harrod's *Essay in Dynamic Theory*, and the second, Solow's 1956 model. Harrod is considered as having pointed initially to the pervasive instability in macrodynamics, while Solow showed that this instability vanished with flexible-coefficient production functions. It has been recognized since that this narrative is a misreading (Bruno and Dal-Pont Legrand 2014), and Hoover and Halsmayer (2016) examines how this "culture of misunderstanding" guided both Solow's modeling work and his reading of Harrod. Our paper proposes another interpretation. Based on new archival material, we make the point that this evolution arose mainly from problems related to incorporating expectations into growth models, and building robust investment functions, something that was discussed at length in the early 1960s by economists such as Sen (1963), Rose (1963), and Iwand (1961), and also by Solow as shown in his correspondence with Hahn. From the perspective of expectations, our paper sheds light on some hidden foundations and fragilities of neoclassical synthesis (see Arrow 1967) which from the 1960s Samuelson tried to anchor in growth models.

Mauro Boianovsky, Universidade de Brasilia
Domar on Capital Accumulation and Growth Instability

E. Domar shared with R. Harrod, P. Sweezy, A. Hansen and a few others the assumption of a stable relation between output and capital, which was behind their concern with the depressing effects of capital accumulation and the view that the proper functioning of capitalism required continuous economic growth. However, unlike that group of authors (particularly Harrod), Domar's growth models lacked an investment function and, therefore, could not depict cyclical fluctuations around the equilibrium growth path. This paper investigates Domar's attempts, in some lesser-known works, to fill that gap. It also discusses his critical reading of Harrod's explanation of the upper turning point as caused by over-accumulation of capital in relation to population growth, and of Sweezy's Marxian thesis that economic crises result from under-consumption associated to increasing propensity to save.

SAT3C Session: "Conceptualizng Fairness"

Gerhard Michael Ambrosi,
Economic Reciprocity vs. Economic Equity - A re-reading of Aristotle's Analysis of Exchange

In the *Nicomachean Ethics V, 5* Aristotle presents a model of economic exchange between two artisans. He expands this model into several directions, discussing monetary and non-monetary exchange, economic equality and inequality, and proportions between agents and products.

These passages have met much comment over the last centuries. Important parts are quoted in Karl Marx's *Capital*. This author has recently proposed that there is an underlying model of geometrical accounting: G.M. Ambrosi: "Aristotle's geometrical accounting", *Cambridge Journal of Economics*, Volume 42, Issue 2, 23 February 2018, Pages 543–576,
https://doi.org/10.1093/cje/bex053,
Abstract: https://academic.oup.com/cje/article-abstract/42/2/543/4107099

The proposed paper intends to enlarge on this treatment. It focuses on Aristotle's remark by which he prefaces his analysis (Rackham, *Nicomachean Ethics*, Loeb edition, p. 281)

> For in many cases Reciprocity is at variance with
> Justice: ...But in the interchange of services
> Justice in the form of Reciprocity is the bond that
> maintains the association: reciprocity, that is, on the
> basis of proportion, not on the basis of equality. The
> very existence of the state depends on proportionate
> reciprocity

The paper argues that Aristotle intends to stress the difference between Reciprocity and Equity. It proposes to re-consider our understanding of "economic justice" implied by Aristotle.

Robert Urquhart, University of Denver
Metabolism, Process, Product: A Note on Marx's Concept of Labour

Marx's well-known description of labour in terms of "the metabolism between [man] and nature" has often been taken to demonstrate that he views labour as simply biological, the labour process as a natural process, and use-values as natural objects. The sentence in which the phrase occurs already shows that this is a mistaken interpretation. A careful reading of the whole section in which the sentence occurs – on the labour process – shows something entirely different. To explain the labour process, Marx draws on Aristotle's concept of form (eidos) in nature and in art (techne); and also on Hegel's analysis of chemism as one of the forms of objectivity. This paper is a close reading of the section on the labour process (Capital, vol. I, chap. 7, section 1) that aims to show how Marx's concept of labour is shaped by these influences. It does not get to Marx's central claim – that labour is the source not only of value but of surplus-value – but without understanding his account of the labour process, this claim cannot be evaluated.

SAT3D Session: "Macro"

Jéssica Gesiene Nascimento, UFABC, and André Roncaglia de Carvalho, UNIFESP
A Tale of Two Models: Phillips curve and Simonsen's Inflation Feedback Model

This paper aims to investigate how Simonsen's inertial model was derived from a Phillips curve and the contribution of Mario Henrique Simonsen to the Phillips curve debate in the Brazilian academia. The period we investigate ranges from the late 1960s to the early 1980s, in which a persistent rise in the inflation rates triggered different theoretical explanations advanced to understand it. Among those accounts, a group of Brazilian economists, dubbed monetarists, proposed some analytical contributions based on the Phillips curve models. These were opposed by the inertialists, who claimed the drivers of Brazilian inflation dynamics were not adequately captured by the Phillips curve. This controversy ran from the late 1970s until the early 1980's, which has been called the second round of the monetarist-strucutralist debate (Toye 1987). Mario Henrique Simonsen is acknownledged as the creator of the inflation feedback model in the Brazilian academia that brought the first round to an end, as in Boianovsky (2012). However, the literature has not thus far underscored that this model was but an adaptation of the Phillips curve to a highly indexed economy. This places Simonsen's contribution in the cross fire of the second round, which seems to oppose two stages of one and the same model. Unveiling the story of this controversy sheds light on how ideas travel through time and space and how they adapt to local conditions.

George S. Tavlas, Bank of Greece
The Dog that didn't Bark: Lloyd Mints and the Development of the Chicago Monetary Tradition

Erwin Dekker, Erasmus School of Economics, Rotterdam

Tinbergen's Central Contribution: Policy Design, not Macro-econometric Modelling

In 1969 Jan Tinbergen won the first Nobel Prize in economics with Ragnar Frisch "having developed and applied dynamic models for the analysis of economic processes". The secondary literature on Tinbergen has praised him as the first economist to build a macro-economic model, and has focused on the subsequent debates about it, primarily the one with Keynes. But within Tinbergen's own oeuvre the macro-econometric represents a relatively short (transitory) episode, and as this paper argues mostly a failed episode. It failed primarily, at least for Tinbergen himself, because it did not offer any practical tools through which to stabilize the economy or formulate economic policy, and this was Tinbergen's primary goal, inspired by the plan-socialism of Hendrik de Man.

This realization is also crucial for the post-war program of his research. Unlike others he does not seek to make macro-econometric models more formal, complete or autonomous, instead he seeks to formulate simpler models which can be used in policy. His idea of target and instrument variables in fact turns the logic of econometric modelling upside down. The goal is not to identify stable autonomous relationships, but instead to study the impact of policy changes on these relationships. In the process, he formulates the standard way of thinking about the role of the economist as policy advisor, what Blaug has termed the technocratic model.

The concern with what works, and makes a difference is a more general characteristic of Tinbergen's work which is more concerned with what works, and what can be used, than with what is correct, or theoretically water-tight. The paper will also briefly touch on this characteristic in his development work.
The paper is part of a bigger project to write Tinbergen's intellectual biography.

SAT3E Session: "HES Award Winners"

Ian Kumekawa, Harvard University
The First Serious Optimist: A. C. Pigou and the Birth of Welfare Economics"

Beatrice Cherrier, CNRS & THEMA, University of Cergy Pontoise
"Classifying Economics: A History of the JEL Codes"

Adam Leeds, University of Pennsylvania
"Spectral Liberalism: on the Subjects of Political Economy in Moscow"

SAT3F Session: "Post War Institutions"

Juan Acosta and Eirch Pinzón-Fuchs
Macro-econometric modeling at the SSRC's Committee on Economic Stability

In this paper we discuss the activities of the Committee on Economic Stability of the Social Science Research Council (SSRC). The Committee was established in 1959 with the overall aim to help researchers increase the knowledge about causes of instability and provide useful tools for policy analysis. We focus on the Committee's activities during the 1960s, exemplified by its key role in the development of two milestones in the history of macro-econometric model building to inform policy decisions—the Brookings model (1961-1964) and the Federal Reserve-MIT-Pennsylvania model (1966-1970)—and by their work on the comparative analysis of the experience of several developed countries with quantitative policy analysis. Using archival material from the SSRC's records, we show how the Committee brought together economists with various institutional affiliations to work on the provision of better quantitative tools for macroeconomic policy analysis. In particular, we document the close relationship that the Committee helped build between academics, foundations, and government agencies. The latter were not only an important source of new and existing data series, but also of expertise in specific fields. In fact, several government officials played a major role in the construction of individual sectors of the macro-econometric models. Equally important, the various inter-institutional, and international conferences organized during the 1960s helped foster the interest of the Treasury, the Council of Economic Advisers, the Federal Reserve, and the Department of Commerce's Office of Business Economics in the new macro-econometric tools.

Robert Dimand, Brock University
Changing Economics: Irving Fisher, the Cowles Commission, and the Econometric Society

From his hydraulic model of general equilibrium in 1891 through his subsequent use of and contributions to correlation analysis, distributed lags, index number theory, and intertemporal equilibrium, Irving Fisher’s approach to doing economics contrasted with the textbooks and articles written by his mainstream contemporaries (and even more with another alternative to prevailing practice, the institutionalist economics of Thorstein Veblen, with whom Fisher shared a dissertation adviser, William Graham Sumner at Yale), yet later economics came to look increasingly like Fisher’s economics. I examine Fisher’s role in these changes, particularly his role in the creation of the Cowles Commission for Research in Economics and the Econometric Society. This paper is related to two larger projects, the Irving Fisher volume for Palgrave Macmillan’s Great Thinkers in Economics series and a history of the Cowles Foundation.

David Levy, George Mason University, and Sandra Peart,
The Role of the Earhart Foundation in Liberal Free Market Support

In the voluminous literature on the funding support of liberal market economics, the Earhart Foundation is a vanishing presence, often linked to the Volker Fund and then promptly forgotten (Philip-Fein (2010, p. 46), van Horn & Mirowski (2015, p. 159), Burgin (2012, p. 127)). Although earlier authors have noticed how eclectic its funding (Burgin 2012, p. 127), with an aversion to the “radical right” (Doherty 2007, p. 183) more recently it has become simply libertarian (MacLean 2017, p. 100).

Our paper has two parts. First, we address what the Earhart Foundation did to support generations of graduate students of the teachers who included members of Mont Pelerin Society [MPS] and its penumbra (Ware, Levy & Peart 2008, Earhart Foundation 2015). The first round of sponsors included MPS members as well as some who were asked to join the MPS but declined for ideological reasons (Jacob Viner) or who declined initially for strategic reasons (David McCord Wright). It is easy to explain why Earhart has been so little noticed; its graduate fellowship program was entirely decentralized. Sponsors nominate fellows; the foundation says yes or no, a model very different from the top down organization of the Volker program. Using Earhart published data, we can describe the distribution of fellowships over time by institution. To suggest the surprises in store, we include Richard Ware's brief note on the 50th anniversary of the MPS. Just who has paid attention to Howard Ellis's role in liberal market economics? Does anyone care to guess who he sponsored?

Second, we separate the Earhart Foundation from the Volker Fund by looking at their funding of Merwin K. Hart National Economic Council (Foster and Epstein 1964). When Hart is mentioned in the recent literature, it is to be dismissed as irrelevant to the larger movement (Doherty 2007, p. 178). Nonetheless by destroying the market for the first of the great Keynesians textbooks, he and Rose Wilder Lane changed the content of economic instructions (Levy, Peart & Albert 2012.) More subtly, Hart's then protégé William F. Buckley, Jr. (Peart & Levy 2013) started *National Review* around which the John Birch Society emerged (Oliver 1981, pp. 59–62, 189–93). The obvious *National Review*-John Birch Society link has been has overlooked in the recent literature as it is claimed that Robert Welch's organizational meeting for the John Birch Society only included industrialists (Philip-Fein 2010, p. 59). One participant at the meeting who wrote for *National Review*, had a Ph.D. dissertation, translating and editing a secular Sanscrit text (Oliver 1938). Using the House hearing on Hart's National Economic Council (1950) we can document Buckley giving a radio presentation of an early version of *God & Man at Yale*, "Youth speaks up to educators" (Hearings 1950, p. 445). We know from the Hearings that while Volker was supporting Hart as late as 1950 — buying thousands of copies of NEC *Economic Council Reviews* to distribute — Earhart had stopped Hart funding. Moreover, using the Conservative and Libertarian Movement archives of the University of Oregon, we can document how the Earhart Foundation temporarily supported Lucille Crain's *Educational Reviewer*, begun in imitation of Hart's *Economic Council Reviews*, but then abandoned by his friend William Buckley, Sr. Earhart stopped funding when it went political with its overt support of Senator McCarthy. *God & Man at Yale* (1951) depended upon the reviews in the *Educational Reviewer*.

SAT4A Session: "Marx 1"

Ayse Y. Evrensel, Southern Illinois University Edwardsville
Marx, Schumpeter and the Real Business Cycle Theory

What does the Real Business Cycle (RBC) theory have in common with Marx and Schumpeter? The common answer to this question is that Schumpeter's ideas about technological innovations may have been important for the RBC theory. While the theory itself does not make any reference to Schumpeter and defines business cycles based on the reaction of rational agents to supply shocks, the underlying idea behind the RBC theory may go back to Marx. This paper finds its motivation in the decades-long effort of macroeconomists to unite the growth theory with that of the business cycles. I discuss the RBC theory to demonstrate that it is capable of doing so, especially when technological innovations are considered as supply shocks. At this point, the paper introduces the historical perspective and brings in Marx and Schumpeter into the discussion, because one of the enduring criticism of the RBC theory is that the theory does not explain as to how (supposedly better) technology would lead to a downturn in the economy. The paper shows that Marx united the growth theory with that of the business cycles in Das Kapital back in the mid-19th century and Schumpeter took a careful note of it, even though he was not a Marxist. The paper further demonstrates the perils of rejecting an insightful idea based on the disagreement with its source and argues as to how the ideas of Marx and Schumpeter can add substance to the RBC theory that is currently missing.

Yutaka Furuya, Tohoku University,
Marx on Steuart's 'Money of Account'

Karl Marx played an important role in the reevaluation of James Steuart's economic theory: he praised Steuart as "the first Briton to expound a general system of bourgeois economy" and frequently drew reader's attention to Steuart's Principles of Political Economy. Marx most frequently referred to Steuart on his theory on money. This paper discusses Marx's twisted evaluation of Steuart's theory on money. Despite his high regard for most of Steuart's arguments on money, Marx, when it comes to Steuart's argument on the money of account, categorically denies this argument as a "confused idea". This mixed evaluation by Marx on the different aspects of Steuart's theory on money, however, raises an important question: Steuart's argument on the money of account serves as the core argument in his theory on money; so Marx is, in essence, totally rejecting the core and highly approving the rest. How can these two—rejection and approval—hang together? It could be one or the other of the following: it could be that Steuart's argument on the money of account and his other arguments on money are mutually independent; or it could be that some aspects of Marx's evaluation on Steuart's theory on money need to be revised. This paper attempts to provide an explanation to this twist in Marx's evaluation.

SAT4C Session: "Röpke and Gramsci"

Kevin Christ, Rose-Hulman Institute of Technology
A Measure of Judgements – Wilhelm Röpke's Methodological Heresy

From the 1930s to the end of his life, Wilhelm Röpke was engaged in the great intellectual crusade to revive classical liberalism. When a program for the restoration of economic liberalism began to crystalize on a mountainside at Mt. Pelerin in 1947, Röpke was there, and his social diagnosis in books such as *Die Gesellschaftskrisis der Gegenwart* (*Social Crisis of Our Time*, 1942, 1944) and *Civitas Humana* (*Moral Foundations of Civil Society*, 1944, 1948) provided an unparalleled diagnosis of the forces that had led to the broad failure of capitalism and economic liberalism in the early 20th century. As early as 1932, however, Röpke's social diagnosis was coupled with a methodological critique of his own discipline, one in which he sought to revisit what seemed to have become settled business: the role of value judgements in social science. His interpretation of the collapse of cultural liberalism included a sense of culpability on the part of social scientists who had not been, in his view, strong enough in their defense of a moral framework within which cultural liberalism could survive. Yet the positivist movement in social science, had, at least since the time of Weber consciously treated value statements as unscientific. His arguments regarding the need to "re-orient" the social sciences were anti-positivist, and his correspondence with colleagues reflects that. They were views that he held to the end of his career, and are an important part of our understanding of what came to be known as Röpke's economic humanism.

Clara Mattei, New School for Social Research
Gramsci and Pure Economics

Gramsci defined Philosophy of Praxis as Karl Marx's "revolutionary world view". The framework of the Philosophy of Praxis is still very timely since it sheds light on a fundamental Marxian insight: the approach to knowledge is deeply political. The method adopted by the sciences is a crucial element of class struggle, a pillar of the hegemonic apparatus of the ruling class. Gramsci's attentiveness to the role of the intellectuals to bring forward the bourgeois passive revolution, chiefly by cementing bourgeois institutions, is inspired by his key notion of the historical bloc that develops the indissoluble dialectical relation between the structure and superstructure. In this framework "the material forces would be inconceivable without form and ideologies would be individual fancies without the material forces".

In this article I will develop the essential notions of Gramsci's philosophy of praxis, much of which was inspired from the thoughtful reception of the young Marx. I will show how Philosophy of Praxis provides us with a two-fold powerful device. In the first instance, understood as a framework of critical analysis, the philosophy of praxis is crucial to capture the strength of the role of pure economists such as Maffeo Pantaloni Umberto Ricci and Luigi Einaudi (especially in their proposed methodology) to cement bourgeois hegemony in the critical post WWI years. The second powerful role of the philosophy of praxis is to offer a concrete proposal for a radically alternative and emancipatory approach to knowledge, a proposal that is certainly applicable to economics. Critical economics does not conceal exploitation nor the structural contradictions of capitalism, but rather profoundly understands their actuality. This approach would allow to development a form of hegemony which refuses passive and direct subordination in favor of vital active and direct participation.

SAT4D Session: "Institutional Economics"

Marcus Kantola, Turku School of Economics
Blinded by Ideology: Institutional roots of John Kenneth Galbraith Criticism of Economic Ideas

The Economist magazine labeled Canadian economist John Kenneth Galbraith (1908-2006) as "world's best known economist" in the Twentieth Century and legal scholar Richard Posner counted Galbraith as one of the world's most influential intellectuals of all time. Galbraith, whose heterodox economics was a blend of post-keynesian and classical institutional economics, was a fierce critic of conventional and mainstream economic thinking. Galbraith believed that often economic doctrines functioned like ideology. Economists adopted new ideas slowly, but once new ideas were firmly institutionalized, economists were extremely reluctant to abandon them. The economic ideas Galbraith believed rose from particular cultural conditions to solve practical economic problems, but once these conditions and problems changed, economic doctrines often did not. Economists kept proposing old solutions to problems which had fundamentally changed their character or disappeared altogether. In my paper, I will look into the intellectual roots of Galbraith's thinking on the role of ideology in the economic thinking and history of economics. Where did Galbraith get his ideas concerning the role of ideology in economic thinking? I will emphasize the role of institutional economics and especially the role of Thorstein Veblen, who criticized Victorian era scientists for finding scientific explanations for the peculiar institutions of Victorian England. I will argue that there are significant similarities between Veblen's and Galbraith's views and that these views are still relevant in the study of economic and management doctrines.

Felipe Almeida, Federal University of Paraná, Brazil
The Impact of the Foundation and Early Years of the Association of Evolutionary Economics on Allan Gruchy's Institutionalism

The History of Economic Thought studies regarding American institutionalism usually rely on its founding fathers, Thorstein Veblen and John Commons, with a decline in importance during the 1930s: studies on American institutionalism after WWII are few. However, institutionalists star in an important chapter of the organization of economics in U.S. history: the emergence of dissenting associations. During the late 1950s, institutionalists were dissatisfied with the neoclassical dominance in the American Economic Association. This dissatisfaction culminated in the founding of the first dissenting association, the Association for Evolutionary Economics (AFEE), in 1965. The institutionalist Allan Gruchy was a leading figure in the process of founding the AFEE. The goal of this paper is to highlight that this process generated deep changes in Gruchy's institutional perspective. Building a strictly Veblenian association showed itself impossible, hence the AFEE was founded based on an encompassing institutional perspective. It motivated Gruchy to address institutionalism through a holistic perspective rather than a specific method of institutional analysis. Additionally, Gruchy strongly emphasized social providing as a key issue of institutional economics. Social providing has been present in institutionalism since its foundation; however, Gruchy took it to another level. The presence of holism and social providing in institutional economics results from Gruchy's experience in being a leading figure in the founding of the AFEE. Moreover, Gruchy's understanding of how institutionalism can be classified in subgroups – as Veblenian and Commosians – also changed during AFEE's early years. This change relied on Gruchy's relationship with other early members of the AFEE.

Plenary Session, Kasbeer Hall

Anwar Shaikh, The New School
"Constructing a Classical-Keynesian Paradigm in Economics"

Sunday, June 17

SUN1A Session: “Before Smith”

Céline Bouillot, PHARE - Paris 1 Panthéon Sorbonne University
Lockean Monetary Policies and Social Conflict

In his *Second treatise of Civil Government* (1690), John Locke explains that the introduction of money leads to a conflict in the state of nature. This paper proposes a new take on Locke’s interest in monetary stability at the end of the 17th century: his goal is to maintain social stability inside the owners’ class, between the Landed men and the Moneyed men. In Locke’s economic writings – *Some Considerations* (1691) and *Further Considerations* (1695) – I find evidence of a discussion on the Lockean monetary aims and tools to maintain such social stability: should the government decrease the interest rate? Should he implement a devaluation policy? This paper offers a discussion of theses aims and tools, and concentrates on how a modification of the value of money influence of the social conflict.

Patrick Higgins, University of Łódż
A Tale of Two Enlightenments: The Interconnection of Scottish and Polish Institutions in the 15th-18th Centuries

This paper is the first step in a long research project that intends to explain the (relative) success of the Polish transition away from communism due to a deeper look at its institutional history, specifically pre-liberal political, economic, and social reforms. These reforms and practices in fact were often convergent with historic trends in “the West”, e.g. a noble democracy, relative ease of being ennobled (social mobility), an official government policy of religious toleration, ethnic and religious pluralism and diversity, etc. Even during the partition of Poland by its absolutist neighbors, these institutional fragments remained important throughout the centuries.

Of particular interest is the similarity between the Scottish and Polish-Lithuanian situations during that time, with estimated quarter million Scottish persons migrating to historic Poland between 1500 and 1800. Both contemporary and more modern commentators noted the similarities between the two nations (such as relatively weak kings and relatively open and tolerant societies), but more clear links can be explored such as the influence of the religious and political ideas of the Socinians (Polish Brotherhood) on both the Golden Age of the Polish-Lithuanian Commonwealth and eventually the Scottish Enlightenment. The Socinians were read by Locke and Newton, and their concepts of toleration, materialism, and the elevation of human reason can be traced down into the Scottish Enlightenment thinkers as well.

SUN1B Session: “Graduate Economics Training”

Andrej Svorenčík, University of Mannheim
The Doctoral Origins of Economics Faculty

In 1999 Paul J. Pieper and Rachel A. Willis published a paper in which they examined the doctoral origins of US economics faculty who were training new doctorates in economics in the academic year 1991—92. They found that doctoral origins are highly concentrated, with the top 10 schools producing 47 percent of the economics faculty at Ph.D.-granting schools, 54 percent of the doctoral-production weighted faculty, and 67 percent of the thesis supervisors at 47 top schools. This paper replicates their study from the perspective of the academic year 2017—18 which allows comparing how the concentration of the place of origin has changed over the last twenty-five years. The number of economics doctoral programs has increased to over 130 and the size of the faculty has increased correspondingly. Yet, it remains unclear whether the expansion of doctoral programs has led to a more diverse group of economists in terms of their graduate training or whether the hierarchical structure of the American economics academe has perpetuated itself.

Irwin Collier, John F. Kennedy Institute of Economics
Graduate Economics Classes taught by Paul Samuelson at M.I.T. in 1943: The Elizabeth Fay Ringo Notes

In 1943 the industrial economics graduate program at M.I.T. was still only an infant brain- child of two years of age. The prize hire from Harvard who had joined the department of economics and social sciences in October 1940, the 28 year old assistant professor Paul Samuelson, was called upon to bear the yoke of graduate teaching. In the spring semester of 1943 he taught both the economic theory and business cycle courses, and in the newly introduced wartime summer semester that followed he taught a fiscal policy course plus another economic theory course. Today we would say that Paul Samuelson covered both the first year required micro and macro sequences single-handedly.

A total of only 15 graduate students (3 women) were enrolled in the fledgling graduate program during the academic year 1942/43. Elizabeth Fay Ringo, who came to MIT from Swarthmore College in February 1943, attended four Samuelson courses. Ringo’s notes can be found at the Yale University Archives among the papers of her (later) husband, James Tobin. Her notes for the two graduate economic theory courses and Samuelson’s business cycle and fiscal policy courses yield a typed transcript of over 200 pages.

The significance of these notes is that they permit today and tomorrow’s reader access to a Paul Samuelson lectures immediately following the “Big-Bang” when Ph.D. training in economics was first made in his image. The paper to be presented will provide course outlines, many lecture summaries along with figures encountered in these four courses.

SUN1C Session: “Interwar Crises"

Elisabeth Allgoewer, Universität Hamburg
German Economics and Social Policy after World War I: Economists Between Historical-Ethical Economics and the Emerging Mainstream

The German historical-ethical school under the leadership of Gustav Schmoller defined a broad field of inquiry under the title of social policy. Starting with the foundation of the Verein für Socialpolitik in 1872, a research program comprising studies of institutional and legal matters, living and working conditions of laborers etc. was pursued in light of the “social question” with the aim of reforming social relations. Around the turn to the 20th century younger members of the German economics profession began questioning this agenda, not least in view of the value judgments it entailed. The demise of historical-ethical economics after World War I was a long drawn-out process. Social policy was redefined as a sub-field of specialization and eventually utilized standard mainstream methods. To trace the development of this field of study through its transformation opens up perspectives on the turning points in German economics during the Weimar Republic, Nazi Germany and the early years of the German Federal Republic. Part of this story is the differentiation of sociology which was an integral part of the research published by economists in the decades before World War I. This paper adds to research on the developments in other sub-disciplines of German economics in the first half of the 20th century e.g. business cycle analysis or economic statistics which has shown how economists at the time utilized the diverse heritage from historical, Marxist and neoclassical economics to develop original integrative approaches.

Jean-Sébastien Lenfant, University of Lille
Early Debates on Quality, Market Coordination and Welfare in the U.S. in the 1930s

The concept of quality in economics has gone through ups and down since it was identified as a decision variable of the producer in a competitive monopolist environment in Chamberlin's The Theory of Monopolistic Competition (1933). The purpose of the present article is to provide the starting point for systematic history of quality in economics, going back some years before Chamberlin's staging of the concept. A history of economics perspective on this concept is a requisit to help us understand the fundamental difficulties that accompany any attempt at discussing quality in standard economic thought.

Actually, many aspects of economic life related to the quality of goods---information, grading, standardizing, consumers' representations of quality---have been at the core of many researches and discussions mainly in the 1930s in the U.S. Those researches did not proceed at the outset from broad theoretical views on competition or price coordination. Instead they stemed from practical and sectoral accounts of specific impediments experienced by producers of agricultural products on the one hand and, on the other hand, by the progressive setting up of institutions devoted to consumers' protection under the pressure of a number of consumers organizations, whose acme corresponded with Roosevelt New Deal program.

The presentation will focus on this body of literature, with a view of enhancing the arguments pro and con the need for institutions protecting the consumer and improving the marketing of goods. First, contributions to this literature are to be replaced within a historical account of the development of institutions in charge of doing research or of implementing standards to improve the functionning of markets and to protect consumers in this period. Research on the subject of quality was undoubtedly driven by a specific historical set of events, notably the developpement of mass-production, marketing and branding in the 1920s and later on by the decrease of prices and losses of quality that accompanied the Great Depression.

SUN1D Session: "Education"

Susumu Egashira and Masanobu Nakatsugawa, Otaru University of Commerce

The Relationship Between the Policy of Education and Economic Thought: A case of JETs program in Japan

This paper aims to consider economic thought that is a background of modern educational policies in Japan. We particularly focus on Japanese Teachers of English (JTEs) program introduced in the 1990s. JETs program is a project promoted by the Ministry of Education Japan that young people in English-speaking countries are invited as English teachers of primary schools, junior high schools and high schools in Japan.

A target of neo-liberal policy that had been adopted in some advanced countries such as UK, USA, and New Zealand in the 1970s and the 1980s is a reform of education from the viewpoint of financial expenditure restraints of the government and streamline operations of schools. Schools in those countries had been required self-help managements.

On the other hand, neo-liberalism had combined with conservatism in some of those countries and its connection had encouraged to introduce traditional factors into school curriculums. Japan also had reformed education under the policy of Yasuhiro Nakasone's cabinet which was intend to obtain competitiveness in international markets and to be based on a traditional concept of value.

Moreover, socialist nations in the eastern Europe collapsed in the late of 1980s and capitalism has been dominant economic system in the world. Globalization in the 1990s was facilitated by the end of the Cold War and the international capital deregulation. In this mighty tide, English education in Japanese schools has a particular dilemma. English education in Japan had been pointed out the lack of ability of conversation and this problem was emphasized as the critical cause of diminishing international competitiveness in the globalization and quick development of NIEs countries in the 1990s. On the other hand, diversification of language in Japanese society is delayed because conservative factions in Japan has resisted the open of labor market. As a result, there is a serious problem that Japanese English teachers do not have enough ability of English conversation. JETs program is proposed as a solution of this problem. In this sense, JETs program is a product of paradoxical policies that a resistance of the globalization and encouragement of English education at schools preparing for the globalization.

The aim of this paper is to consider the process of policy making of the JETs program from the viewpoint of economic though. For example, neo-liberal policy of Nakasone's cabinet had been influenced by Thatcher's policy in UK and the supply-side economics and the argument of Friedrich Hayek, Milton Friedman and James Buchanan were frequently quoted in statements of politicians and bureaucracies. Moreover, correctness of Hayek's prediction was emphasized in the period of the Revolution in eastern Europe. The "Hayek workshop" had been organized by politicians of the ruling party and bureaucracies under an instruction of a right-wing scholar of English.

Although policies of education by libertarian economists such as Friedman's education voucher has been well known, there are few studies that consider how thought of such economists influenced the process of individual policy making in education. This paper closely examines the process of the introduction of JETs program and influence of thought of libertarian economists in the 1990s.

Roland Fritz, University of Siegen
Learning by Liberty - Hayek on Education

Friedrich Hayek is well known as a liberal thinker and proponent of a free economic order. The paper examines his take on education for protecting the upkeep of a liberal political order.

Hayek's outlook on the function of education rests on the conviction that it cannot be reduced to conveying of knowledge and skills, but that it also pertains – in the sense of a humanistic education – to the development of shared values and convictions, which promote social cohesion. Hayek is critical of conceptions that understand education solely in terms of its economic exploitability and links this notion to totalitarian regimes. In Hayekain terms, freedom must be much rather considered an ultimate goal and thus a benchmark for the arrangement of any educational system.

Furthermore, the upkeep of a free political order fundamentally rests – for Hayek – on public opinion being supporting of this goal. Freedom cannot be realized in societies that do not adequately appreciate the presence thereof. The fundament for a free society thus lies within an economically free population. With respect to this, a key figure in Hayek's conception is the "man of independent means", a financially and professionally independent individual. Thus, in order to stabilize a free social order, economic education holds considerable importance. Hayek's concept of "2nd-hand traders in ideas" helps us to understand the diffusion of ideas via public intellectuals and thus to correctly asses the power of ideas within the realm of education, demonstrating the limited influence of economists on the interpretation of their work.

SUN1E Session: "Consumption"

David Philippy, University of Lausanne

From Moralism to Rational Consumption: Behavioral Expertise and the Birth of the Economics of Consumption

To date, historians of economics have tended to focus on the cognitive revolution of the 1950s to account for the birth of behavioral expertise in economics. Very little attention has been paid to the first two decades of the 20th century, when American progressive economists from the newly founded home economics movement sought to help housewives manage their homes. This paper aims to show the shift that occurred in the 1910s from a traditional moralism to a neutral (de-feminized) theorization of consumption centered on patterns of individuals' behavior. Ellen S. Richards (1842-1911), founder of the home economics movement, was one of the key figures that epitomizes this change towards a scientific management of the house. She advocated the use of the "psychology of influence," the "knowledge of marketing experts," or the "science of controllable environment" which she called "euthenics" as an alternative to eugenics (Richards, 1910). She thus laid the groundwork for the theorization of consumption in the 1920s as the main focus of economic analysis. Shifting to theories of consumption permitted the emergence of behavioral expertise centered on choice-making process, distinct from the education of housewives on moral grounds.

Maxime Desmarais-Tremblay, Goldsmiths, University of London

A Conceptual History of Consumer Sovereignty

The principle of consumer sovereignty is a central tenet of modern political economy. It was popularised by William H. Hutt in his book Economist and the public (1936). A graduate of the London School of Economics and Political Science, Hutt worked in a liberal think tank in London before moving to South Africa where he taught economics for decades. He was for many years one of the most active participants of the Mount Pèlerin Society. By coining the ingenious expression of consumers' sovereignty, Hutt was stepping in a long-standing analogy between the virtues of market allocation and democracy. Although Hutt was already based in South Africa at the time, the concept reflected the neoliberal spirit at the LSE in the interwar period. For Hutt, the principle was an appeal to the virtues of voting in a liberal democracy: impartiality, concern for the minorities, and a default solution to the problem of distribution of wealth. The market mechanism was presented as a rational alternative to the totalitarian threats facing the West. The concept participated in the collective attempt to replace the ambiguity of political judgement with a market-based norm. As the centre of gravity of economics crossed the Atlantic, the concept came to embody the American vision of liberalism, as opposed to Soviet communism during the cold war. It featured prominently in Arrow's conceptualisation of rational collective choice. In America, the appeal of the principle was reinforced by the rise of the mass consumption society in which the identities of citizen and consumer became inseparable. Nonetheless, from its early beginnings onward, the concept of consumer sovereignty has been contested, both in its explanatory power and in its normative value.

SUN2A Session: "Geography and Environment"

Anthony Rebours, University of Paris 8
The Interactions Between Economics and Geography (1980-2015): A Bibliometric History

This paper aims to provide a case study of the relationships between economics and geography using the methodology of bibliometric history developed by historians of sciences to study disciplines. In our paper, we conduct a bibliometric cum network analysis of the interactions of economics and geography over the period 1980 and 2015 that will allow us to detail the consequences of the 'new economic geography' revolution. Our argument is that authors that belonged to the community of geographers interested in economic issues rarely cites economists interested in spatial issues and inversely in the 1970s and 1980s. It is only after the coming of the 'new economic geography' in the 1990s that these two communities began to develop stronger ties and progressively became one autonomous sub-field. However, this change was more beneficial to one community, that of the economists, who occupied a central position in the network of economic geography. The centrality of economists has deepened in the 2000s to reach a maximum in the aftermath of the Nobel Prize attributed to Krugman in 2008. In the paper we will analyze more precisely the implications of these findings.

Harro Maas, Centre Walras-Pareto
No Willingness to Compromise the Adversarial Nature of Economic Expertise on Environmental Harm

On 21 April, 2017, the premier scientific journal Science published an article in which a team of economists showed their estimate of environmental harm caused by the blow out of the Deepwater Horizon oil rig in the Gulf of Mexico almost on 20 April, 2010. The estimate, of the enormous magnitude of $17,2 billion, was based on a so-called Contingent Valuation study, a stated preference survey method in which respondents are asked their willingness to pay for an environmental amenity to secure the environment from future harm. Within two weeks, Daniel McFadden, Nobel memorial prize winner in economics, and Kenneth Train, Berkeley professor and vice-president of the economic consultancy firm National Economic Research Associates, published an edited volume which critically examined the Contingent Valuation method (CVM), with the clear aim to establish its inherent flaws. The sequence of publications mirrors the controversy over CVM that developed in the aftermath of the Exxon Valdez oil spill of March 1989, and that similarly pitched proponents and opponents of CVM against each other and for which a compromise was sought by the NOAA Blue Ribbon panel chaired by Arrow and Solow in 1993. But compromises are difficult to find in situations where financial interests raise the stakes. This paper examines the economists' capture that characterizes the closely entwined

economic, legal and scientific discourses that evolved around the method of contingent valuation from the environmental damage assessment of the Exxon Valdez oil spill until the damage assessment of the Deepwater Horizon disaster.

Thomas Mueller, Marco Paulo, Vianna Franco, and Marion Gaspard, l'Université de Paris 8
Time Discounting in Harold Hotelling's Approach to Natural Resource Economics: The Unsolved Ethical Question

Time discounting is a widespread practice in modern economic theory whose history has received some attention (Elster and Loevenstein, 1992; Frederick, Loewenstein and O'Donoghue, 2002; Duarte, 2016). In the proposed paper, focus is given to the approach of Harold Hotelling to time discounting in his 1931 article entitled "The economics of exhaustible resources". Contesting Ramsey's (1928) point of view, Hotelling argues that, from an aggregate perspective (the "social value" or "total utility" derived from a resource), there would be three different reasons for time discounting: "that capital is productive, that future pleasures are uncertain in a degree increasing with their remoteness in time, and that V [the present value of an exhaustible resource] and u [total utility] are concrete quantities, not symbols for pleasure" (p. 287). It is thus argued that Hotelling shifts the discussion from (i) whether or not it is ethically acceptable to discount future enjoyments to (ii) the question of "how much" of time discounting should be accepted. Based on archival material, the proposed paper attempts to assess to what extent "the unsolved ethical question" – as Hotelling has himself labelled it – and "how much to discount" were major concerns for him and other authors of the time. Understanding how these ideas unfolded in the 1920s/1930s not only elucidates major aspects of the history of natural resource economics and Hotelling's role in it, but points also to a broader understanding of the relations between positive and normative concerns in the historical development of economic theory.

SUN2B Session: "The MacLean Controversy A Year Later"

Published in June 2017, Nancy MacLean's Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America led to an intense controversy rarely seen in the field of history of economic thought. The book aims to connect Nobel Prize-winning economist James Buchanan and the development of public choice economics to a purported plot, allegedly hatched and funded by the Charles Koch Foundation, to constrain American democracy so as to ensure political outcomes that favor Koch and his ilk. Immediately upon publication, the quality of MacLean's scholarship was viciously attacked by numerous critics on the right (as well as a few on the left), who accused MacLean of, if not blatantly deceiving her readers, at least failing to uphold academic standards of interpretive charity in her reading of Buchanan and various other public choice economists. These critics were in turn attacked by MacLean's supporters on the left, who mostly showered the book with praise and, while sometimes hinting that they were also pawns of the purported Koch plot, accused her critics on the right of failing to read the book with the same degree of interpretive charity they demanded of MacLean.

The controversy over Democracy in Chains raises several interesting questions for the field, especially about the meaning of interpretive charity and its continuing relevance for the historiography of economic thought; but also about the very possibility of honest scholarship in a field beset by political complications.

Later in 2018, Research in the History of Economic Thought and Methodology (RHETM) will publish a symposium, to be edited by Andrew Farrant and Scott Scheall, on the significance of the MacLean affair for the field moving forward. This roundtable session will feature both contributors to the RHETM symposium as well as scholars with an independent interest in the issues raised by the MacLean controversy.

Co-Chairs:

Andrew Farrant, Dickinson College
Scott Scheall, Arizona State University; co-editor, *Research in the History of Economic Thought and Methodology*

Roundtable Participants:

Peter Boettke, George Mason University
Marianne Johnson, University of Wisconsin Oshkosh
M. Ali Khan, Johns Hopkins University
Stefan Kolev, University of Applied Sciences Zwickau
David Levy, George Mason University
Phil Magness, George Mason University, Berry College
Alain Marciano, Université de Montpellier
Sandra Peart, University of Richmond
Vlad Tarko, Dickinson College

SUN2C Session: "Late 19th Century Economics"

Gonçalo L. Fonseca, INET
The Law of Distribution Reconsidered: Wicksteed's Completion of Jevons

Philip H. Wicksteed's 1894 Essay expositing the marginal productivity theory of distribution is hailed as one of the outstanding contributions of the "second generation"; of the Marginalist Revolution. However, its linkage to the "first generation"; is usually overlooked. While Wicksteed is widely considered a disciple of Jevons, the connection between their theories is still poorly understood. This is in large part because W.S. Jevons's own theory, contained in the final chapters of his 1871 *Theory of Political Economy*, is a bit of a mess. In this paper, we decipher Jevons's theory of production and distribution, and show exactly how Jevons sought but failed to construct the marginal productivity theory. We show how Wicksteed corrected the mistakes Jevons made and brought the Jevonian revolution to its conclusion.

Kelley Goodman, Yale University
Bastiat's Parables in the American Political Economy

Stephen Engelmann, University of Illinois at Chicago
Mill's Protagoras and Mill's Political Economy

My paper looks back at and connects together two contemporaneous strands of the young Mill's work: his translations of and brief commentaries on Plato, particularly of and on Protagoras; and his early papers on political economy, particularly "On the Definition of Political Economy; and on the Method of Investigation Proper to It." An examination of the distinctions and linkages made between art and science (between technê and epistêmê) in these texts, and an investigation of the relationship between political economy and "social economy…or the science of politics" (Mill, 1967, 320), suggest that the young Mill intimately links the art and science of government, including self-government, to the science of political economy. I argue that this integrated governmental orientation is only enhanced as Mill breaks with the "Bentham School" and develops what Joseph Persky rightly calls a "political economy of progress" (Persky 2016). The paper takes inspiration from but is posed against Nadia Urbinati's (2002) bracingly Socratic and in some respects radically democratic interpretation of Mill's corpus. In his late work Mill is well aware that things look different from the perspective of the "working man." But for him, as perhaps for us, this perspectivism never goes all the way to a consideration of the possibility that the truths produced by political economy are themselves bound up with a class project.

SUN2D Session: "Finance and Risk"

Franck Jovanovic, Université TÉLUQ, and Guy Numa, University of Massachusetts Boston
The Re-introduction of Modern Finance Ideas in France Between the Mid-1970 and the Mid-1980 and Some of its Paradoxes

This article studies how modern finance ideas where reintroduced and diffused in France between the mid-1970s and the mid-1980s. To date, the history of financial economics didn't discuss in details the international diffusion of finance economics (i.e. modern finance). Except in rare cases, the diffusion of modern finance ideas and its theoretical framework through the different countries has been presented as an obvious continuity since their formulation in the United States between the end of the 1950s and the mid of the 1970s. However, it appears that their diffusion is less obvious that we can think and rise several paradoxical situations. For instance, when modern finance ideas were diffused in France in the 1970s, some of them had been taught in this country for almost one century (like the hypothesis that the speculator's mathematical expectation of gain is zero, the random character of stock market prices, the ideas of portfolio theory); however, no reference to the first French authors had been made by the authors who reintroduced these ideas in the 1970s. In other terms, these elements seem suggesting that the international diffusion of modern finance ideas should have been made by ignoring the national knowledges. By exploring the international dissemination of modern finance ideas in France, this article provides the opportunity to investigate several new questions in the study of the history of financial economics. It also opens new perspectives in the analysis of this history.

Robert Kaminski, University of Chicago
Risk, Uncertainty, and (Insurance) Profit before Knight

The theoretical distinction Frank Knight articulated between calculable risk and unquantifiable uncertainty in his 1921 classic Risk, Uncertainty, and Profit remains canonical to this day. As he highlights with an exhaustive chapter tracing theories of “Change and Risk in Relation to Profit,” this distinction marked a crucial break in economic thought—F.B. Hawley’s risk theory of profit did not distinguish between insurable and uninsurable uncertainties while Knight’s analysis did so with theoretical clarity. I will argue, however, that Knight was not the first to identity calculability and, therefore, insurability as a factor with major implications for businessmen. Insurance men, trade journalists, and the financial press all grappled with the relationship between calculability and insurability. During the decades preceding the publication of Risk, Uncertainty, and Profit, they undertook a vast project of “risk making” that has drawn significant attention from new historians of capitalism like Jonathan Levy and Dan Bouk. Building on their work, I will analyze the ways debates about the insurability of novel hazards—from health insurance to strike insurance to still more avant-garde risks—anticipated Knight’s delineation between risk and uncertainty. They identified “certain-uncertainties” (in which population averages if not individual outcomes were predictable) as insurable. They declared that no reliable classifications existed that might allow the formation of averages for other “uncertain-uncertainties.” And they recognized a continuum of calculability from the gold standard of life risk down to more questionable novel fields—a nuance that I argue often goes underrecognized in Knight.

Thomas Delcey, University Paris 1, CES, RehPere
The Random Character of the Financial Fluctuation, 1930 – 1960 Constitution and Polysemy of a Research Object

The highlighting of the random character of most financial fluctuations is without doubts a crucial step in the rise of modern financial theory. The Random Character of Financial Fluctuation (RCFF) is an empirical result which is the foundation of passive managing with its theoretical explication, the Efficient Market Hypothesis (EMH). This historical literature is mainly a history of modelizations of the RCFF. The different ways RCFF has been understood in Economics is only analyzed through the prism of different formalizations. It is taken as granted that random fluctuation in itself has been widely and directly accepted. We show that the interpretation of the RCFF has been understood in two different ways though: (a) a deterministic one that focuses on constant patterns inside the random fluctuation, (b) a non-deterministic one that focuses on the explanation of the random character of the fluctuation

itself. We conclude that these two interpretations of the fluctuation have been transmitted in his theoretical explanation developed in the 60s, the EMH.

SUN2E Session: “Macro 2”

Antonella Rancan, University of Molise
Modigliani and the New Keynesian Economics

Today macroeconomics mainstream and its econometrics counterpart, the DSGE models, is considered the result of a new synthesis between new Keynesian economics, new classical economics and the real business cycle theory (Goodfriend, King, 1997, De Vroey, Duarte 2013). According to the literature, the integration of these rival approaches has been possible partly because the new Keynesian economics moved a step towards Lucas’ counter-revolution, in particular regarding its acceptance of the Walrasian microfoundations and the rational expectations hypothesis. However, in doing so, the new Keynesian economics marked its methodological and theoretical distance from the old generation of Keynesian economists.

My paper concentrates on the relationship between Keynesian and the new Keynesian thought, in particular with reference to Franco Modigliani's macroeconomics. My aim is to place Modigliani’s economics within this methodological and theoretical transition: Did Modigliani contributed to this transition? How can it be assess? What is Modigliani’s legacy regarding the unsolved search for a balance between rigor and relevance in macroeconomics?

Important forerunners of new Keynesian economics had been Modigliani’s students at the MIT, such as Stanley Fisher and Joseph Stiglitz. Most important, those issues that characterized Modigliani's research agenda, such as the relationships between money and real variables, the role plays by wage and price rigidity to explain unemployment and the working of non-competitive markets, are today at the center of the new Keynesian Economics. Although Modigliani anticipated much of these issues, with few exceptions, his name disappears from the new Keynesian literature.

Francesco Sergi, University of Bristol, Pierrick Dechaux and Aurélien Goutsmedt, Université Paris I
A French-American Episode in the History of Macroeconomics. The Early Years of the “International Seminar on Macroeconomics

This article addresses the early years (1978-1985) of the “International Seminar on Macroeconomics” (ISoM), an annual seminar co-organized by the National Bureau of Economic Research and the French Ecole des Hautes Etudes en Sciences Sociales.

Robert Gordon and Georges de Ménil, the two main organizers of the ISoM over this period, described it as the opportunity for “a more ample dialogue on policy matters between the United States and Europe, and across national and institutional boundaries within Europe”1.

Relying on archives, interviews and the published proceedings of eight meetings, we investigate how the ISoM promoted such a debate between U.S. and European macroeconomists and between academia and policy-making institutions.

Besides uncovering the singular history of the ISoM itself, we analyze the contributions to the seminar and their evolution. We claim that such evolution has three distinctive characteristics—of general interest for the history of recent macroeconomics. First, we illustrate how the rational expectations became less and less controversial among the participants. Second, we show the decline of disequilibrium theory within the ISoM. Third, we suggest that the participants shared a same view and practice of macroeconomics as an "applied science"'. Namely, the ISoM promoted research dealing with specific real-world problems (e.g. the international effects of stagflation in the 1970s, the 1980s debt crisis and the building of a European Monetary System), policy-oriented (e.g. monetary, fiscal and exchange rate policies) and based on quantitative methods (e.g. large scale macroeconometric models).

Matthieu Renault, University of São Paulo (FEA-USP), and University of Paris 1 Pantheon-Sorbonne
Edmond Malinvaud's Criticisms to New Classical Macroeconomics: Restoring the Rationale of the "Old Keynesians" Stance

The "standard narrative" of the history of macroeconomics usually depicts macroeconomics in a state of crisis during the 1970s, but it rarely goes into its details. The standard narrative basically states that Robert Lucas and his followers took the stage, arguing persuasively that Keynesian macroeconomics and the "Neoclassical synthesis" had no sound Microfoundations. Then, the standard narrative suggests that the breakdown of Keynesian macroeconomics occurred without any trouble or resistance. Instead, it heavily insists on the long-lasting conflicting period that opposed New Keynesian and New Classical economists. And yet, other voices, different from the New Keynesian's, did oppose New Classical Macro in the 1970s and afterwards. These dissonant voices owe to the old generation of Keynesian economists (James Tobin, Robert Solow, Lawrence Klein, Franco Modigliani, among others), who could easily be labeled "Old Keynesians" (Tobin, 1992, 1993). Edmond Malinvaud, another Old Keynesian figure, sheds light on the rationale of the Old Keynesians' stance to New Classical Macro through his criticisms. First, since Malinvaud took early part in the search for Microfoundations, his criticisms were more informed about modern achievements in macroeconomics. Second, Malinvaud's criticisms overlapped and comprised all of the Old Keynesians' arguments. In this article, I argue that studying Malinvaud's criticisms shows that the Old Keynesians' opposition to New Classical Macro was multidimensional, since it incorporated theoretical, empirical, methodological, and epistemological concerns. In this sense, the Old Keynesian approach in macroeconomics is seen as irreducible and incompatible with that promoted by New Classical Macro.

SUN3A Session: "Smith Past and Present"

Organized by the International Adam Smith Society (IASS)

Riccardo Rosolino, University of Naples L'Orientale
Adam Smith, the Labour Market and the Logic of Collective Action

For Hume and the physiocrats wage levels had perforce to remain anchored at subsistence level because bargaining was subject to the hard laws of numbers and competition. For Smith on the other hand they was the result of a betrayal of free market principles and a want of respect for fair play. The bosses were parties to a tacit agreement not to raise wages, and the workers had no means of defending themselves or resisting. Probably, guaranteeing them such a natural right would have the effect of freeing the bargaining process from this trap. Smith's rather ambiguous leaning in that direction brings with it two (at least) intriguing questions: one moral or judicial, the other political. In his *Lectures*, Smith talks both of resistance, in a 'constitutional' sense, and of defense, in a number of spheres (persons and property, but also communities, cities, kingdoms). But then, in *The Wealth of Nations*, he redeploys the words resist or resistance at least ten times, always in contexts marked by a friend/enemy antithesis (Schmitt). It is conceivable that behind his acknowledgement of the possibility of extending the option to 'conspire' to the workers, lay a political scepticism and a distrust of the processes of justice. But the logic of the free market would be turned upside down by allowing co-operatives. Was it a case – or not – of the pursuit of individual interests being trumped by the logic of collective action?

Thomas Ruellou, University Paris 1
Classical Economics and the 'Corruption' of the Notion of Cost: an Overlooked Smithian Inheritance in Sraffa

Recent contributions (Kurz & Salvadori 2005; 2015; Arena 2015; Sinha 2016; Fratini 2017) emphasize that, in his manuscripts, Sraffa identified a "corruption" of the notion of "cost" of which Smith would be responsible. Rather than stressing the material aspect of production whereby commodities are produced by commodities, Smith (1776: I.v.2), followed by Ricardo (1817: 11-12), would have rather put the "toil and trouble" of the labourer centre stage and thereby paved the way to the subjective "disutility" of labour of neoclassical theory (Hollander 1973: 128-136; Coleman 1995: 139; Blaug 1997: 57).

Contrary to this common reading, I explain that the notion of "toil and trouble" can contribute to our understanding of the essence of classical economics which Sraffa precisely aimed at capturing.

Smith exposed a method for homogenizing labour based on the wage-baskets given to labourers (Smith 1776: I.v.8-9 & sq.), but he also presupposed an alternative method (*ibid*.: I.v.2-7) where quantities of "toil and trouble" are expressed as a social abstraction: during the "higgling and bargaining of the market" (*ibid*.: I.v.4), the impartial spectator, standing for moral standards proper to each society, establishes a scale of different quantities of labour. This spectator-based approach is coherent with Sraffa's idea that a price system is a representation of a given "society" (Sraffa 1960: 3) characterized by a division of surplus between wages and profit. For Smith, the magnitude of "labour" is not a mere cost but stands for a socio-economic group negotiating a share of surplus. By stressing that the economic process takes place in a social context, moral conventions play a crucial role in the determination of economic magnitudes.

Tomas Kristofory, American University in Bulgaria
Göttingen Link and Dissemination of Adam Smith's Political Economy on the Continent

This paper outlines hitherto not systematized early acceptance of Adam Smith's economic thought in countries of former Austria-Hungary and points to Gregor Berzeviczy/Gergely Berzeviczy (1763 - 1822), the most significant Smithian in the area, who is however unknown in English speaking histories of economic thought. While the paper provides important contributions, it does so on a more general plane and doesn't always go into details, some of which deserve to be established by further studies. For example, rather than providing a full history of institutionalized economics (as being taught at universities by textbooks), we concentrate on what is left in such existing histories of institutionalized economics for the area. For countries of former Austria-Hungary, there's a lot left from existing histories of economic thought, and that not just because we lack some such histories. For Prague, there's one (but in Czech language), and there's no one for Vienna and Buda. This paper argues that if such histories will be written, there will be surprises because of the comparatively strict constraints on the academic freedom in the monarchy. Existing literature considers that the textbooks used in Vienna (and in Prague) attest that there was something like "Viennese cameralist orthodoxy". When we take into account the restriction on academic freedom, using prescribed textbooks doesn't necessarily mean all professors using them being cameralists. One of the results of the present paper is that some of those professors were covering things up and that we can doubt whether some of them were actually cameralists. Other effects of the decreased academic freedoms are attempts to do science while avoiding universities in the country. This was true for Gregor Berzeviczy, a Noble who could afford retreating to his family castle and write his books there in the countryside. He still faced a problem of censorship, but that was nowhere near to what distances his contemporaries at universities in the monarchy (like H. J. Watteroth in Vienna or W. G. Kopetz in Prague) had to go to be able to present at least some of their actual opinions in the class.

Paper connects two types of literature. One type is a literature on the acceptance of Adam Smith's teaching in Germany (Keith Tribe, Wilhelm Roscher) and other countries (including Russia and Poland). While Russian case is better observed in the literature, from the vast area between Germany and Russia, only Poland got a systematic treatment in the English speaking literature. Polish case also shows indices of German transmission of Smith's ideas. The other type of literature we combine is an existing regional literature (Austrian, Czech, Hungarian, and Slovak) on acceptance of Adam Smith's teaching in the latter countries. We combine those regional literatures, which usually don't communicate with each other, to establish a comparative history of early acceptance of Adam Smith's political economy Paper connects those two groups of literature first by way of contrast and then by way of synthesis.

While there's an accepted view that Adam Smith's teaching witnessed "negative early phase of acceptance" since 1776 until first German Smithians' books in 1790s (Kraus, Sartorius), Hungarian and Slovak literatures insist that Gregor Berzeviczy was an early Smithian. Both contentions cannot be true at the same time, since Berzeviczy studied in 1784-1786 in Germany in Göttingen and reported a shared enthusiasm for Smith at the university in his letters to mother. If that is true, there must have been a positive acceptance of Adam Smith's economic economic thought in Göttingen in the "early phase of acceptance" prior to the first books by German Smithians.

What is more, soon after his coming back, Berzeviczy wrote (in Latin, as usually) 'Inclytas Universitae', an ode to the university, in which he thanks for the education and expresses Smithian views on the economy. He then started to publish books in mid 1790s, and Hungarian literature maintains that they were influenced by Smith, by his Göttingen professors and by Hungarian economic thought. Established literature on the acceptance of Smith's economic thought in Germany reports on Göttingen as well, but our paper finds that Göttingen is left there just as a paradox. They treat it as uncharacteristic of otherwise cameralist German universities, but they fail to recognize its special significance for the "early phase of acceptance" of Adam Smith's political economy.

Our paper both reevaluates evidence provided previously for the "not so special Göttingen" and evaluates evidence unobserved by the established literature on the acceptance of Adam Smith's economic thought in Göttingen. We base our argument on a similar and ignored argument by Norbert Waszek, who observed that a surprising amount of members of the "later positive phase" of Smith's acceptance in Germany were tied to the university of Göttingen and who concluded (rightly, in our view) that Göttingen was a significant positive exception in otherwise negative early phase of Smith's acceptance in Germany. We extend Waszek's argument, and reevaluate Roscher's and Tribe's treatment of the negative phase of Smith's acceptance in Göttingen by (1) exploring early Smith reviews and early opinions of Göttingen's professors on Smith more extensively and by (2) providing some Hungarian evidence.

Two pieces are standing out in the Hungarian literature: most notably it's Gyula Kautz's 1868 book on the history of economic thought in Hungary which has a 1876 German translation. Kautz was Roscher's Hungarian student who considered himself a German historical economist and who was a splendid historian of economic thought, not just Hungarian. He's celebrated as the first economist ever to quote otherwise forgotten Gossen, but he's interesting himself as he can be seen as a precursor to Menger. We report that Kautz tells a Berzeviczy story as a story of the early positive phase of the acceptance of Smith in Hungary. Kautz even goes as far as saying that Berzeviczy's significance of spreading Smith's teaching for his nation matches similar achievements of Malthus in Britain, Say in France and Gioja in Italy.

Other than Kautz, we rely on Hungarian literature on Hungarian students in Göttingen, especially students of professor A. L. Schlözer, who was particularly significant in spreading

Smith's thought to the East and south of Germany. Berzeviczy was the most original and most significant among those students. We also display how Schlözer criticized Austrian government, including of Joseph II after he ceased to do reforms, and Austrian university restrictions on academic freedom. By that virtue, Schlözer also attracted Austrian students to Göttingen. To realize the extent of Schlözer's significance for disseminating Smith's teaching within Germany, in the wide area between Germany and Russia and in Russia, one needs to remember that later in his career, Schlözer moved to Russia, where he also spread Smith's teaching.

With overview of that literature we complement Tribe's report on successes of Göttingen University in attracting students also from outside of Germany including Hungary and Austria. We thus also go on to reevaluate Tribe's accepted view of Viennese cameralist orthodoxy. There was orthodoxy, but there was a dissent as well. It's also important what type of dissent it was. We report on Heinrich Joseph Watteroth, a very early Smithian Austrian student in Göttingen (he left Göttingen in 1777 and was a Smithian in 1780s prior to his job at the university), who is a neglected person in the history of austrian economic thought. By reporting on him we also reshuffle the established view of Austrian economic thought in that period, which probably has important gaps in scholarship of this period. We report that Watteroth tried to replace the Sonnenfels' cameralist orthodoxy by Smithian teaching and tried to disseminate it further around the monarchy with the help of his former Göttingen professor Schlözer. Watteroth, who soon replaced Sonnenfels at the chair in Vienna, accepted an attitude of an internal dissent at the Vienna University and in this meaning he was foreign to his university. This is significant since Watteroth, also a former student of Schlözer in Göttingen, considered he was a Smithian, at times at least. This is how Smith's teaching became a dissenting view in Vienna. With this we complement Tribe's story of how Smith became to be viewed in Germany as an alternative to Sonnenfels (rather than, say James Steuart or James Anderson). Our contribution to this debate is that if somebody personalizes a Viennese Smithian dissent to Viennese cameralist orthodoxy, it's Watteroth. As we will see, there's a personal aspect to that.

With the references to the Czech literature we report on Watteroth's also neglected student from Prague, a later Prague professor W. G. Kopetz. This Kopetz, unlike his older brother M. N. A. Kopetz, who is commonly recognized as Sonnenfels' follower, acquired nutshell of Smith's teaching from Watteroth during his student times in Vienna. An established view in the Czech literature is that W. G. Kopetz instilled Smithian views in his Czech followers in late 1840s, who then combined Smith with insights of Say, Bastiat and Droz and by the virtue of which Czechs began to "close the gap" to the western economics "after decades of halted development" of economic thought. We also report that what Watteroth really achieved was just personal replacement of Sonnenfels at the university chair in Vienna. Watteroth lost a battle of ideas to Sonnenfels for couple of decades.

While Joseph II didn't like Sonnenfels and replaced him with Watteroth, Watteroth himself soon fell out of favour in Hofburg and was obliged by a decree to use Sonnenfels' textbook for lectures. We also report that it is known on Watteroth that he kept mocking Sonnenfels (not exclusively) by quoting from his textbook and that he tried to go around the official textbook by providing “reader’s guide” to Sonnenfels. Providing reader’s guides became an accepted practice (also in Prague) and cannot be automatically understood as disseminating cameralist views as is commonly understood. Czech literature maintains that those reader’s guides were usually combining insights by Sonnenfels and by Smith.

We provide further evidence on why Watteroth is neglected in the history of austrian economic thought. While Sonnenfels and Kudler, Watteroth’s Smithian successor at the university chair in Vienna, both got their statues in the parade arcades at the Vienna university after their deaths, Watteroth has none. It’s a historical coincidence that Sonnenfels and Kudler were raised the statues on a joint occasion in 1891 and thanks to that commemoration event we learn some shared prejudices on the history of economic thought in Austria. The commemorative speech was delivered by a historian Lustkandl. Significantly, Carl Menger, who was first asked to provide a festive speech, apologized. His reluctant approach to the history of austrian economic thought is understandable since he had to fight his fights over originality once Gossen was rediscovered (and then there’s this Hungarian precursor Kautz) and because the Methodenstreit with the German historical school. At the same time, Menger’s reluctant stance towards the history of economic thought in Austria is symptomatic for the want of a more general overview of the history of economic thought in Austra which we are probably still lacking.

After such setting the stage, we go on more deeply to evaluate thought of Gregor Berzeviczy in the light of the newly identified Göttingen connection to Adam Smith’s economic thought. Berzeviczy is, next to Hegel - an example deeply studied by Norbert Waszek, a further important evidence on the early and positive acceptance of Smith’s teaching in Germany beyond just history of institutionalized economics (which deals with who held university chairs, which textbooks were used). Seeing the history of Smith’s acceptance in Germany by the history of institutionalized economics in Germany, as done by Tribe, has great strengths. It aims to differentiate mere claims on being a “Smithian” which is a threat of our approach if one isn’t carefully following actual texts. But we remedy that by providing existing Hungarian and Slovak text analyses of Berzeviczy, which we also supplement by our own analysis thereof. History of institutionalized economics, as done by Tribe, is especially good to get rid of bandwagon would-be Smithians outside of economics departments or working in academia, but outside economics. Such approach then aims to differentiate fact from fiction of being a Smithian. If an author was an academic economist, wrote his or her books and used it for teaching, that person can be said she was a Smithian. But Hegel - as argued by Waszek, and Berzeviczy, are not cases of non-academic would-be Smithians. There are existing texts and text analyses. Hegel and Berzeviczy prove that Tribe’s aim to differentiate fact from fiction of being a Smithian can thus be reached also outside of doing the history of institutionalized economics. While textbooks are important for institutionalized economics, there might be important Smithians outside institutionalized economics, either by virtue of being outside of economics, as was Hegel, or by being an economist but outside of institutions of higher education, as was the case of Berzeviczy, or even being an institutionalized economist, such as Watteroth, who however thought differently than what was in the textbook because of the lack of academic freedom.

Berzeviczy makes it clear on number of occasions in letters from Göttingen and in his autobiography that he never wanted to be an academic. He wanted to become a reformer in Hungary. But returning from Göttingen, he was discouraged by the Emperor Joseph II from a political career, which was anyway halted for him after suppressing of the Hungarian Jacobine movement in 1794. The movement strived for reform of the economy and of society. Berzeviczy was believed to maintain ties with leaders of the movement. As a consequence of the inability to make a career in politics, Berzeviczy retreated in 1795 to his family castle under mountains, now in northern Slovakia, where he became a private scholar.

Although he had strong theoretical interests, his published books were mainly practical for a long time. By practical we mean that they concentrated on understanding of Hungarian economy and on suggesting reforms for its improvement. Later in his life, in 1819, he however wrote a theoretical book "De Oeconomia Publico-Politica", which was however forbidden from publication by censorship and was only published more than 80 years after his death (in 1909), and that only in Hungarian. This remains the only existing edition of what was Berzeviczy's magnum opus. To discern whether he would merit achievements of Malthus with that book, remains to be seen. A lot of his writings remain to be just in the archives.

Soon after he retreated to his family castle, he made couple of travels, mainly to promote establishing water channels to promote international trade of Hungary and of his own region (a suggestion for doing so for Hungary exists in The Wealth of Nations). After one such travel, he began to publish books, starting with his De Commercio et Industria Hungariae (1797). Berzeviczy used Latin or German version of Smith's terminology such as "wheel of circulation" and many others in analyzing Hungarian economy (and used those not just in this book, he actually used Smith's terminology even in polemical pamphlets). Berzeviczy also adopted his critical opinions on mercantilism, and on its Viennese cameralist version. Cameralist policies established the tax system as if Hungary was Austria's colony, so there was also an economic reason for a Hungarian adopting Smith's opinions as soon as they were available. A 1802 German translation of this book earned him an award to be declared a member of Göttingen Scientific Society in the same year. He was the first Ungar to become a member. Extent of his significance can be indicated by the fact that he was quoted by German Smithians including such great later person as K. H. Rau. Still, Berzeviczy died prematurely in 1822, 59 years old. He however had his disciples in Hungary, both Hungarians and Slovaks (a fact which wasn't observed before). We argue that Berzeviczy used Smith's teaching in a practical way, as was usual in Göttingen by Schlözer, who was also Berzeviczy's favourite professor. Three paragraphs in 'The Wealth of Nations' mentioning Hungary have this practical character, they include suggestion to a more intensive use of navigable rivers for trade purposes, such as Danube in Hungary (book I.3.8), comments on slavery and striving for its abolition (book III.2.8) and foreign trade and striving for its enhancement (book IV.7.93). Those Smith's opinions were ready to use for reform suggestions such as were provided by Schlözer, Watteroth, and Berzeviczy. But of the three, Berzeviczy went greatest to promote those goals in Austro-Hungarian empire by books, travels by navigable rivers, comments and criticisms on slavery (by a member of Nobility), promoting international trade of Hungary with other continents including with as far continents as Asia, and last but not least, disseminating Smith's economic theories and contributing to further development of German version of the classical political economy. Such a contribution deserves to be remembered as a chapter in the early positive phase of the German acceptance of Adam Smith's political economy via the Göttingen link.

SUN3B Session: "Order, Power and Context in German-Language Neoliberalism"

Dagmar Schulze Heuling, University of Bonn, Germany
Walter Eucken's Concept of Power

German ordoliberals found free markets indispensable for both ethical and performance reasons. However, they doubted that without rules markets would last, as an inevitable accumulation of power would first hinder and finally destroy them. Although power is an essential element in this theory, the ordoliberals did not define it. This paper focuses on Walter Eucken, arguably ordoliberalism's key proponent. In a first step, a hypothetical Euckean definition of power is reconstructed from his writings. Subsequently, this definition is applied to his own economic theory which reveals surprising self-contradictions. A closing analysis suggests modifications to overcome these contradictions.

Erwin Dekker, Erasmus School of Economics, Rotterdam, and Stefan Kolev University of Applied Sciences Zwickau, Germany
Continental European Influences on F.A. Hayek

F.A. Hayek's anglophile personality has often led to intellectual portrayals focusing on the Anglo-Saxon impulses in his writings. This papers claims that the influences of Continental European thinkers need to be revisited. Apart from the obvious Viennese sources of inspiration, the analysis focuses on French and German thinkers – both on those whom he strongly opposed (e.g., Saint-Simon, Comte, Rathenau, Neurath) and those whom he strongly drew upon (e.g., Say, Tocqueville, Kant, Humboldt, Eucken). By broadening the intellectual context of his work, we think it can be better positioned in European thought, and more clearly shows him to be first and foremost a Continental liberal thinker, rather than an Anglo-American liberal.

Lachezar Grudev, University of Freiburg, Germany
The Freiburg School and the Genesis of F.A. Hayek's "The Pure Theory of Capital"

"The Pure Theory of Capital" represents Friedrich A. Hayek's last treatise in technical economics. According to Hayek scholarship, the initial reason for this book was the critique towards the

Austrian capital theory. This paper stresses that the methodological approach developed by the Freiburg economists Walter Eucken and Friedrich A. Lutz in the early 1930s (fundamental for the later ordoliberal research program) was another reason for the start of the capital treatise. In "Price Expectations, Monetary Disturbances and Malinvestments", Hayek adopted Lutz' insights developed in his habilitation "The Problem of Business Cycles in Economics". According to it, all crises cannot be squeezed into a general business cycle theory. The main reason for this is that each crisis represents a historically unique event caused by a myriad of distinct factors. The economists have to concentrate on the impact of each factor by using the existing economic toolbox. Thus, different parts of the economic theory have to be developed, like the capital or monetary ones, in order to explain each single crisis. Lutz's methodological approach was based on Eucken's essay "What is the economic theory good for?". This essay was the fundament for Eucken's later treatises that constituted the idea of Ordoliberalism. This idea influenced Hayek's later political writings. By adopting Lutz ideas, my paper argues that the impact of the Freiburg School on Hayek's thinking started earlier than Hayek scholarship argues, which makes his later political writings a continuation of his capital treatise.

Stefan Kolev, University of Applied Sciences Zwickau, Germany
Max Weber's Economic Sociology as Fertile Ground for German Neoliberalism

Max Weber's nexus to economics, both to the research programs of the Historical and of the Austrian School, has received increasing attention recently. This paper first embeds Weber's economic sociology in the realm of these two contemporaneous research programs. In a second and main step, it shows how many of the central elements to Weber's economic sociology, among others interdependent social orders, power and domination relationships, embeddedness of markets and morality, as well as emergence and evolution, can be tracked to become the conceptual basis of incipient neoliberal research programs in the Eucken-Röpke-Hayek generation.

SUN3C Session: "Mid-20th Century"

Hugo Chu, University of São Paulo and Unioeste-FB
The Samuelson-Koopmans Thread and the Representative Agent in Economics

This article investigates how the representative agent grew in importance with the rise of optimal growth models in the 1960s. Even though Tjalling Koopmans's (and other economists') writings were instrumental for that outcome from a macroeconomics standpoint, I argue in this essay that this result was also determined by what happened in the field of microeconomics, which was undergoing an intense transformation around the same period. A key personage in the American twentieth-century economics, Paul Samuelson did not only contribute to the literature of optimal growth and Turnpike theories, but also pushed for new theoretical formulations that changed the way economists began to treat such topics as general equilibrium theory, demand analysis and aggregation problems. I therefore discuss how these changes in

microeconomics and macroeconomics brought about a different view (and practice) toward the device. This article also discusses a possible role of the Massachusetts Institute of Technology (MIT) department of economics in the stabilization of the representative agent and how much sway Samuelson had related to it. I conclude that the representative agent found an appropriate intellectual environment in the way both micro and macroeconomics have evolved since the 1960s.

Jeff Biddle, Michigan State University
Zvi Griliches and the Diffusion of the Cobb-Douglas Regression

The technique of using regression analysis to estimate characteristics of a production function was introduced in 1928 by Charles Cobb and Paul Douglas. For twenty years, only Douglas used the method, while defending it against a number of critics. It was another two decades before the technique of estimating production function regressions became what it is today, which is a general purpose empirical tool in economics, seen as a means of answering wide range of questions in a number of fields of economics. I am completing a book that tells the story of the introduction and diffusion of this technique. The history leads to more general speculation concerning what factors make for a successful innovation in analytical technique in economics. The purpose of this paper is simply to prompt discussion of one such factor. It focuses on Zvi Griliches's work with the production function regression, placing Griliches's research in the context of the history of the technique's diffusion, and presenting Griliches's attitude towards Douglas' potentially powerful but flawed technique as a "type" of reaction to novelty that might help explain the success of some innovations in economics.

Jonathan Cogliano, Dickinson College
An Account of 'the Core' in General Equilibrium Theory

Düppe and Weintraub (2014) discuss Debreu's (1956, 1959) attempts to provide proofs of existence of general equilibrium (GE) with greater generality than the initial proofs by Arrow and Debreu (1954) and McKenzie (1954) based on fixed-point theorems. Just such a general proof comes with the introduction of the concept of 'the core' to general equilibrium theory by Scarf (1962) and Shapley and Shubik (1966). The core allowed abandonment of restrictive fixed- point theorems and, at the time it was introduced, held great promise for the development of the broader GE research program. However, use of the core as the basis for GE existence proofs eventually ran out of steam and fell out of favor among economic theorists. This was partly due to the core being built on cooperative game theory and theorists' development of a preference for the more clearly competitive, non-cooperative game theory based on Nash's work. This paper makes use of the unpublished correspondence between Scarf, Shapley, and Shubik, as well as other archival resources, in Duke University's Economists' Papers Archive to provide an account of the development of the core as a tool for proving the existence of competitive equilibrium and the trajectory of this concept, and those who developed it, in economic theory thereafter.

SUN3D Session: "Capitalism Competition Conflict Crisis: A Critical Discussion with the Author"

Daniel Younessi, New school for Social Research

Preliminary Steps toward a Multi-agent Simulation of the Classical-Keynesian Synthesis

The aim of this paper is present the first pass of a large-scale, multi-agent, dynamic simulation of the Classical-Keynesian synthesis framework as presented in *Capitalism: Competition, Crises and Conflict*. More specifically, this work represents the first such move in the direction of providing a systemic and formal mathematical tool to be potentially integrated into the toolbox of political economists. The simulation framework divides the simulation space into two classes of agents: workers and capitalists, as well as two economic sectors, all of which interact according to successive and parallel capital and revenue circuits. The work presented in this article deals largely with the methodological motivations - the need for a more complex, heterogeneous and robust method of economic simulation. In addition, this paper discusses potential uses and purposes the simulation methods will serve; it also considers some potential shortcomings of the framework, particularly in its need to be combined with qualitative and sociohistorical analysis. The most immediate work being done in this simulation framework deals with checking stock-flow consistencies and ensuring simple cases - such as simple reproduction over a market - can be carried out successfully. Successive passes will integrate technical change, between and within industry competition, labor bargaining power, banking and government into the framework.

Oriol Vallès Codina, New school for Social Research

Real Competition within an Industry: An Evolutionary-Computational Approach

The issue of differences in profit rates across firms and industries is a fundamental issue in industrial organization. However, the conventional theory of perfect competition and its more realistic counterpart, the theory of imperfect competition, fail to offer predictions consistent with the empirical data. Based on a computational-evolutionary approach, this paper explores firm variations in profitability within an industry from the viewpoint of Anwar Shaikh's theory of real competition in the classical tradition. Computer simulations of the circuit of capital show that the competitive mechanisms operating within an industry, as theorized by Shaikh, realistically produce a spectrum in profit rates across firms. Finally, the paper concludes that the real-competition framework naturally provides a sound evolutionary interpretation of the concept of profitability, in contrast to the mechanistic approach of the theories of perfect and imperfect competition.

SUN3E Session: "Macro 3"

Romain Plassard, Duke University

Following in Patinkin and Clower's footsteps: Barro, Grossman and the Development of Disequilibrium Macroeconomics

During the 1970s, most macroeconomists developed “fixed-price” equilibrium models. They usually focused on the static properties of equilibria with market rationing. However, this was not the original project. “Fixed-price” equilibrium models emerged out of Don Patinkin ([1956] 1965), Robert Clower (1965), and Axel Leijonhufvud’s (1968) interpretation of the General Theory (1936). All three considered that John Maynard Keynes (1936) was concerned with the dynamic of markets when individuals behaved under rationing constraints. From there, they all tried to provide microfoundations to a model capable of portraying disequilibrium adjustment processes occurring in capitalist economies. The question is whether “fixed-price” theorists abandoned this project. My paper shows that Robert Barro and Herschel Grossman did not. When elaborating the seminal “fixed-price” model (1971), they had a second step in mind. It was to build a dynamic disequilibrium model. It turns out to be very much in the spirit of Patinkin ([1956] 1965) and Clower’s (1965). I present its main features and discuss its scope. By doing so, I account for the richness and limits of the research line that Patinkin ([1956] 1965) and Clower (1965) initiated but barely explored.

Yara Zeineddine, University of Paris 1 and PHARE
SFC post-Keynesian Modeling: an Alternative Historical Time-Based Framework or "Another Box of Tricks"?

After The General Theory, post-Keynesian economics has developed into several strands (Hamouda & Harcourt 1988; Arestis 1996; Lavoie 2014) despite Robinson’s attempt in the 1970’s to develop a general framework combining Keynes’s short-term conclusions with Sraffa’s long-term model (Rima 1991; Robinson 1977; Turner 1989). Nevertheless, her conception of historical time is still considered as an important feature of post-Keynesian economics (Setterfield 1996; Lang & Setterfield 2006; Asensioand al. 2011), which she defined as “an economic theory or method of analysis which takes account of the difference between the future and the past” (Robinson 1978).

Thirty years later, Godley and Lavoie developed a stock-flow consistent (SFC) model in order to provide a general framework for post-Keynesian macroeconomics. The Godley-Lavoie model (2007) became the reference for this type of modeling (Le Héron 2009; Caverzasi & Godin 2015). Its main characteristics are the classification of both stocks and flows of all economic sectors, the integration of financial and real variables and the construction of the long run as a chain of the short run.

The aim of this paper is to discuss the relevance of post-Keynesian SFC modeling as a general framework where time matters. I start with Cohen’s interpretation of equilibrium in Robinson’s works as a benchmark for path-dependent processes (1990) and show how it can be compatible with SFC modeling. Then, I explain that, if the question of time were to be dropped, SFC models would become a simple system of simultaneous equations.

Judge Glock, West Virginia University
The Missing Monetary Transmission Mechanism

Despite the oft-stated truism that inflation is the result of "too much money chasing too few goods," most contemporary monetary research attributes changes in inflation and output not to changes in money or goods, but to changes in financial markets that influence lending, borrowing, and investment behavior. Almost all macroeconomic researchers today, even when describing numerous potential “channels” of the transmission of monetary policy, ignore the most simple and direct transmission process, from money to goods and services, and instead focus on changes in interest rates and asset prices. This article shows why the so-called “direct” explanation of monetary transmission was abandoned for a focus on financial markets in the early 20th century. It demonstrates that marginalist and Keynesian economists imagined money-demand and transmission emerging from a tradeoff between money and financial assets, without involving goods. By contrast, one essential aspect of the monetarist “counter-revolution” in the mid-20th century was the revival of the direct channel, through a broader conception of money demand. The renewed focus on direct transmission explains many of the monetarists’ disagreements with Keynesians. Modern “New Keynesian” macroeconomics, by contrast, despite adopting much of the intellectual underpinning of monetarism, returned to the old Keynesian position that money demand is essentially a function of financial alternatives. The article shows that confusion about the importance or even existence of the direct channel of monetary transmission helps explain many significant monetary debates.

SUN3F Session: “Experimental and Behavioral”

Annie L. Cot, University of Paris I Panthéon-Sorbonne
The “Coming into Being” of Experimental Economics: A “Biography” of the Interwar Experimental Envy in North America

Chung-Tang Cheng, London School of Economics
Guy Orcutt’s Microanalytics as the First Experimental Tradition in Empirical Economics?

This paper argues that Guy H. Orcutt’s microanalytics could be the first experimental tradition in empirical economics by tracing his intellectual history and self-made machines. His intellectual stages are developed threefold: ‘Tinbergen follower ’, ‘crises, and ‘simulator’. Guy Orcutt started his career with designing a regression analyser and he was fascinated with Jan Tinbergen’s work. His first lectureship at MIT also included him to a weather forecasting project, and two years later he came to the University of Cambridge where he developed the Cochrane-Orcutt estimation procedure (Cochrane and Orcutt, 1949). Since 1949, Orcutt experienced an epistemological crisis and reinforced his disbelief that the Cowles-Commission style of simultaneous equation modelling was no longer a suitable account to analyse dynamic economic systems. He then constructed a microanalytics approach combing Monte Carlo experiment and micro-level data collected by Michigan’s Survey Research Center as a new empirical approach modelling the economy. Microanalytics was hybridised according to various fields of scientific practices: weather forecasting models, English sampling experiments, and the post-war U.S scientific ‘trading zones’ (Galison, 1996). After documenting these histories, this paper concludes that Orcutt has established an experimental tradition in empirical economics that the history of economics should not omit.

Guillaume Noblet, University of Paris 1 Panthéon-Sorbonne
Experiments in US Agricultural Economics: A History of Experimental Economics?

This article aims at challenging the current historiography on experimental economics by proposing a pre-history of it around agricultural experiments in the US in the interwar period. The use of occurrences as “experimental economics" or \economic experimentation" in works of the so-called agricultural economists underlines the importance of the possible emergence of experimental economics before the 1940s. Thousands of agricultural economic experiments have been carried out in the interwar.

The objective of this article is two fold. It consists in writing a history of experiments carried out by agricultural economists from the 1910s until the late 1930s. At the same time it challenges the traditional historiography which seems to see World War 2 as a pathless wall beyond which economics had no experimental research program. Then, it sets out to emphasize their methodological considerations. The focus is put on generalization and statistical inference which still constitute an issue in present agricultural economics.

In a first section I review the current historiography on experimental economics which lacks defining economic experiments. I also bring up new epistemological questions for economic experiments at the frontier with biology. Then I enhance important features of the economic experiments conducted mostly under the supervision of the U.S. Department of Agriculture. These features would be the political role of these experiments, the collective work of researchers and the particular setting up of experiments. Finally, I show that agricultural economists were aware of the issues surrounding experimental facts, inductive inference, and data collection.

SUN4A Session: “Wicksell”

Arie Arnon, Ben Gurion University of the Negev
Wicksell's Studies of Monetary Theories and Real Cycles and Crises: An Assessment of his Impact on Keynes and Hayek

The Swedish economist Knut Wicksell (1851-1926) exerted profound influence over many of the scholars who shaped macroeconomics in the 1930s and also in later years. In the preface to his acclaimed treatise on monetary theory, Geldzins und Guterpreise (1898) Wicksell stated that originally he aimed at an “examination of the case for and against the Quantity Theory”. He reevaluated the debates among the classicals, who did not provide satisfactory answers to the determination of the price level. Wicksell suggested an alternative innovative approach based on his "two rates" theory.

Wicksell's writings during the first decade of the twentieth century, mainly in the years 1906-1910, shifted from his early attention to the price level to questioning the disturbing phenomena of fluctuations in the real economy - cycles and crises - a topic that became central in the economic debates of the 1930s. In "The Enigma of Business Cycles" (1907), he asked how we could avoid "economic fluctuations and crises..." (230) His answer was that the economy should follow a "stationary" state, where demographic and productive changes are synchronized. In the paper we will outline Wicksell's discussion of the nature of policies that could prevent fluctuations in the real economy, including his discussion of the necessary reform in the international monetary system that it requires. We will then discuss the impact Wicksell's innovative ideas had on later scholars, the early and mature Keynes and Hayek.

Léon Guillot, University Paris 1, PHARE
Widening Wicksell's conception of Political Economy: his 'Thoroughly Revolutionary Programme'

In the introduction of the first volume of *Föreläsningar i nationalekonomi* in 1901, Knut Wicksell (1851-1926) claims that "the very concept of political economy [...] implies, strictly speaking, a thoroughly revolutionary programme", a programme that has often been neglected in the literature. These past twenty years have indeed witnessed a gain of interest for Wicksell's thought and his legacy in the history of economic thought, especially in the fields of macroeconomics and monetary analysis but tend to disconnecting Wicksell's theories from social perspectives as Woodford (2003). In the meantime Wicksell's role as a social reformer is stressed by Swedberg (1999, 2002), Carlson and Jonung (2004), and Johnson (2010). Yet those scholars do not explore his role as an economist reformer. I argue on the contrary that his roles of social and economic reformer cannot be separated and his contribution to both fields has to be considered as a whole. By both extending the existing literature and explaining Wicksell's theoretical scheme, my paper aims at showing that Wicksell implements a "thoroughly revolutionary programme" based on criteria of justice in order to enlarge political economy. Although he stressed in his *In Defence of the Theory of Marginal Utility* (1900) and in 1901 that the marginal principle "governs every part of political economy", he argued that it cannot be used "as such" to explain the greatest prosperity of society or the greatest happiness of the whole. In the beginning of the 1890's Wicksell claimed that economic and social problems may be solved only by a complete social reorganisation, i.e. the implementation of social justice.

SUN4B Session: "US Foreign Economic Policy"

Stephen Meardon, Bowdoin College
American Protectionism and the Paternity of Imperialism

Was the late-19th century imperial project in American foreign policy – the United States' acquisition of governing control of Hawaii, Cuba, Puerto Rico, the Philippines – the progeny of free-trade or protectionist economic ideas? Historians of U.S. diplomacy and trade policy have long disclaimed paternity by their favored doctrine, affirmed it by their disfavored one, or both. When protectionists get the blame it falls heavily on James G. Blaine, longtime Republican speaker of the U.S. House of Representatives, senator, and two-time secretary of state, most relevantly to President Benjamin Harrison. But to characterize Blaine as an imperialist, this paper argues, is to misread his political-economic system – and the systems of his predecessors, from Mathew Carey to Henry Clay, to whom he was indebted for it. It is also to miss the inflection point in protectionist thought that made it more amenable to empire in the years after Blaine's death in 1893.

Mark McAdam, Universität Witten-Herdecke

Why Liberalization Trumped Protectionism: Ideas, Agency, and Political Entrepreneurs in Kennedy's Foreign Economic Policy

Why did the United States pursue trade liberalization and closer economic integration as tools of foreign economic policy in the 1960s? I argue that the decision to seek closer economic integration, in spite of an emerging balance of payments deficit, pressure by increasingly competitive European businesses, and rising American unemployment associated with a recession, was found primarily in the ideas Kennedy's advisers held and promoted. Using archival research and drawing on the nexus of institutional change and the history of ideas, I examine policy memoranda, meeting minutes and communication between key government staff, suggesting that advisers functioned as "ideational entrepreneurs" whose ideological commitments played a pivotal role in bringing about closer economic ties. I further argue that the history of economic thought promises important insights in this respect and offers a valuable contribution in providing a focus on the comparatively understudied field of ideational entrepreneurship in the social sciences, and that a research program focusing on how individuals—and the beliefs they hold—affect public policy is worthwhile.

SUN4D Session: "Veblen"

David L. Seim, University of Wisconsin-Stout

As They Knew Him: Biographical Details, Protectively Provided by Veblen's Family

Biographers of Thorstein Veblen draw on various personal recollections of him. Joseph Dorfman, the path-breaking biographer, aimed to gather every available detail, from any willing peer, friend, or acquaintance. Anecdotes and memories were independently recorded by Veblen's family members. His siblings, notably Emily, Andrew and Orson, left us longer arcs of reminiscence. Veblen's stepdaughter, Becky, through various writings and interviews, came to provide accounts of numerous interesting events in Veblen's later years. Recollections of other family members are, on occasion, woven into Emily's remembrances as well. Each of Veblen's family members and descendants seems clearly careful in how they depict Veblen's formation as a person and a scholar. No family member took warmly to Veblen's first biographer, Dorfman in the 1930s, by the way. Then in the 1950s, David Riesman stuck too close to numerous perceived errors made by Dorfman. Through a series of letters Becky responded to Riesman. Another biographer, John (Jack) Diggins in the 1970s, received communications from Emily as well. More recent Veblen scholars have expanded the use of such materials. In my presentation, I introduce impressions gained from re-reading these source materials from Veblen's family members. As much as possible I aim to do so through our lens – that is, that we seek aspects of Veblen's formation as a critical theorist.

James Wible, University of New Hampshire
Why Economics is An Evolutionary Mathematical Science: How Could Veblen's View of Economics been So Different than C. S. Peirce's?

More than a hundred years ago one of the most famous essays ever written in American economics appeared in the Quarterly Journal of Economics. In 1898, Thorstein Veblen, wrote, "Why Economics is Not an Evolutionary Science." There, Veblen claimed that economics was too dominated by a mechanistic mind set to address the real problems of economic life. Since the world and the economy had come to be viewed from an evolutionary perspective in the aftermath of Darwin's (1859) Origin of Species, it was rather straight forward to argue that the increasingly mathematical and abstract economics of English neoclassical vintage, also prominent in American economics, was non-evolutionary. However, Veblen actually crossed paths with a first-rate intellect and scientist who was fashioning an evolutionary conception of science including economics even as Veblen was authoring his critique of economics. That individual was Charles Sanders Peirce. Veblen had studied with Peirce as one of three students enrolled in his elementary logic class at Johns Hopkins University for the fall of 1881.

Nonetheless, it is becoming clear that Peirce had a very different conception of economics. If Peirce had written an article about the future of economics in 1898 it would have been very different than the one Veblen wrote. Peirce could have written that economics should become an evolutionary mathematical science and that much of classical and neoclassical economics could be interpreted from an evolutionary perspective – and the same for mathematics and mathematical logic.

SUN4E Session: "Marx 2"

Jose Guillermo Pelaez Gramajo, UAM
Assessing Marx's Theory of Crisis

The aim of this paper is to analysis the theory of Marx concerning the "Compensation of the average rate of profit by competition" and link it with the crises of stagflation (1970s) and financialization (since 2007 to nowadays). Considering USA National Accounts this paper makes an empirical prove of that statement. As a result, the laws of capitalism production are tendential, since it is an evolutive, complex and holistic system. Besides, it is possible to prove that Marx theory of crisis, as well as Keynes theory of effective demand regarding crisis are confirmed. In more general terms, the system of national accounts, constructed by initiative of United Nations Organization, confirm the classical theory of value: the labor theory of value.

Ilker Aslantepe, New School
Division of Labor and Specialization in Non-Convex Monetary Economies

The current work argues that the basic problem with the convexity assumption in contemporary economic theory is that all its conclusions and principal economic policy insight rest on the idea that an economic agent's choice and action set in free market economies are insensitive to the choices and actions of any single agent, but are shaped by her convex tastes and productive abilities which guarantee that a competitive equilibrium exists, and that a Pareto optimal allocation can be sustained as a competitive equilibrium under appropriate redistribution of resources. What is problematic here is that a convex economy presents economic agents as diversified laborers, like those in a barter-type economy where neither money nor social influence exists, rather specialized and social agents. Or to put it another way, what is wrong with the convex economies is that it implies that one may even build a shipyard and an auto factory on a small part of the backyard of her home where she may construct and repair ships and manufacture cars simultaneously as a diversified producer to make her living without monetary exchange. In order to examine the convex and non-convex economies and discuss the above implications in depth and detail, a linear and non-linear social interaction models are constructed and analyzed with the use of a quantal response statistical equilibrium model, which is a very powerful approach to and estimate the statistical equilibrium of this type of models. Also it derives a maximum entropy solution to quantal response equilibria in the models to shed light on the combinatorial aspects of decision-making processes that lead to specialization and diversification. The simulations of the models presented in the paper, on the one hand, offer full of fascinating insights into the art of designing policies to affect the economic outcomes in market economies, including determination of prices and the distribution of income and welfare. On the other, it reveals how the combinatorial aspects of non-convexities in the analysis of the nature and inner workings of monetary relations, division of labor, specialization, and increasing return in commodity producing/exchanging market societies are important. There is no doubt that a serious consideration of these aspects will return economics to its most fertile and intellectually challenging roots in the works of classical political economists such as A. Smith, D. Ricardo, and K. Marx. It seems that information theory and complexity theory have very potential to formalize the ideas presented in these works.

Presidential Address - Rogers Courtroom, Corby Law Center

Folk Wisdom in Economics
Evelyn L Forget, University of Manitoba

There are three broad spheres of knowledge about the economy – knowledge understood by economists or philosophers; knowledge shared by popularizers or knowledge brokers; and knowledge held by everyone else. Historians of economics have mined the first sphere, and are beginning to better understand the work of journalists, public intellectuals and think tanks. However, we rarely venture into the world of the “folk”. If we do not understand how ordinary people understand economic relations, we risk misinterpreting economic behavior, imagining market imperfections that do not exist and missing those that do. I illustrate this claim by tracing the distinct ways that philosophers and economists on the one hand, and European farmwives on the other, used the beehive as an analogy for human society revealing dramatically different understandings of gender, the role of the individual and social reproduction and growth. The inability of economists to understand folk wisdom in this example has repercussions that persist to this day, and highlights the larger issue: if economists do not understand how ordinary people characterize economic relations, our interventions might well have unintended consequences and our attempts to expand economic literacy will not be heard.