

**ANNUAL MEETING
HISTORY OF ECONOMICS SOCIETY
Kellogg Center, Michigan State University
May 31 - June 3, 1981
Abstracts of Papers Presented**

THE ECONOMICS OF ALFRED MARSHALL

Chairman: William L. Miller, University of Georgia

THE THORNY PATH TO MARSHALL'S LAST BOOKS

John K. Whitaker
University of Virginia

The paper explains the development of Marshall's plan and ambitions for continuing his *Principles*, and the incidents and difficulties leading to the abandonment of this scheme and the eventual appearance of *Industry and Trade* and *Money Credit and Commerce* late in his life. The period 1890 to 1924 is broken into four phases terminated by, respectively, the embarking on a volume on the tariff issue in 1903, the final abandonment of the plan to continue the *Principles* in 1910, the appearance of the first volume of *Industry and Trade* (planned in two volumes) in 1919, and Marshall's death in 1924. The composition of the *Memorandum on Fiscal Policy* in 1903 is seen to play an important role. Much novel manuscript material is used.

**ALFRED MARSHALL ON THE ECONOMICS
OF LABOR UNIONS**

Richard A. Gonce
Grand Valley State Colleges

What is Alfred Marshall's positive analysis of labor unions, and what are its scientific merits? His procedure is to apply his general theory of normal value to labor markets, develop a theory of normal wage, and into this setting introduce the labor union. His finished analysis covers the union as a firm, the economics of the strike as a weapon in industrial warfare, the determinants of unions' economic power, and the economic consequences of unions' policies. Strengths and weaknesses mark his results, but the balance indicates he made substantial empirical contributions to the economic analysis of labor unions.

CRITICAL ASSESSMENTS OF THE WRITINGS OF ALFRED MARSHALL

John Cunningham Wood
The University of New England, Australia

This paper reviews 121 published and 2 unpublished articles written on Marshall since 1887. It does not seek to provide a detailed commentary on all these articles. Rather it: (i) highlights some of the important articles which emerge from the review of the literature on Marshall; (ii) examines important debates and disputed interpretations relating to his work; (iii) outlines some of the significant features of Marshall's contributions which emerge from the considered articles; and (iv) suggests areas for future research.

MARSHALL AND HIS CRITICS – A SUMMARY

E. F. Beach
McGill University

The economic theory of Marshall's *Principles* is generally considered to be static, partial equilibrium value theory. I suggest that it contains elements of a theory of evolutionary change. His firms are not in equilibrium, but in an environment of ceaseless change which results in new investment, improving technology and "economic progress."

The Sraffa criticism is therefore not appropriate. Neoclassical theory, built on the conditions of equilibrium offers only a theory of equilibrium alternatives, rather than a theory of continuing, non-reversing, evolutionary change. Thus Marshall fits the Smith tradition because the theory of value is only an important element in "the high theme of economic progress" and not the essential base for deriving other theory, as current mainstream theory supposes.

Discussion: Hans Jensen, University of Tennessee
M. Northrup Buechner, St. John's University
Romney Robinson, Peterborough, Ontario

TOPICS IN THE HISTORY OF MONEY AND BANKING THOUGHT

Chairman: Harvey Botwin, Pitzer College

THE RISE AND FALL OF THE PHILLIPS CURVE

Ann S. Schwier and J. F. Schwier
Southern Illinois University

The paper reviews prominent issues in the analysis of inflation on the eve of the appearance of the Phillips Curve in 1958. The rapid rise of the curve and the trade-off in the works of Samuelson and Lipsey is considered briefly. Four

reasons for the phenomenally rapid acceptance of the curve and trade-off are given. The (long-run) curve and trade-off fell victim to the Friedman-Phelps accelerationists hypothesis and accelerating inflation. Contrary to Friedman, it is argued here that the whole episode was a dismal performance by economists. An accelerationist hypothesis of 1958 with many ingredients of the later hypothesis had been brushed aside. That is attributed in large part to Samuelson's writings and to a preoccupation with econometric refinements. It is claimed that economists would have known better, sooner.

THE MONEY SUPPLY PROCESS: HOW MUCH PROGRESS SINCE C. A. PHILLIPS' BAND CREDIT (1921)?

Jacob Cohen
University of Pittsburgh

The paradox of deposit expansion was recognized by Phillips – the macro-system view is different from the micro-view. The dominant strand in the literature has focused on macro-multipliers with the greatest burst of rigor being delayed to the 1960's. In the 1960's the "New View" also emerged, taking a micro-approach to the banking system. Another wing of the New View joined in opposing macro-multiplier analysis but satirized the earlier New View for its "money advanced" perspective. In its place, money was treated as a commodity and not as a debt. This commodity point of view allows a reconciliation of the micro- and macro-approaches to the banking system.

THE DEVELOPMENT OF ECONOMIC THOUGHT IN THE NETHERLANDS WITH SPECIAL REFERENCE TO THE CONTRIBUTION OF PROFESSOR JAN TINBERGEN

J.T.J.M. van der Linden
State University of Utrecht, The Netherlands

The present-day debate on both the problems of macro-economic theory with regard to economic policy and the role of central planning reflects the concern since World War II of Dutch economists with regard to economic policy.

Professor Jan Tinbergen has played a prominent role in this respect.

This paper concentrates on Tinbergen's contributions to the theory of business cycles, the theory of economic policy and central planning, and development planning.

Main characteristics of his theoretical contributions are: the methodological point of view (dynamics), application of mathematical methods and empirical testing.

In his approach to economic policy and planning the theory of the "optimum regime" ('social welfare' concept) plays an important role.

A REINTERPRETATION OF CLASSICAL MONETARY THEORY

David Glasner
Marquette University

Modern interpretations identify classical monetary theory with the quantity theory. Recent work in the theory of a competitive money supply and the monetary approach to the balance of payments suggests an alternative interpretation in which the price-level is exogenous while the nominal money supply is endogenously determined by a competitive banking system. The alternative interpretation is used to elucidate the "mysterious" rejection of the Humean price-specie-flow mechanism by Smith, the Bullionist controversies and the Currency-Banking schools debate. The classical dichotomy and Say's Law which, according to the modern interpretation, are invalid can be validated within the alternative interpretation.

*Discussion: William M. Dugger, North Texas State University
Will E. Mason, Pennsylvania State University*

THE CAREER AND WORK OF WILLIAM JAFFÉ

Chairman: Victor Smith, Michigan State University

Donald Walker
Indiana University of Pennsylvania

Biographical Elements in Economic Analysis

This paper is an examination of the ways in which biographical data may be useful in the study of economic thought. The first part states the argument against biography that was developed by George Stigler. The second part states the argument in favor of biography that was developed by William Jaffé. The third part builds upon the work of those two writers. Various classes of biographical data are defined, and an analysis is undertaken of the ways in which they may throw light upon various aspects of the history of economic thought.

William Jaffé, Officier de liaison intellectuel

This paper is an essay in intimate biography that tries to trace the course by which Jaffé became interested in Léon Walras and learned the array of skills that enabled him to deal with the many aspects of Walras's work. An attempt is made to go beyond a discussion of Jaffé's contributions to scholarship to reveal his intellectual personality through describing some of his experiences and political, religious, and scientific convictions. The essay also deals successively with his education, his life in France, and his development of a philosophy regarding the study of the history of economic thought during his years at Northwestern University.

Discussion: Klaus Hennings, University of Hannover, Germany

O. BAUER, WIESER, PARETO AND KEYNES

Chairman: Edward A. Carlin, Michigan State University

THE MULTIDISCIPLINARY SCIENCE OF VILFREDO FREDERICO DAMASO PARETO

Y. S. Brenner

University of Utrecht, The Netherlands

Pareto does not wed the social sciences to the natural sciences, he simply forces the social sciences into the procrustian bed of the natural sciences without considering whether the methodology suitable for the one also fits the other. He ignores the dynamic and organic character of society and imposes upon it a conception borrowed from the principles of equilibrium in solid bodies. He does not present us with a value free system but with one in which the is is implicitly also the *ought* to be. What he does offer is the needle's eye through which the bourgeoisie can make its camelback escape from the restrictions of a traditionally lucre-disapprobatory value system.

OTTO BAUER'S SCHEME OF EXPANDED REPRODUCTION: AN EARLY HARRODIAN GROWTH MODEL

Ze'ev B. Orzech, Oregon State University

Shalom Groll, Haifa University

In 1913, Otto Bauer presented a model of balanced economic growth which anticipated Harrod's model by 26 years. Bauer's article "Die Akkumulation des Kapitals" published in *Die Neue Zeit* was written as a critical reaction to Rosa Luxemburg's theory of the collapse of the capitalist economy. Bauer asserts that a growing economy with rising capital-labor ratio requires a rising rate of accumulation. This would assure stability. Bauer's system however, was not stable since the growth rate of capital exceeded the growth rate of population. By equating the two rates, Bauer's model meets the Harroddian equilibrium conditions and exhibits sustained growth.

J. M. KEYNES AS A MARSHALLIAN

Hans E. Jensen

The University of Tennessee, Knoxville

The purpose of this paper is to show that J. M. Keynes was influenced by A. Marshall when he (Keynes) formulated his research-motivating vision of the ideal society and when he crafted that conceptualized reality which he analyzed in model terms in *The General Theory*. Specifically, it is postulated that the behavior of Keynes' economic actors is governed by psychological laws which are Marshallian in origin and that the organizational structure of the Keynesian world contains Marshallian features, such as a widespread separation of ownership and control of business firms. It is concluded, however, that Keynes rejected the microeconomic analysis which Marshall formulated in his *Principles*.

THE LATER WORK OF FRIEDRICH FREIHERR VON WIESER

Stephan B. Boehm
University of Graz, Austria

The usual tendency to regard Wieser as one of a trio -- the founders of the Austrian School of Economics -- is misleading to the extent that his work differs fundamentally from the writings of his fellow Austrian economists. Wieser's views on social policy come fairly close to those espoused by the German *Verein fuer Socialpolitik*. His *Social Economics*, originally published in 1914, may justly be looked upon as the only systematic treatise on economic theory produced by the Austrian School although, typically of Wieser, it is also a very original book. In *Das Gesetz der Macht* (1926) Wieser completely abandoned economics, as then (and now) defined, and concerned himself with the ubiquitous phenomenon of power in social life.

Discussion: Elizabeth Johnson, University of Chicago Press
Laurence S. Moss, Babson College
Jurgen Backhaus, Auburn University

ON THE INTERPRETATION OF ECONOMIC THOUGHT

Chairman: Charles P. Blitch, Old Dominion University

THE IMPACT OF IDEOLOGY ON THE INTERPRETATION OF ECONOMIC THOUGHT

Craig McDonough
Keene State University

All social science works share the common attributes that they are *about* something historically specific, *for* some historically specific audience, and *by* someone writing in real historical time (i.e., they are writing within a historically specific conceptional paradigm). Thus, the reader of economic texts must understand the process of transformation from author's intent to reader's interpretation.

This transformation process was examined with respect to Engels' *Anti Duhring*, in particular the transformation from Engels' intent to the interpretation of two groups of readers: socialist economic theorists and socialist translators of Engels' work. The analysis concentrates on the question of the role of "necessity" and "freedom" in the transition to socialism. Both voluntarist and revisionist reinterpretations of Engels' work are examined, as stated by both theorists and translators. The paper concludes with a warning to all economists of the need to learn how to "read."

THE PROBLEM OF "ANOMALIES" IN NATURAL SCIENCES AND ECONOMICS

Anghel N. Rugina
Northeastern University

Modern science was born with the identification of "anomalies" in various fields of knowledge followed by systematic work to solve them as far as possible through new theories developed for this purpose. This is true for natural sciences and economics. The problem of anomalies, however, is far from being solved.

In this paper a new research program was applied consisting of a simultaneous equilibrium vs. disequilibrium approach. The result is an Orientation Table for the Physical Sciences and for Economics. With the help of this Table many anomalies can be solved and in addition the foundation for a methodological unification of all sciences is provided.

LOGIC, METAPHOR AND PARADOX: ECONOMIC ANALYSIS AND THE BICAMERAL MIND

Warren S. Gramm
Washington State University

Deductive and inductive logic, extended into the scientific method, evolved during the past century as the method of orthodox economics. Recent studies of the brain indicate significant functional specialization of the cerebrum; for example, an association of the left hemisphere with logic and language and the right hemisphere with intuition and imagination. These relationships are applied to the transition from eclectic classical political economy to positivistic contemporary economics and the problem of continuing progress in social science. Major classical contributors (Smith, Mill and Marx) presented balanced use of both hemispheres in use of paradox and metaphor and logico-empirical analysis.

A STRUCTURALIST APPROACH TO METHODS IN ECONOMIC SCIENCE: THE CASE OF PRODUCTION

Richard G. and Judy M. Fritz
University of Central Florida

The language used by economists to explain and espouse the theoretical developments of the discipline has influenced the nature of the science itself. The structuralist revolution in linguistics argued that language is itself a structural system. Saussure (1916) conceived of language as a system of signs. Each sign is the combination of a concept (signifié) and the realized expression (signifiant). Language is viewed as a system of signs among many systems of signs which structure our patterns of thought and influence our behavior. Linguistic systems are not isomorphic. Thus when the language used in com-

municating economic ideas became symbolic and mathematized, this affected the theoretical structure of the discipline. Economic concepts found in the verbal structure did not receive equal "value" when translated into mathematical symbols. This resulted in an inhibition of progress in the development of economic thought. Further, the use of the symbolic linguistic structure of mathematics increased the ideological ambiguity of the author resulting in the false appearance of "value free" economical theory. Neoclassical production theory is used in the paper to illustrate the effect of shifting linguistic structures.

HUMAN NATURE PRESUPPOSITIONS IN ECONOMICS: WILL THE REAL HOMO OECONOMICUS PLEASE STAND UP?

Thomas O. Nitsch
Creighton University

Down through its history various characters have strode across and paraded around the stage of Economics, erstwhile Political Economy. Some were posited as real, naturally and even supernaturally ordained creatures; others, as carefully stipulated creations of the scientists, clinicians and drill masters. Here we examine nine of these "men" and their creators, ranging from the well-known *politikon zoon* (*homo politicus*) of Aristotle, through the *homo mercantil* and *not oeconomicus* of Adam Smith and *socialis* of Karl Marx, down through the *Homoeconomicus Humanus* of Nitsch-Malina. As all these "men" were and are, generically, *homines oeconomici*, made by their fashioners in their (discipline's) own image and likeness, the present "Review of Some of the Troops and their Men" provides at least the outlines of a particular – and, the author thinks, rather meaningful approach to the History of Economics. At the same time, it promises the prospect of something beyond mere, political and/or social *homo oeconomicus* and "his" discipline and system: viz., the "Human Economy" model of *Homoeconomicus Humanus*, of Human Being by Nature Being and Becoming More Human by Nurture and Culture, and the artful science and scientific art to accompany this person.

JANE MARCET AND MILLICENT FAWCETT: TWO POPULARIZERS OF POLITICAL ECONOMY

Bette Polkinghorn
California State University, Sacramento

The work of nineteenth century British popularizers of political economy is not well known even to students of the history of economic thought. This

paper discusses two collections of stories by the women writers Jane Marcet and Millicent Fawcett. The stories, which were designed to teach the principles of economics to the barely literate, are analyzed and compared. The Marcet collection published in 1833 is seen to differ substantially from Fawcett's later collection (1874). The principal concern of the earlier book is poverty and the condition of the working class. In marked contrast, the later collection emphasizes the productivity and efficiency of the economy.

*Discussion: Robert Solo, Michigan State University
Charles P. Blicht, Old Dominion University
David Levy, National Planning Association
James R. Wible, University of Maine, Orono
Dudley Dillard, University of Maryland
Ellen Frankel Paul, Hoover Institute*

T. W. HUTCHISON AND J. J. SPENGLER AS HISTORIANS OF ECONOMIC THOUGHT

Chairman: Abraham Hirsch, Brooklyn College, CUNY

J. J. SPENGLER
Irvin Sobel
Florida State University

Any attempt to understand Joe Spengler's approach to, broad ranged definition of, and unique impact upon our field must begin with the fact that his mentors at Ohio State University were primarily institutionalists. Virtually all of his scholarly writings in a vast number of journals covering diverse topics ranging from Asian philosophy to heredity and zoology, whether apparently addressed to economic or non economic issues must be seen as basic parts of a systematic whole.

Spengler's best known works not only combine all of his five approaches to our field, in so-doing according biography and the "economists vision" a prominent place, but also answer questions Wesley Clair Mitchell frequently posed. His original works on the Physiocrats and Cantillon are illustrative; he employed present day controversy in regard to Say's Law to show that the same differing "visions" regarding the nature of the society and its goals also characterized the various thought "creators" of that earlier period.

Spengler's ultimate vision, as an economist, is that our profession must be rendered more serviceable towards yielding answers and solutions to fundamental human problems, and as such a critical history of man's thinking about such issues constitutes a necessary requisite to the attainment of that end.

T. W. HUTCHISON AS AN HISTORIAN OF ECONOMICS

A. W. Coats

University of Nottingham, England

Hutchison's work is distinguished by the integration of historical erudition and acute methodological criticism of economic theory, policy, politics, and professional ethics and standards, both past and present. His *Review of Economic Doctrines 1870-1929* (1953) ranged far more widely than its title suggests, and the emphasis on Say's Law reflected Keynes's influence. Conspicuous strengths of Hutchison's work are his command of European languages, especially as reflected in his treatment of German and Austrian economics, his detached perspective on Anglo-American literature, and his application of the historian's skills to contemporary theoretical and policy writings.

Discussion: Ingrid Rima, Temple University

Abraham Hirsch, Brooklyn College, CUNY

G.L.S. SHACKLE AS A HISTORIAN OF ECONOMIC THOUGHT

Chairperson: Royall Brandis, University of Illinois

G.L.S. SHACKLE AS HISTORIAN OF ECONOMIC THOUGHT

Mark Perlman

University of Pittsburgh

Although George L. S. Shackle's 1967 *The Years of High Theory* (TYHT) has a unique place in the history of economic thought, the thrust of this paper is that Shackle is a preeminent theorist and only secondarily a historian of economic thought.

TYHT is basically a diary of the thinking 1926-39 to which Shackle was attuned. It reflects largely, but not entirely, the evolution of Shackle's own theorizing. If Keynes emerges as the Prince of Light, it was the "Keynes of Uncertainty" not "Planning Keynes" whom Shackle greatly admired.

When TYHT was reviewed "Planning Keynes" was riding high. Both William Baumol and Sir Roy Harrod criticized TYHT for overvaluing the "Keynes of Uncertainty" and undervaluing "Planning Keynes". In 1981 their criticisms seem inverted.

As a history, TYHT underplays seriously the work in econometrics, the inherently theoretical aspects of the National Bureau of Economic Research growth measurement apparatus, and the Morgans- von-Neumann game theory systems. What it does particularly splendidly is to put Shackle's own important theoretical contribution into immediate historical perspective. And since "uncertainty" is once again the key concept, TYHT seems even more on target now than when it was first published.

G.L.S. SHACKLE AS HISTORIAN OF ECONOMIC THOUGHT

Arnold Heertje
The Netherlands

In the paper I concentrate on the logical structure of Shackle's work on the History of Economic Thought, while restricting my contribution to his brilliant book *The Years of High Theory*. The main theme of this book may be phrased in a Schumpeterian fashion: Why is it that innovations in (economic) theory come in clusters? Shackle deals with six innovations in the years 1926-1939, leaving out the development of welfare economics in the same period as a possible innovation. In my paper the six innovations are looked at from the point of view of the main theme.

Shackle's treatment of the six innovations is not homogeneous. In the beginning he focuses on the question of how the new theories emerged and how they were related to earlier statements. In the later chapter of his book, the impact of the new theories on the further development of economics comes more to the fore.

Did Shackle succeed in explaining the simultaneous occurrence of the six innovations in the years of high theory? Yes, in so far as one may derive from his general answer the implication that the new theories were in that particular period better suited to explain the actual events. No, in so far as it remains unsolved why the time-pattern of the practical relevance of divergent theoretical insights is so specific.

G.L.S. SHACKLE AS A HISTORIAN OF ECONOMIC THOUGHT

Brian J. Loasby
University of Stirling, Scotland

In suggesting that theories are created to impose order on apparently discordant phenomena, Professor Shackle unconsciously follows the argument of Adam Smith's *History of Astronomy*. But whereas Smith displays a succession of theories progressively wider in scope, Shackle records the disintegration of the economists' Great Theory, as the unintended consequence of strenuous efforts to adapt it to new problems. The analysis of money, and the *ex ante* view, both entail the recognition of uncertainty, and uncertainty produces an economics of disorder. Yet the notion of equilibrium retains its grip.

Discussion: Royall Brandis, University of Illinois
Daniel Fusfeld, University of Michigan

PANTALEONI, EINAUDI, AND CANNAN AS HISTORIANS OF ECONOMIC THOUGHT

Chairman: Mona Dingle, Washington, D.C.

PANTALEONI, EINAUDI AND THE HISTORY OF ECONOMIC "DOGMA"

Piero Barucci
Florence University

Among the many methodological approaches taken by historians of Italian economic thought, the one associated with Pantaleoni and Einaudi might be called an *absolutist* approach. Pantaleoni (1857-1924) and Einaudi (1874-1961) start from the conviction that political economy is a system of mathematically demonstrable theorems, founded on the assumption that men act in accordance with a "hedonistic hypothesis" inside the market mechanism. Pantaleoni, who dealt with the history of economic thought from an almost exclusively methodological point of view, said that this discipline should only be concerned with theories recognized as valid by contemporary economists; he denied that there could be a causal connection between the socio-economic environment in which the economist lives and his theories; he affirmed that the history of economic thought is justified only in so far as it serves for the preparation of new economists.

Einaudi developed Pantaleoni's ideas on method, through his editorial work and in several important essays of his own on the ideas of economists of the past. Long before Schumpeter, Einaudi spoke of "history of analysis", meaning that the history of economic thought should be concerned only with the theoretical aspects of economists' ideas.

Pantaleoni and Einaudi's joint contribution to the subject was to lay down the qualities which a historian of economic thought should have: respect for the writing of economists of the past; an understanding of the value of historical erudition; a knowledge of contemporary economic theory and a thorough understanding of all the ideas of the economist studied.

CANNAN VS. MARSHALL AND THE HISTORY OF ECONOMIC THOUGHT

Alon Kadish

Edwin Cannan differed from his colleagues in economic history in maintaining the usefulness of theory, but he contended that it should be evaluated in terms of its social and economic setting. His belief that productivity and the distribution of output among individuals and classes constituted the principal challenge of contemporary economics led him to investigate earlier theories of production and distribution, which he concluded derived from the conditions of the time and were invalid for solving contemporary problems. Cannan was highly critical of Alfred Marshall's desire to establish political economy as a

science in the Comtean sense, considering his interpretations of classical economists misleading and his attempt to present universally valid theory in his *Principles* untenable.

Discussion: Peter R. Toscano, Loyola University of Chicago
Gilbert R. Ghez, Roosevelt University

SMITH AND SAY

Chairman: Karen I. Vaughn, George Mason University

J. B. SAY AND THE NEW WORLD

Evert Schoorl
University of Amsterdam

The paper examines analogies between Say's economic and political thought: growth and progress, studies through a positivist method.

The first section is critical of recent articles by James (1977) and Kaiser (1980), who point to parallels in the thought of Roederer and Say and stress the continuity of ideas between the ideologie movement and the industrailisms. Without wanting to underestimate the importance of the ideologie for social theory, the author thinks this similarity and continuity is much more problematic, as Roederer and Say belonged to different political camps, and economics was not uncritically accepted by the Restauration government.

Starting from contacts between ideologies and Franklin and Jefferson, after summarizing Say's ideas on population and growth, the last section examines briefly the place of U.S. politicians and institutions in Say's manuscript of political thought.

ADAM SMITH'S SYNTACTIC INNOVATIONS IN THE WEALTH OF NATIONS

Janine Gallais-Hamonno
University of Metz, France

Adam Smith's most important contribution to economic science in *The Wealth of Nations* was syntactic rather than substantive. Unlike the *Lectures on Political Economy* in which there is little analysis and the language is that of common usage, in *The Wealth of Nations*, Smith develops a consistent linguistic system for forming concepts and searching out their implications. He works concepts both in intension where the different component parts of the concept are analysed and themselves form new concepts, and in extension where a given concept is applied to different fields of analysis. The syntactic clues tell which is which. For example, Smith uses the term, "the monied interest" to arrive at a comprehensive definition of money – work in intension – and the term the "interest of money" to apply interest to the general problem of money –

work in extension. Smith's syntactic innovations which have been retained consistently in English economic writings are attributed to the influence of the Physiocrats and especially Turgot.

Discussion: Karen I. Vaughn, George Mason University

JOHN STUART MILL

Chairman: Gerald Alonzo Smith, Mankato State University

JUSTICE AS A UNIFYING CONCEPT IN J. S. MILL'S SOCIAL THEORY

Barry S. Clark
University of Wisconsin-La Crosse

This paper argues that Mill's social theory is internally coherent if his purpose is taken to be the revision of the liberal theory of justice to incorporate and legitimize conflicting class interests. Mill's logic, ethics, and political and economic theory are all premised on the belief that nature is an orderly and rational process but that mankind is unable to discern the natural order without experience. This amalgam of a rationalist cosmology and an experientialist epistemology permits Mill to simultaneously support *laissez faire* and intervention, democracy and elitism, and both adding-up and subjective real cost theories of value.

JOHN STUART MILL ON THE RELATION OF PRODUCTION TO DISTRIBUTION: A CRITICAL EVALUATION

Vardaman R. Smith
James Madison University

The purpose of this paper is to provide a critical interpretation of Mill's position on the relation of the "laws" of production and those of distribution. *Principles of Political Economy* (1848) is interpreted in a manner that is consistent with the philosophical system presented in *A System of Logic* (1843). So interpreted, the character of law-like statements within Mill's conception of political economy is revealed to be that of two sets of "low-level empirical trends" which differ in terms of their respective degree of empirical reliability. The paper also demonstrates that the distinction Mill drew between these two sets of laws --

which is crucial to the logical structure of *Principles* – was directly connected to Mill's own conception of the mind-matter dichotomy. Once the position has been elaborated in its most general form, it is critically evaluated.

J. S. MILL ON METHOD: A CORRECTION OF THE RECORD AND SOME IMPLICATIONS FOR THE INDUCTIVIST-DEDUCTIVIST DEBATE

Samuel Hollander
University of Toronto

Something of a 'mystery' surrounds the origins of J. S. Mill's celebrated essay 'on the definition of political economy and on the method of philosophical investigation in that science' provisionally completed in 1831 and first published in 1836. The problem concerns the relationship between the essay and John Frederick William Herschel's *Preliminary Discourse on the Study of Natural Philosophy* of 1830 (a work which Mill himself reviewed in the *Examiner*) and William Whewell's papers on mathematical economics and economic method first published in 1829 and 1831. It is difficult to appreciate the absence in the essay itself, or in Mill's correspondence of the early 1830s, or in the retrospective account devoted to the period in the *Autobiography*, of any reference to the Cambridge 'inductivists' despite the fact, which it is our purpose in this paper to demonstrate, that on matters of methodological principle and even of detailed formulation there is considerable common ground between the three writers.

JOHN STUART MILL ON THE A POSTERIORI AND THE A PRIORI METHOD IN ECONOMICS

Abraham and Eva Hirsch
Brooklyn College and Rutgers University

In his essay "On the Definition of Political Economy . . ." Mill argues that the *a posteriori* method is inappropriate in economics *because* experiment is all but impossible, yet in *A System of Logic* he argues that the *a posteriori* is inappropriate in physics. The paradox can be resolved by recognizing that by *a posteriori* in the essay Mill meant what in the *Logic* he called the hypothetical method, i.e., reasoning from effects to causes; the economist, he felt, must reason from causes to effects. In this context the bulk of the essay is seen to be concerned with pointing out the limitations of the causes-to-effects method.

Discussion: Dana Stevens, University of South Florida
Bruce Caldwell, University of North Carolina, Greensboro
Eugene Rotwein, Queens College, CUNY

THE DEVELOPMENT OF SPECIALIZED FIELDS AND TOPICS

Chairman: John P. Henderson, Michigan State University

JOHANN GOTTLIEB FICHTE: "THE HIGH PRIEST OF ECONOMIC SELF-SUFFICIENCY"

Nicholas W. Balabkins
Lehigh University

The United States' attempt to reduce its contemporary dependence on critical and strategic minerals as well as oil would be aided by an understanding of Johann G. Fichte's, *Der geschlossene Handelsstaat*, written in 1800. According to Fichte, economic fluctuations arising from international trade could be eliminated by the cessation of all private foreign trade. Former imports could be easily substituted by developing *ersatz*-products domestically. He also suggests the introduction of a new, inconvertible paper currency, valid only domestically, for making foreign trade virtually impossible. Needless to say, this is an extreme solution to the problem of dependency.

THE ROLE OF CONSERVATION PRINCIPLES IN 20th CENTURY ECONOMIC THEORY (VEBLEN, SAMUELSON AND THE FIRST LAW OF THERMODYNAMICS)

Philip Mirowski
Tufts University

Many references to parallels in economics with the first law of thermodynamics crop up in the work of 20th century theorists: Veblen, Samuelson, Knight, and Clower are given as examples. A perusal of this literature reveals, however, that there is no consensus upon the validity or significance of such a parallel, or even upon what the parallel(s) consist of. This paper attempts to clarify that issue in the realm of neoclassical economic theory, and argues that the imposition of a conservation principle has the nature of an *a priori* restriction which both shapes and controls the content of a theory, sometimes in ways not fully realized by the theorists involved.

"THE ORIGINS OF THE DOCTRINE OF UNLIMITED SUPPLIES OF LABOR"

William A. Darity, Jr. and Keith Hurt
University of Texas, Austin

This essay examines the sources of W. Arthur Lewis' use of the notion of unlimited supplies of labor in his famous 1954 model of economic development. Lewis claimed the horizontal supply curve for labor is a concept obtained from Classical political economy. We argue that although Lewis' development model

is deeply Classical in character, the horizontal labor supply schedule is not. The doctrine of unlimited supplies of labor is more mercantilist than Classical in character. But the immediate source of Lewis' use of the doctrine are agrarian policy questions that arose in Eastern Europe and Germany in the 1920's and 1930's.

THE REACTION OF BRITISH AND AMERICAN ECONOMISTS TO DEVELOPMENTS IN THE SOVIET ECONOMY: 1917-1945

Tim O'Neill

St. Mary's University, Halifax, Nova Scotia, Canada

The paper traces the increase in interest and improvement in the quality of work of British and American economists regarding the Soviet economic system prior to 1945. The phase of unsophisticated descriptive economic journalism of the 1920's preceded the early stages of economic scholarship in the 1930's. Work done during the war years served as a prelude to the rapid development of Soviet economic studies after 1945. In contrast to the post-war explosion of work, the comparatively slow development of interest and quality before 1945 seems to be best explained by factors internal to the economics discipline as captured in a modified version of Lakatos' scientific research programme model.

HOLISM, ATOMISM, AND INSTITUTIONALISM IN THE EVOLUTION OF FOREST AND NATURAL RESOURCES ECONOMIC THOUGHT

Richard M. Alston

Weber State College

Recent legislation requires federal land managers (i.e., U.S. Forest Service and Bureau of Land Management) to engage in an integrated planning process of massive scope. Unique ideological problems are created by the legislative intent to embrace both atomistic and holistic visions of the "public good." This paper traces the evolution of four perspectives on the relation between land use planning and the public interest: 1) the environmentalist/preservationist perspective – a holistic land ethic; 2) the land managers' perspective – a public/group ethic; 3) the economists perspective – an atomistic/individualistic ethic; and 4) an integrated process ethic. None of these, taken alone seem capable of guiding meaningful land use policy. Integrated, systematic, interdisciplinary planning capable of embracing holistic, atomistic, and institutionalists perspectives is called for in the paper.

*Discussion: Edythe S. Miller, Denver, Colo.
Larry Samuelson, Syracuse University
Leonard E. Rychtanek, Berry College*

**J. A. SCHUMPETER AS HISTORIAN OF
ECONOMIC THOUGHT**

Chairman: Harry Landreth, University of Miami

**JOSEPH A. SCHUMPETER: HISTORIAN OF
PROFESSIONAL ECONOMICS**

James F. Becker
New York University

Schumpeter's history of modern economics is an aspect of his theory of the history of modern capitalism. The simplicity of the model utilized for analyzing the development of modern economics lends itself to apologia for professionalism and discourages inquiry into the relationship between professionalism and science as possibly dichotomous developments. The distinctive features of his theories of history trace to his own "social location" and are determined by it. His present day influence is diluted and dispersed by the same forces that governed the formation of his own views, the "forces" that have brought about the disintegration of the petty bourgeoisie.

Discussion: Dale Cramer, University of Alabama
A. W. Coats, University of Nottingham

ASPECTS OF PROFESSIONALIZATION, 1880-1940

Chairman: A. W. Coats, University of Nottingham

**INSTINCT, EMOTION AND THE NEW PROFESSION
OF ECONOMICS**

Burton J. Bledstein
University of Illinois, Chicago Circle
No Abstract Received

THE AMERICAN METHODENSTREIT

Gary Mongiovi
The New School for Social Research

"The American Methodenstreit" discusses the dispute over method which occurred in American economics during the 1880's. It is argued that the dispute was actually a manifestation of a much more fundamental issue: economists were in disagreement over the extent to which they, as a profession, should be concerned with social reform. The politically and scientifically conservative old

guard favored a deductive method and argued that ethical considerations were not within the proper scope of their discipline; the German-educated new guard believed that social reform was a proper concern of economists and consequently favored a historical-inductive method.

WOMEN IN THE ECONOMICS PROFESSION BEFORE 1920

Barbara Libby
Niagara University

An examination of the careers of the most prominent women economists before 1920 shows a common pattern in which women economists received a Ph.D., published an article or two and then faded into obscurity. The education, areas of study, and employment of women economists were perused in order to determine why the number of publications by women economists declined dramatically during the 1920's. Several things emerged as possible causal agents of this decline. One was a shift in emphasis within the profession which led to their increasing employment in government and undergraduate teaching institutions and prevented them from influencing and serving as role model for graduate students. The retirement of Lawrence Laughlin also contributed to the loss of prominence of women economists since they were no longer welcomed at a highly prestigious university and lost access to publishing in the JPE.

TOWARDS A NEW SOCIALIST ECONOMICS: FABIAN CONTROVERSIES IN THE THIRTIES

Elizabeth Durbin
New York University

Part of a study of economic policy making for the British Labour Party in the 1930's, this paper describes and analyses the controversies between Fabian Socialists on the appropriate price mechanism for the Socialist State. Three groups are identified: (1) pure marketeers (H. D. Dickinson, Abba Lerner, James Meade) who believed in market pricing and used it to guide policy recommendations on the criteria for nationalization and marginal cost pricing; (2) hybrid marketeers (E.F.M. Durbin, Hugh Gaitskell) who believed in market pricing but used strategic arguments, as well as efficiency criteria, for policy suggestions; (3) anti-marketeers (G.D.H. Cole, Hugh Dalton, the Webbs) who rejected neoclassical economics, tried to develop a new theory of socialist economics and to adapt Russian planning models to Britain.

Discussion: John F. Henry, California State University, Sacramento
Clair E. Morris, United States Naval Academy
Craufurd Goodwin, Duke University
Robert Cheery, Brooklyn College

THE ECONOMICS OF KARL MARX

Chairman: Thomas Weiskopf, University of Michigan

THE VALUE-DISTRIBUTION ARTICULATION PROBLEM IN MARX'S CRITIQUE OF RICARDO'S "PRINCIPLES"

Allen Oakley
University of Toronto

This paper explains and defends Marx's critique of Ricardo's position on the link between value and distribution. Marx's critique referred particularly to Ricardo's failure formally to analyse the relationship of commodity valuation to the generation of a uniform rate of profits. In adopting the labour theory of value, Ricardo could not legitimately avoid developing an analysis that demonstrated the *logical priority* of embodied-labour value over the "cost-price" that returns a uniform rate of profits and the formal articulation between the two categories of valuation. Indeed, by doing so, he belied the entailed logic of his own arguments.

AN EXPLORATORY SPECIFICATION OF THE ROLE OF HISTORY IN ECONOMIC THEORY

Murray Wolfson
University of Southern California

This paper investigates the history and nature of time-dependent theories of economics in terms of their philosophical background and mathematical form. While a purely historical approach to economics is merely an account of the past, modern economics is excessively static in its assumption that optimization occurs in maximizing a well defined function over a manifold social space. This mathematical form imports preconceptions of conservation of matter and energy from physics and leads to the apparently hard-headed policy proposals of the "dismal" economists. Historicist attempts of Marx and others have ended in contrary tensions between the retrospective uniformities of inductive science, and unscientific prophecy based on the dialectic of self-evolving entities. A negative criticism of static methods is advanced in this paper, and a suggestion for more dynamic modelling is advanced.

THEORIES OF CAPITAL ACCUMULATION IN RICARDO AND MARX: A SEARCH FOR FOUNDATIONS

Nai-Pew Ong
University of California at Riverside

Marx's "law" of the falling profit rate finds its *raison d'être* in Ricardo's reductionist framework of "real" capital-labor relations under externally posited production-consumption conditions. Marx has a clearer conception of the monetary system of particularized capitals elsewhere and his insights into technological change can further our comprehension of capital accumulation.

**MARX'S CONCEPT OF EXPLOITATION:
WHAT IT IS – WHAT IT ISN'T**

John E. Elliott
University of Southern California
No Abstract Received

**CLASSICAL POLITICAL ECONOMY, PRIMITIVE
ACCUMULATION, AND THE SOCIAL DIVISION OF LABOR**

Michael Perelman
California State University, Chico

Classical political economy is often assumed to favor the free working of markets. This paper shows that the support of market forces over other sorts of force was provisional. Markets were preferred only when they would produce the desired result. When the outcome was not expected to be in the interest of those who lived off of profits, classical political economy was willing to countenance measures which violated the very principles which they ostensibly espoused.

In general, classical political economists were evasive so far as the problem of primitive accumulation was concerned. They addressed it, for the most part, only when discussing social or political matters. Rarely, did it enter into their highly abstract theoretical discussions. This evasiveness was at its height in the work of Adam Smith, yet I conclude that primitive accumulation lay at the heart of even his most important theoretical achievements. In contrast, James Steuart who openly addressed the question of primitival accumulation much to the embarrassment of political economy, was punished by being relegated to the obscurity of a niche as 'the last mercantilist.'

**MARX'S CONCEPTION OF THE ECONOMIC INDIVIDUAL:
A CRITIQUE AND RECONSTRUCTION**

Julie A. Matthaei
Wellesley College

Neo-classical economic theory, conceiving of economic life as a relationship between man and nature, depicts the economic individual as, by nature, seeking to maximize his utility according to a set of predetermined and unlimited needs. The limit to the freedom of the individual lies in nature, in the fixity of natural resources. In contrast, Marx conceptualizes individuals as determined by economic life, in particular, by their relationships with one another including the property relationship and the relationship between capitalist and worker. Marx's conception of the individual ignores, however, the freedoms which individuals, even workers, experience in capitalism – in the choice of consumption goods, and in competition for advancement in the labor force

hierarchy. These freedoms can be built into his general theoretical conception, without sacrificing the notion that individuals are products of their social and, in particular, economic relationships.

Discussion: Roy Rotheim, Skidmore College

ARISTOTELIAN ECONOMICS

Chairman: Camille Castorina, Rollins College

ARISTOTLE'S THEORY OF DEMAND: NATURAL NEED

S. Todd Lowry

Washington and Lee University

In his *Politics*, Aristotle develops an analysis of a political economy borrowing both the Atomist conceptualization of an aggregation of small parts and Platonist teleology. This system is developed in terms of natural needs and natural diminishing utility for sequential levels of goods.

The analytic application of the principle of diminishing utility is well illustrated. There is also a clear recognition that the theory could elucidate both natural and deviant processes, thus indicating the generality of the theory, including choice and convention.

The socio-economic structure is conceived by Aristotle as an ordinal sequence of natural needs (demands) with natural limits on the utility of all except psychic goods.

ARISTOTLE AND THE NEOCLASSICAL TRADITION: THE NORMATIVE DIMENSION

Stephen T. Worland

University of Notre Dame

No Abstract Received

THE LATIN ARISTOTELIAN BASES OF ORESME'S THEORY OF MONEY

Odd Langholm

Norwegian School of Economics

Two fourteenth century authors, John Buridan, the Aristotelian commentator, and Nicole Oresme, his pupil and author of a famous treatise of money, dominate historical accounts of the origin of monetary science. This paper

traces the basis of the writings of these authors to a number of unprinted and previously unstudied Aristotelian commentaries of the preceding generations, in which can be found literal antecedents both to Oresme's analysis of the nature, functions and properties of money and to his criticism of current monetary policy. The author pleads for greater attention to textual research in the history of economics.

*Discussion: William Campbell, Louisiana State University
Camille Castorina, Rollins College
Gasper Lo Biondo, Washington, D.C.*

SCHUMPETER AS ANTI-MONETARIST

James S. Earley
University of California, Riverside

From his 1911 *Theory of Economic Development*, through his *Business Cycles* of 1939, and on to his posthumous *History of Economic Analysis* (1954), Schumpeter consistently held views antithetical to most of those that later became our contemporary Monetarism.

He disparaged the Quantity Theory of Money, especially the "real balances" version, which is the theoretical centerpiece of Monetarism. His monetary macroanalysis was rather of the "income-expenditure" type, from his "stationary" model of the "circular flow" to his careful analysis of the changing spending that constitutes the cyclical movement of economic development. The expansion and contractions of *credit*, not money, was to Schumpeter the process that carried out the waves of innovation which were the basic *cause* of cyclical development.

SCHUMPETER'S TIME-SERIES ANALYSIS

Jan Reijnders
State University of Utrecht, The Netherlands

Being one of the pioneers of the long-wave theory, Joseph Schumpeter was faced with the crucial task of establishing the existence of the Kondratieff-cycle.

As a consequence of his special treatment of the trend Schumpeter imposed a heavy burden on the method of time-series decomposition. It is argued that the "normal-point method" does not meet the requirements. In addition to this, the "three-cycle concept" contains certain rigidities which prevent the isolation of the Kondratieff-cycle from other wavelike movements in the very long run.

It is concluded that Schumpeter's efforts in this field have not been very successful.

SCHUMPETER – POLITICAL ASPECTS

Joop van Biljoun
State University of Utrecht, The Netherlands

No Abstract Received

Discussion: Loring Allen, University of Missouri, St. Louis
George Rosen, University of Illinois, Chicago Circle
S. G. Karsten, West Georgia College