

2004

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Recommended Citation

Peart, Sandra J. "On the "Bitter Quarrel" Between Economics and Its Enemies." *History of Economic Ideas* 12, no. 2 (2004): 97-106.

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ON THE 'BITTER QUARREL' BETWEEN ECONOMICS AND ITS ENEMIES¹

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A review essay on WILLIAM OLIVER COLEMAN, *Economics and Its Enemies. Two Centuries of Anti-Economics*, Houndsmills, Basingstoke (Hampshire), Palgrave, Macmillan, 2002, pp. ix+313, and EDWARD FULLBROOK (ed.), *The crisis in economics. The post-autistic economics movement: the first 600 days*, London, Routledge, 2003, pp. x+226.

ECONOMICS has long had its enemies. The question is, why? What, precisely, is it about economics that its critics oppose? William Coleman seeks to tell the story of «anti-economics», «to take its measure» (p. 3), and then finally to defend economics from these attacks. His is a broad, sweeping study that uses a wide lens, panoramically over time, to survey the opposition. *The crisis in economics*, edited by Edward Fullbrook, provides us instead with a detailed snapshot of a recent sort of anti-economics – the Post-Autistic Economics (PAE) movement that originated among French economics students in 2000. Both serve to remind economists that ours is a peculiarly situated discipline, one which seems to draw criticism and which might be well-served by «taking measure of», as Coleman puts it, serious criticism. The profession is largely ignorant of its intellectual enemies; that unwillingness to engage in discussion with its critics, has in part caused the frustration that underscores the PAE movement.

Sixty years ago, F. A. Hayek called attention to a seemingly peculiar anti-economics alliance, between «left» and «right» critics of liberal democratic society characterized by free exchange:

Fight against liberalism in all its forms, liberalism that had defeated Germany, was the common idea which united socialists and conservatives in one common front. At first it was mainly in the German Youth Movement, almost entirely socialist in inspiration and outlook, where these ideas were most readily accepted and the

1. This essay draws heavily on joint research with David Levy and Andrew Farrant. Any errors are my responsibility. The author is grateful to Ms. Katy Hooper, Special Collections Librarian at the University of Liverpool Library, for her assistance in providing the image reproduced below.

fusion of socialism and nationalism completed. ... in England and the United States today, where we can watch the same drawing together of the socialists of the Left and the Right and nearly the same contempt of all that is liberal in the old sense. 'Conservative Socialism' (and, in other circles, 'Religious Socialism') was the slogan under which a large number of writers prepared the atmosphere in which 'National Socialism' succeeded.

(Hayek 1984 [1944], 180)

Hayek was drawn to the topic by arguments in the early 1930s with his London colleagues about the origins of the Hitler regime. He found himself trying to explain why the then-common view of the Nazi regime as a capitalist reaction to German democratic socialism was wrong.

The first question suggested by these wonderfully paired books, is whether Hayek saw anything important in this supposed left/right alliance in opposition to economics? Those of us in the economics profession who pay attention to our critics, are generally aware of critics on the 'left', and a reading of *The crisis in economics* would mainly reinforce that impression. But in the course of examining two centuries of anti-economics, Coleman quite rightly makes the case that anti-economics is not a phenomenon of the 'left' or the 'right', but of both: economics has been attacked from both sides of the political spectrum, and, sometimes, the anti-economics elements of both have worked as a coalition in opposition to economics. Coleman sees anti-economics arising in the «illiberal right» such as August Comte – who are attracted to order and unity – and the «anti-liberal left» such as Marx – who favour turbulence and unity (p. 47). The most enduring anti-economics, according to Coleman, has been 'right' anti-economics which sees the market as destroying a desirable social order. Here, markets are regarded as antagonistic to order and social cohesiveness (pp. 24, 34-35).

In the early nineteenth century and thereafter, acceptance (or denial) of scarcity is the key to understanding opposition to economics.² Embracing scarcity is equivalent to accepting the claim that human nature is fixed, that we come equipped with desires none of which can be judged more meritorious than others. If, by contrast, human nature might be improved, then resource allocation can be affected by remaking human nature. For humans whose tastes have been sufficiently 'developed' by their betters, there may be no such thing as scarcity.

An unpublished image from the Cope's Tobacco company, in whose published imagery political economists serve as targets of violence (Peart and Levy 2005a), makes the anti-economics case sketched

2. That scarcity is a key to the debate, is stressed by WATERMAN 1991.

above. In a reversal of Coleman, the cartoon portrays the economist as Anti. This of course refers to the fact that the economist-evangelicals were the first 'antis', the Anti-slavery coalition who worked so successfully to have slavery abolished from the British Empire. Their critics portrayed the economist-Evangelical as an 'anti' who warns that behaviour (smoking) brings with it all sorts of horrid consequences, including poverty and disease. Opponents of the Antis claim that, in fact, smoking transforms the human. In what may be the most extraordinary of arguments, Cope's published material suggests that smoking rids the human of disease! So, we are transformed without having to make hard choices, and the economist who dooms us instead to the hard choice, or to poverty and disease, must be opposed.

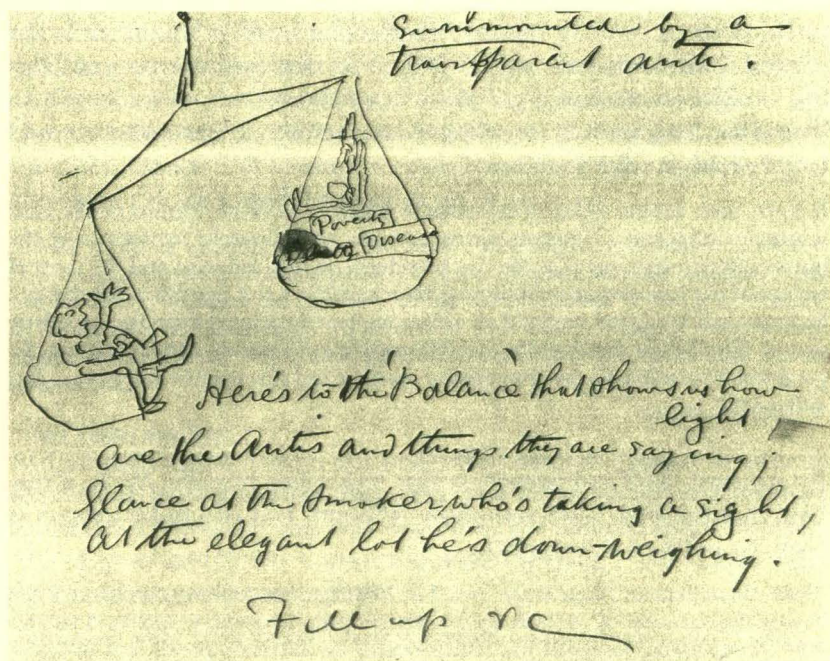


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Coleman's thesis is that the Enlightenment produced an environment conducive to the birth of economics in the modern period, and its end signaled an environment in which the enemies of economics thrived (p. 17). These enemies objected to economics, economists and all things economic. In each category, Coleman places a number of criticisms that are used by various writers in the PAE movement: economics is false, useless, or harmful; economists are methodological-

ly inadequate, conceited, biased, bidden; economic considerations are unimportant or should be so.

Coleman applies his left/right taxonomy to the past two centuries (chs 2 and 3), before turning to yet another source of hostility to economics: the nation state and nationalism (ch. 4). Economics, and axiomatic abstract economic man, treat everything and everyone as subject to the same law; all persons are essentially the same, whether Canadian, American, or French. Anti-economics holds that nations are special, and anti-economics sentiments, Coleman argues, grow out of nationalism (p. 67). In this context, he rightly notes that «anti-economics» proponents such as Matthew Carey claimed they were privy to the «special character» of the Irish (p. 69; cf. p. 73). Even within economics, challenges of that sort were common: the argument concerning «What is to be done with Ireland?» focused largely on institutions vs. human nature. On the one hand, economists in the 'Grand Tradition', such as J. S. Mill, held that institutions – and not the «vulgar» notion of a peculiarly Irish character — were largely to blame for Irish poverty, in which case a reform of institutions could largely mitigate the problem:

Is it not, then, a bitter satire on the mode in which opinions are formed on the most important problems of human nature and life, to find public instructors of the greatest pretension, imputing the backwardness of Irish industry, and the want of energy of the Irish people in improving their condition, to a peculiar indolence and *insouciance* in the Celtic race? Of all vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences.

(Mill 1965 [1848], 319)

By contrast, Mill's opponent in this and other matters, W. R. Greg, held that the Irish were somehow different, and had to be treated as such, by political economists:

'Make them peasant-proprietors,' says Mr. Mill. But Mr. Mill forgets that, till you change the character of the Irish cottier, peasant-proprietorship would work no miracle. He would fall behind in the instalments of his purchase-money, and would be called upon to surrender his farm. He would often neglect it in idleness, ignorance, jollity and drink, get into debt, and have to sell his property to the nearest owner of a great estate. ... In two generations Ireland would again be England's difficulty, come back upon her in an aggravated form. Mr. Mill never deigns to consider that an Irishman is an Irishman, and not an average human being—an idiomatic and idiosyncratic, not an abstract, man.

(Greg 1869, 78)

In the nationalistic species of anti-economics, Coleman places William Dillon, T. E. C. Leslie, William Cunningham, Gustav von

Schmoller, as well as American institutionalists such as J. R. Commons. Without overly emphasizing the point, he notes the racist overtones of some objections to abstract economic man. J. R. Commons, for instance, made the case that waves of immigration drawn from predominantly inferior races served to reduce the quality of the nation's workforce (Commons 1916, 200 ff.). Such claims, common in the early twentieth century among both American and English social scientists, provided the intellectual basis for laws to restrict immigration and select immigrants (Peart and Levy 2005a).³

Coleman pursues these themes in chapter 5, following anti-economics through the rise of the totalitarian State. Here, he suggests, economics became an obstruction to totalitarianism because it endorsed consumer sovereignty (p. 89). It also deals with wants and constraints, which totalitarianism denies. And, most obviously, economics is liberal while totalitarianism is not.

Attempts to shape preferences and remake consumers were central components of the opposition to market-based economics in the twentieth century. In the British debates over planning vs markets of the 1930s, Maurice Dobb most forcefully expressed the argument that remaking people's preferences gets rid of scarcity:

If taste is mainly acquired, rather than innate, and shaped by culture and convention, as seems to be the case, there is no reason why, in a socialist order, the State should entirely abrogate the right of creating tastes in favour of being its creature. In the creation of "new wants," in particular, with which economic progress is so largely concerned, the verdict of a price-system can never give more than a modicum of aid.

(Dobb 1933, 592)⁴

As Coleman rightly points out in another context, what is at issue in the dispute between economists and their critics (p. 89), is consumer sovereignty. Certainly this was central to the disagreement between Abba Lerner and Dobb. Lerner immediately honed in on Dobb's disdain for consumer sovereignty:

The central point of Mr. Dobb's attack is directed against what he calls "the economists' assumption of the 'sacredness' of consumers preferences." ... we find that all

3. Irving Fisher, Frank Fetter, and J. R. Commons each argued that without such restrictions on immigration, the «race treason» problem in America would only worsen (see PEART, LEVY 2005a).

4. Dobb's example of inferior preferences is time preference: «As example of a short-sighted demand is the preference for the somewhat cheaper jerry-built house as against the more durable residence, which has no other reason than the occupier's high time-preference» (DOBB 1933, 148). The argument that inter-temporal choice needs to be improved because people are overly impatient was widespread among early twentieth century economists. See PEART 2000, PEART and LEVY 2005a.

this amounts to is that some economists in searching for a "maxima" which might be useful have considered that a principle likely to be accepted by socialists might be that of giving people what they want when there is no good reason for a contrary policy. Mr. Dobb appears to argue that a free pricing system is necessary in order to give people what they want, but to deny the advisability of so doing. It is only by disputing this end that Mr. Dobb rejects the means.

(Lerner 1934-1935, 53)

All of this suggests that anti-economics occasionally enters the economics discipline itself. Indeed, in 1884, Arnold Toynbee concluded that: «The bitter argument between economists and human beings has ended in the conversion of the economists». The grim judgment of the greatest 20th century historian of economics, Jacob Viner, was that this «correctly reports how much of the world saw it.» (Viner 1963, 12). Coleman's treatment covers the attack-from-within by the Historical School (pp. 65, 71, 85). To this, he might add a second important instance. David Levy and I have argued extensively that early eugenicists succeeded in moving economics and economists to accounts of hierarchy involving racial difference. Given the account above which highlights the significance of consumer sovereignty in attacks on economics, it is, perhaps, not surprising that the debate played out in terms of how to improve or remake humans. Most striking, many economists in the post-Classical period came to endorse a biological program for remaking humans – eugenics (Peart and Levy 2005a).

The Post-Autistic Economics movement constitutes a third important example of opposition to the 'grand tradition' that has emerged from within the discipline itself. The second key question raised by this pair of books is: presuming that the discipline has continued reason to exist, can it be improved on the basis of what we read in the PAE movement?⁵ I should say here that I was drawn at the outset to some aspects of the Post-Autistic Economics movement. In part, this is the result of healthy self-interest on my part. I have long thought that the history of economic thought is undervalued by the profession.⁶ (I have a stake in this claim; the admission may serve only to show that self-interested behaviour is indeed pervasive.) A movement to seek the context of our theories, to «identify its intellectual origins» (p. 25), seemed promising. Calls for pluralism resonated: as a Canadian, I

5. Actually, however, Coleman suggests that anti-economics wants revolution, rather than reform, wants the discipline and all that it stands for demolished, rather than improved. The students' petition and some of the documents that follow, also suggest that reforms are in order; other documents and essays, call for reforms, rather than overthrow.

6. For the details of this case, as well as a call for thick, contextual History of Economic Thought in the *curriculum*, see PEART and LEVY 2005b.

studied economics from American textbooks that entirely underemphasized international trade or any specifically Canadian economic phenomenon. And as it happened, when the PAE petition crossed my mail in 2000, I was teaching the HET. The petition generated one of those wonderful 'teaching moments' for my undergraduates who, as it turned out, were about half econ/math majors, and half econ/other majors. They read the students' concerns with great interest.⁷

The French students' petition (reproduced pp. 13-14) expressed several concerns with economics as it is currently taught: 1. lack of realism and the desire to «escape from imaginary worlds»; 2. «uncontrolled use of mathematics»; 3. lack of pluralism in economics. The students appealed to their teachers to «wake up» before students «lost interest» in the subject. The appeal was soon followed by a petition by professors of economics which raised a set of related issues (pp. 15-17): 1. exclusion of non-neoclassical theory from the *curriculum*; 2. mismatch of economic teaching and reality; 3. use of mathematics as an end not a means; 4. teaching methods that prohibit critical thinking; 5. the need for plurality. The debate rose to national and international prominence following a series of articles in *Le Monde* and the creation of a commission, headed by Jean-Paul Fitoussi, to study the problem of economic education in France. Additional developments included an open letter from students at Cambridge (pp. 36-38), student calls for reform at Harvard, and the «Kansas City proposal» of June 2001 (pp. 39-41).

Perhaps not surprisingly, from the beginning the movement was plagued by difficulties in clarifying what, exactly, it opposed in economics. The documents in *The crisis* reflect those difficulties. So, the students apparently found their teachers' response unsatisfactory in that it overly focused on the issue of the use of mathematics: «Have we centered our critiques on mathematics? No. ... One can see, then, that the place of mathematics is secondary in our demands» (p. 24). A highly publicized interview about the movement with Amartya Sen also served to at least partially misrepresent the issues; the PAE newsletter reports on the «highly ambiguous interview» which led Sen into a «pseudo-debate» as opposed to the «real debate» (pp. 22, 23).

Following the initial documents from the PAE movement, are two sets of essays. The first deals with «Teaching», while the second treats «Practice and ethics». The range of the essays is stunningly broad. In

7. Their major complaint – one we've heard repeatedly over the years – was that we require too little, not too much, mathematics at Baldwin-Wallace College.

part because each contribution is very brief (some are only a page, many are two to three pages long), the contributions are highly suggestive but sketchy. Both sets of essays illustrate how difficult it must be to generate a sustained alternative to the 'Grand Tradition' the students oppose. Taken as a collection, they reflect some fuzziness regarding what, precisely, is the 'enemy'; and concerning what constitutes the positive alternative of the PAE movement. Under the mantra of PAE, the following are singled out for criticism: lack of realism (p. 13), fragmentation of the discipline (p. 16); neglect of bounded rationality and heterogeneous agents, power structures and organizations (p. 17); abstract economic man (p. 94); utilitarian ethics (p. 95); free trade (pp. 168-171); globalization (pp. 168-171). Positive suggestions include calls for alternative ways of regarding human beings; limitations on mathematics; the method of natural sciences (pp. 30-33, 128-131); emphasis on history of economics and social phenomena, actors and institutions, history of economic thought (pp. 30-33); feminist economics; student centered teaching; active learning; post-Keynesian economics; and exploring the links between post-Keynesian economics and feminist economics (pp. 159-161).

There is, as well, some unevenness in the 'attacks': which range from extraordinarily learned methodological essays; to personal testimonials about the profession in a better time or place, and calls for the reader to see the author's latest work(s); to accusations that the 'enemy' is 'imperialistic' and Stalin-like: «Beyond [Robert Solow's] pragmatic stance there lay a very imperialistic attitude, blaming the French for being bad teachers. However, MIT itself nurtured the very individuals who stalinistically endeavored to enshrine the monopoly of neoclassicism in France's economics – Laffont and Tirole, to mention just two of them» (p. 54).

Nonetheless, a number of essays stand out for making serious criticisms and/or positive potential contributions to how we teach the discipline, if answered. A number of essays, including that by Steve Keen, suggest that current teaching practices and textbooks, which strip economic problems of their context, also render the subject less interesting than it might otherwise be (pp. 74-76). The co-founder of the PAE movement, Gilles Raveaud, makes the intriguing suggestion to teach economics by teaching controversies (pp. 66-69). As for reform of the discipline itself – rather than how we teach it – Tony Lawson reiterates his case that economics is *primarily* non-mathematical, the uncovering of causal relationships when observed phenomena are uncorrelated (or the correlations have not yet been unearthed) (pp. 128-131). Here, a serious case for pluralism in economics emerges

and the scope for mathematics may in fact be more limited than some among the PAE movement envision. Warren Samuels makes the point, alluded to above, «Every discipline, every school of thought and every reform movement must confront the tension between being so diffuse that it stands for very little and being so definitive that it appeals only to a narrow and perhaps fanatical group». Samuels also points out that much of the students' debate is some 200 years old, and that texts are read in a linguistic and historical context (p. 202). Remarkably, many of the essays in *The crisis* are largely ahistorical, largely unengaged with economics past. And this, perhaps, has served overly to limit the movement to criticism of neoclassical theory, narrowly construed, rather than to finding examples from the past – in Smith's *Theory of Moral Sentiments*, for instance – of the sort of economics of which the students could approve. What seems missing is what Lionel Robbins (1955) called the «three dimensional» view of economics that results from a working knowledge of our past: the past is rich with alternatives to the present.⁸

Can we use Coleman's work to assess whether the PAE movement will successfully make additional inroads in the economics profession? Coleman finds anti-economics to have been largely unsuccessful (pp. 220 f.), though economists have been slow to respond to anti-economics attacks (p. 7). He offers up a number of reasons for its lack of success, including ignorance of the discipline the anti is criticizing (p. 226). Perhaps an alternative explanation for the enduring success of economics despite serious and continuing criticism, is that the sort of transformations that anti-economics seeks (improving the human, ridding the world of scarcity), while appealing in a literary context where constraints can bend and magic lives, are simply so fanciful – and perhaps dangerous – as not to gain widespread acceptance.

PAE would, I suspect, hold a different view: that they have been quite successful in their critiques of the economics profession. And the account of events in Fullbrook's introduction to *The crisis in economics* (pp. 1-9), tends to confirm that the movement has made inroads in the development and delivery of economics instruction, especially in France. Yet one senses that the movement is in danger of losing momentum, that its purpose and objections to economics as a discipline are becoming murky by virtue of the fact that PAE is

8. «I cannot think of a better way of conveying the sense of openendedness than the study of the vicissitudes of thought in the past. Nor can I think of a better way of acquiring, so to speak, a sense of the three-dimensionality of the subject than by working through, in the appropriate historical settings, alternative attempts at solution of recurrent typical problems. It is, moreover, a good inoculation against charlatanism» (ROBBINS 1955, 589).

embracing too many causes in the attempt to reform economics teaching. If, as Coleman suggests, the movement is not about reform but seeks – as all anti-economics does – to destroy neoclassical economics, then perhaps what it needs to develop as the program for the next 600 days, is a detailed positive alternative to economics *qua* discipline.

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