

ECO 732: Appraising Economics Syllabus

Spring 2008

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Course Description: Graduate level economic methodology course that covers historical and methodological issues in economics. Topics to be covered include: introduction to some classic methodological topics, interpreting the path of twentieth century economics, examining and assessing past, current and new approaches in economics.

Course Requirements: The course will principally be run as a seminar, where we discuss common readings. Caldwell will lecture and lead discussions on a few topics, student seminar leaders will lead the rest. The basic requirement is to have read and thought about the material, and be ready to discuss it. The syllabus should be considered provisional, and the order of topics may change. Your grade will be based on your performance on a writing assignment (70%), and on the quality of your classroom contribution as a discussion leader and as a participant in classroom discussions (30%).

Course Learning Objectives:

1. Introduce students to the field of and some classic debates in economic methodology.
2. Introduce students to alternative accounts of the development of economics in the twentieth century.
3. Understand arguments concerning various limitations of economics.
4. Understand some contemporary new developments within economics, both those that challenge and those that extend the discipline.

Text: There is just one text, my book:

Bruce Caldwell, *Hayek's Challenge: An Intellectual Biography of F.A. Hayek*. Chicago: University of Chicago Press, 2004. paperback.

However, there will be a lot more reading. Some of it will be from chapters in books; in other cases journal articles. Most of the articles are from journals that are available online at the library either by JSTOR or by journal search. I will also provide copies of all readings on Blackboard.

Course Outline:

1. Opening Lecture: The Methodology of Economics – An Overview
 - a. Caldwell as Case Study: How I got into it, and where I went
 - b. A bit on 20th century philosophy of science
 - c. Where we are heading in this course

Readings: Bruce Caldwell, “Positivism” and the introductory chapter to *Hayek’s Challenge*

2. Background on the history of economic thought

Readings: *Hayek’s Challenge*, chapter 1; Philip Mirowski, “Physics and the ‘Marginalist Revolution’,” *Cambridge Journal of Economics*, 1984, 361-379.

3. Background on some early methodological debates and socialism

Readings: *Hayek’s Challenge*, Chapters 2, 3, and 5, plus pp. 97-99 of chapter 4.

4. Friedman’s Famous Essay – Content and Appraisal

Readings: Milton Friedman, “The Methodology of Positive Economics,” *Essays in Positive Economics*. Chicago: U. Chicago Press, 1953, 3-43. Dan Hammond, “An Interview with Milton Friedman on Methodology,” *Research in the History of Economic Thought and Methodology*, vol. 10, 1992, 91-118.

5. Popper: Falsification, Situational Logic, Mark Blaug, and Imre Lakatos

Readings: Bruce Caldwell, “Clarifying Popper,” *Journal of Economic Literature*, March 1991, 1-33; Mark Blaug, “Confessions of an Unrepentant Popperian,” in Roger Backhouse, ed. *New Directions in Economic Methodology*. London: Routledge, 1994.

6. McCloskey: Rhetoric of Economics

Readings: D. McCloskey, “The Rhetoric of Economics,” *Journal of Economic Literature*, June 1983, 481-517; Uskali Mäki, “Diagnosing McCloskey,” and D. McCloskey, “Reply to Mäki,” *Journal of Economic Literature*, September 1995, 1300-1323.

7. Interpreting the Recent History of our Discipline – Mirowski and Weintraub

Readings: Philip Mirowski, “13 Theses about Economics,” manuscript. E. Roy Weintraub, *How Economics Became a Mathematical Science*. Durham: Duke University Press, 2002, chapters 4 & 6. (Caldwell’s SEJ review??)

8. Friedrich Hayek: In his Own Words

Readings: “Freedom and the Economic System” (1938); “The Use of Knowledge in Society” (1945), “The Meaning of Competition” (1946).

9. Friedrich Hayek: Caldwell’s Take

Readings: *Hayek’s Challenge*, chapters 10 & 11, 14 & 15 (the last 2 are most important)

10. Empirical Work in Economics

Readings: Robert Goldfarb, “Now You See It, Now You Don’t: Emerging Contrary Results in Economics,” *Journal of Economic Methodology*, December 1997, 221-44; Thomas Leonard, “The Very Idea of Applying Economics: The Modern Minimum Wage Controversy and Its Antecedents,” *Toward a History of Applied Economics: Annual Supplement to Volume 32, History of Political Economy*. Durham: Duke U. Press, 2000, 117-44; Vernon Smith, “The Two Faces of Adam Smith,” *Southern Economic Journal*, July 1998, 1-19.

11. Theoretical Work in Economics

Readings: David Kreps, *Game Theory and Economic Modelling*. Oxford: Clarendon Press, 1990, chapter 5; Franklin Fisher, “Games Economists Play: A Non-cooperative View,” *Rand Journal of Economics*, 1989, 113-24; “Anomalies: Ultimatums, Dictators, and Manners,” *Journal of Economic Perspectives*, Spring 1995, 209-219.

12. Economists and Policy

Readings: Robert Nelson, “The Economics Profession and the Making of Public Policy,” *Journal of Economic Literature*, March 1987, 49-91. Dani Rodrik, “Goodbye Washington Consensus, Hello Washington Confusion?,” *Journal of Economic Literature*, Dec. 2006, 973-987.

13. Possible Additional Areas and Readings

- a. Biology and Economics - Arthur Robson, "The Biological Basis of Economic Behavior," *Journal of Economic Literature*, March 2001, 11-33.
- b. Feminist Economics - Julie Nelson, "Feminism and Economics," *Journal of Economic Perspectives*, Spring 1995, 131-48.
- c. Experimental Economics - Vernon Smith, "Economics in the Laboratory," *Journal of Economic Perspectives*, Winter 1994, 113-31.
- d. New Institutional Economics - Douglass North, "Institutions," *Journal of Economic Perspectives*, Winter 1991, 97-112. Oliver Williamson, "The New Institutional Economics: Taking Stock, Looking Ahead," *Journal of Economic Literature*, September 2000, 595-613.
- e. Ecological Economics – John Gowdy and Jon D. Erickson, "The Approach of Ecological Economics," *Cambridge Journal of Economics*, 2005, 207-222.
- f. Expected and Non-Expected Utility - Chris Starmer, "Developments in Non-Expected Utility Theory: The Hunt for a Descriptive Theory of Choice under Risk," *Journal of Economic Literature*, June 2000, 332-82.
- g. The Rationality Assumption - Gary Becker, "Irrational Behavior and Economic Theory," *Journal of Political Economy*, February 1962, 1-13; Matthew Rabin, "Psychology and Economics," *Journal of Economic Literature*, March 1998, 11-46.