

Econ 895.02/Fall 2020
Professor Peter Boettke
Wednesdays 1:30-4:10pm
Synchronous Online Seminar*
August 24th-December 9th

Economic Sociology and Political Economy I

It may be that today the greatest danger is from the other side. The mathematicians themselves set up standards of generality and elegance in their expositions which are a serious bar to understanding. Conventions of generality and mathematical elegance may be just as much barriers to the attainment and diffusion of knowledge as may contentment with particularity and literary vagueness. ... It may well be that the slovenly literary borderland between economics and sociology will be the most fruitful building ground during the years to come and that mathematical economics will remain too flawless in its perfection to be very fruitful.

Kenneth Boulding, "The Role of Mathematics in Economics," *JPE*, 56 (3) 1948: 199

Paul Samuelson was selected as the first John Bates Clark Medal winner in 1947, Kenneth Boulding was awarded the second medal in 1949. The AEA website describes this award as follows: "One of the most prestigious and eagerly anticipated AEA awards, the John Bates Clark Medal is awarded annually each April (formerly biennially from 1947-2009) to that American economist under the age of forty who is judged to have made the most significant contribution to economic thought and knowledge. If there is a significant body of joint work, the Clark Medal may be awarded jointly to two recipients. Established as an American prize, it is sufficient that the candidate works in the US at the time of the award and US citizenship is not required." While Boulding would be justly recognized at this time to rival Samuelson in scientific potential and accomplishment, his research path went in a radical departure from Samuelson's -- and the other early Clark Medal winners, Milton Friedman 1951, James Tobin 1955, Kenneth Arrow 1957, Lawrence Klein 1959, and Robert Solow 1961 (all of whom would later also win the Nobel Prize except Boulding).

Economics during the 1940s-1960s became dominated by three methodological trends that cut against Boulding -- *aggregation, formalism, and empiricism*. As a result, the "literary borderland between economics and sociology" was abandoned by the vast majority of economists. There was a counter-revolution in scientific economic thought during the 1950-1980 period that would challenge these methodological trends in some variety or another and produced such work as property rights economics, law-and-economics, public choice, and market process economics. In short, many of the ideas and concepts that have been stressed in your graduate economics education at George Mason University emerged in this counter-revolution. But the discourse in this counter-

* We will be having webinars with the authors of the receptive books, as some of these authors might have time constraints we may adjust time and day to accommodate them. Since this class is mid-afternoon, and graduate courses in general are in the late afternoon and evening time slots, I will try to when possible move the webinar to mornings to avoid conflict with any other classes.

revolution tended to be one sided -- economists talking to other economists (with perhaps some political scientists, lawyers and even less so historians) about the superiority of the economic approach to human behavior over alternative modes of thought.

The purpose of this class is *not* to reiterate these claims -- most clearly identified with Gary Becker and Gordon Tullock and the idea of “economic imperialism” -- but to explore at bit more in depth the claim of Boulding’s about the progressive research program to be found in the borderland. between economics and sociology and to access the lost opportunity in economic science that the Samuelsonian hegemony represents. This requires that we listen in on the discourse that has transpired among those writers -- classical as well as contemporary -- who have occupied this intellectual territory.

This class is designed for advanced PhD students, and the intent is to prepare students to become active contributors to what Boulding suggests is “a fruitful building ground” for a progressive research program in the fields of economic sociology, political economy and social philosophy. As a result, you are expected to read and discuss, to think hard, and to write clearly both short essays, and a research paper with the intent to submit for review to a peer reviewed scientific outlet.

I started teaching this class two years ago, after having taught it, for several years during my time at New York University in the 1990s. As way of personal biography, I was a student of Kenneth Boulding’s as a graduate student in the 1980s, and I was a fellow at Peter Berger’s Institute for the Study of Economic Culture in 1990s and early 2000s. These experiences certainly help shaped my perspective as much as my association with Don Lavoie, James Buchanan and Israel Kirzner. I discuss these figures and many others in my book *Living Economics*, and I have stated repeatedly in writings that I divide knowledge in economics into 3 distinct buckets – pure theory (logic of choice), applied theory (situational logic), and historical investigation (narrative, ethnographic, and statistical). The purpose of theory is to aid in the production of “richer” and more “compelling” history. The situational logic of applied theory is the realm of what we today dub economic sociology --- the rules of the social game produced in politics, law, society interact with the pure logic of choice; exchange and the institutions within which exchange relationships are formed become the subject of study. While the pure logic of choice is necessary component of social theorizing, it is not sufficient. Transitioning from the pure logic of choice to the situational logic of social interaction is required and it is in this realm that scientific progress is to be found in our quest to understand the human condition.

Readings for the class

Background (week 1-2)

Adam Smith, *The Wealth of Nations*

Karl Marx, *Capital*

Georg Simmel, “How is Society Possible?”

Emile Durkheim, *Division of Labor*

Birth of Economic Sociology (week 3-6)

A. Weberian Branch

Richard Swedberg, *Max Weber and the Idea of Economic Sociology*

Fredrich von Wieser, *Social Economy*

Ludwig von Mises, *Socialism: An Economic and Sociological Analysis*

Joseph Schumpeter, *Capitalism, Socialism and Democracy*

F. A. Hayek, *The Counter-Revolution*

Ludwig Lachmann, *The Legacy of Max Weber*

B. The Polanyi Branch (week 7)

Karl Polanyi, *The Great Transformation*

Tim Rogan, *The Moral Economists*

Advances in Economic Sociology

A. Rational Choice (week 8-9)

Ludwig von Mises, *Human Action*

James Coleman, *Foundations of Social Theory*

B. Sociological Analysis (week 10-11)

Richard Swedberg, *The Art of Social Theory*

Mark Granovetter, *Society and Economy*

Viviana Zelizer, *Economic Lives*

C. Political Economy (week 12-13)

Jens Beckert, *Imagined Futures*

F. A. Hayek, *The Fatal Conceit*

Elinor Ostrom, *Governing the Commons*

Richard Wagner, *Fiscal Sociology and the Theory of Public Finance*

Application to Science (week 14-15)

Joel Mokyr, *A Culture of Growth*

Michael Polanyi, *Personal Knowledge*

Peter Berger and Thomas Luchmann, *The Social Construction of Reality*

Roger Koppl, *Expert Failure*

The books in **bold** are required reading. The other readings will be sections drawn from those works that you are expected to familiarize yourself with prior to class, and which hopefully you will explore in greater depth in your studies and research over the years.

Class Format

Each week we will have a lecture running roughly 1 hour to 1 hour and 15 minutes, followed by break and then open discussion for the remainder of the class.

Grading Policy

We will have 3 sources for your course grade. Four essays 6-8 double spaced pages due roughly at the end of each of the sections. A research paper that you are working on to submit to a peer-reviewed journal, such as *Review of Austrian Economics*, *The Review of Social Economy*, *Cambridge Journal of Economics*, etc. And, you will also be graded on your participation in class discussion, both in the online forum and when the opportunity arises in class. Be prepared to have at least 2 questions for each reading that you will be doing.

The short essays will constitute 35%, class participation 15%, and the research paper 50% of your final grade.

Course Objectives

Upon completion of this course, you will:

- Understand the foundations of Economic Sociology
- Understand the major strands of academic literature in Economic Sociology
- Be able to synthesize existing ideas in the field of Economic Sociology and build on these ideas to generate novel contributions to this literature
- For MA students – be able to apply the core concepts in the field of Economic Sociology to current events
- For PhD students - be able to write academic papers in the field of Economic Sociology suitable for peer review.