

## 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-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 three 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.

## Course Schedule and Required Readings

### "Smith and the Theory of Society" (August 24<sup>th</sup> 2023)

- ◆ Additional reading – Malloy "Adam Smith's Market Jurisprudence"
- ◆ Watch the Fraser Institute Essential Adam Smith Videos
- ◆ Watch the Fraser Institute Essential David Hume Videos

### "Capitalism, Development and Modernity" (August 31, 2023) -- Swedberg

- ◆ Additional reading – Easterly, "Progress by Consent"
- ◆ Watch the Fraser Institute Essential J. S. Mill Videos

### "Theory, History and the Study of Society" (September 7, 2023) – Swedberg

- ◆ Additional reading – Akerlof, “Sins of Omission and the Practice of Economics”
- ◆ Watch the Serious Science Video Daniel Hausman, “The Philosophy of Economics”

“The Critics of Capitalism: From Marx to Karl Polanyi” (September 14, 2023) -- Mises

- ◆ Additional reading -- Hejeebu and McCloskey, “The Reproving of Karl Polanyi”
- ◆ Watch the Fraser Institute Essential Joseph Schumpeter Videos

“Socialism and Society” (September 21, 2023) – Mises

- ◆ Additional Reading – Lavoie, “A Critique of the Standard Account of the Debate”
- ◆ Watch the Fraser Institute Essential Austrian Economics Videos

“The Liberal Project Historically Contemplated” (September 28, 2023) -- Mises

- ◆ Additional Reading – Boettke and Candela, “Liberalism in Crisis and the Promise of a Reconstructed Liberalism”
- ◆ Watch the Fraser Institute Essential Robert Nozick Videos

“Social Science from Inside Out, not Outside In: Analysis of Natural Equals” (October 5, 2023) – Levy and Peart

- ◆ Additional Reading – Meadowcraft, “Exchanges with and without the Sword”
- ◆ Watch the Fraser Institute Essential James M. Buchanan Videos

“A Restatement of the Liberal Plan of Equality, Liberty and Justice” (October 12, 2023) – Levy and Peart

- ◆ Additional Reading – Fleury and Marciano, “The Sound of Silence”
- ◆ Watch the Fraser Institute Essential Ronald Coase Videos

“Civilization and Its Discontents” (October 19, 2023) -- Hayek

- ◆ Additional Reading – Boettke, “The Theory of Spontaneous Order and Cultural Evolution in Hayek’s Social Theory”
- ◆ Watch Joseph Henrich’s 2022 Hayek Lecture at the Manhattan Institute

“Superstition and Social Order” (October 26, 2023) -- Leeson

- ◆ Additional Reading – Nunn, et. al., “Why Being Wrong Can Be Right”
- ◆ Additional Reading – Suarez and Leeson, “Superstition and Self-Governance”

“Community, Markets and States” (November 2, 2023) – Storr and Choi

- ◆ Additional Reading – Storr, “The Market as a Social Space”
- ◆ Additional Reading – Zelizer, “How I Became a Relational Economic Sociologist”

“Political Economy of Death and Destruction” (November 9, 2023) -- Coyne

- ◆ Additional Reading – Acemoglu et. al. “The Colonial Origins of Comparative Development”
- ◆ Additional Reading – Coyne, “Lobotomizing the Defense Brain”

“Economics and the Struggle for a Better World” (November 16, 2023) – Boettke

**THANKSGIVING BREAK (November 23, 2023) – Semester Over**

**READINGS**

The required books for the course are as follows:

Richard Swedberg, *Max Weber and the Idea of Economic Sociology* (Princeton, 1998).  
 Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* (Liberty Fund, 1981 [1922]).  
 David Levy and Sandra Peart, *Towards an Economics of Natural Equals* (Cambridge, 2020).  
 F. A. Hayek, *The Fatal Conceit* (Chicago, 1988).  
 Peter Leeson, *WTF?* (Stanford, 2016).  
 Virgil Storr and Ginny Choi, *Does the Market Corrupt Our Morals?* (Palgrave/Macmillan, 2019).  
 Chris Coyne, *In Search of Monsters to Destroy* (Independent Institute, 2022).  
 Peter Boettke, *The Struggle for a Better World* (Mercatus, 2021).

In addition each week there will be a required additional reading and each of you in your turn will be required to write a summary and present the paper to the rest of the class. I have also recommended that you watch these videos that present these ideas in distilled form.

It is my hope that these required readings will suggest to you additional readings as you study footnotes and look at the references. I will also be sharing articles throughout the semester and I hope that you also will share your discoveries. Vincent and Elinor Ostrom often used the term – co-production – to describe situations such as education, where the outcome is a function of both the supplier and the demander of the service. In short, as students in a graduate seminar you are

also producers of the substantive content of the course. Please accept this challenge as an opportunity to both learn and teach, and most importantly learn while teaching.

## **Class Format**

Each week I will introduce the topic followed by open discussion for the remainder of the class.

## **Grading Policy**

We will have 2 sources for your course grade. 5 essays 6-8 double spaced pages addressing the topic of “Social Problems” and how social scientists have responded through the years. I will provide more details during our first meeting and on Blackboard.

- Read J. S. Mill on inequality, race and gender – due September 1, 2023
- Read the Beveridge Report and subsequent discussions about this report– due October 1, 2023
- Read Acemoglu on Culture and Institutions and compare and contrast with what you have been studying to date in the class– due November 1, 2023
- Read Raj Chetty’s new paper on College Admissions and the selection of social leaders and discuss the broad implications for scientific methodology and public policy analysis that follow from his work – due November 16, 2023
- Watch the videos Steven Durlauf has produced at INET on social mobility, summarize his findings and comment of your take on the economic implications of inequality and social mobility on social order – due December 1, 2023
- Agnus Deaton (along with Anne Case) has documented the “deaths of despair”, first contrast the argument in Case and Deaton with Emile Durkheim’s classic work in sociology *Suicide*, and then assess the claim in Case and Deaton relating this sad reality to unbridled capitalism – due December 8, 2023

And, you will also be graded on your participation in class discussion, both in the weekly reading assignments, and your contributions when the opportunity arises in class. Be prepared to have at least 2 questions for each book reading that you will be doing that week.

The short essays will constitute 60%, written summaries 25%, and class participation 15%, 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 start to write academic papers in the field of Economic Sociology suitable for peer review.