
The Evolution of Economic Thought

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14. *Ibid.*, p. 24.

15. *Ibid.*, p. 25.

16. "Americans tend to divide the dimensions of our national life into two broad realms. The first is the realm of government and politics. The second is the realm of business and economics. Our concerns about social justice are restricted to the first realm; our concerns about prosperity to the second

"In countless ways Americans are called upon to choose between these two sets of central values—social justice or prosperity; government or free market; community or freedom

"This choice is falsely posed. In advanced industrial nations like the United States, drawing such sharp distinctions between government and market has long ceased to be useful

". . . This real choice is between shielding America from a changing world economy and adapting to engage the new realities of international competition." Robert B. Reich, *The Next American Frontier* (New York: Times Books, 1983), pp. 4–6.

17. *Cp.* An "OP Ed" article by Robert B. Reich, "Dialogue of East and West," *New York Times*, March 16, 1980.

18. Magaziner and Reich, *op. cit.*, pp. 203–60 *passim*.

19. Frank C. Genovese, "The Methodology of the Price Support Program for Wheat," *Southern Economic Journal*, Vol. 18, No. 1, (July 1961).

20. 14 (562), Vol. 202, Number 6498, Thurs. Aug 12, 1965.

21. Alan Murray, "With an Eye on '84 Elections, Democrats Lay Foundation For National Industrial Policy," *Congressional Quarterly* (August 20, 1983), pp. 1679–87, and Christopher Madison, "'Industrial Policy,' Japanese Style," *National Journal*, February 26, 1983, pp. 419–24.

22. Timothy B. Clark, "An Industrial Get-Well Card," *National Journal*, May 28, 1983, p. 1139.

23. Thomas Oliphant, "How to walk and chew gum," *Boston Globe* (November 13, 1983), pp. A29, 32.

24. Wassily Leontief and Faye Duchin, *The Future Impact of Automation on Workers* (New York: Oxford Univ. Press, 1986). See especially pp. 5–12, and Appendix A, "The Dynamic Input-Output Model," pp. 132–38.

25. Bruce R. Bartlett, "Industrial Policy: Crisis for Liberal Economists," *Fortune*, November 14, 1983, pp. 83, 86, as quoted on p. 86.

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CAN THE PHILOSOPHY of science, or more precisely, Thomas Kuhn's version of it, be used to illuminate an exposition of the origins of economic thought? L. E. Johnson and Robert D. Ley thought so, and so they modified the Kuhnian approach to fit the circumstances and produced the interesting book, *Origins of Modern Economics: A Paradigmatic Approach* (160 Gould Street, Meedham Heights, MA 02194: Ginn Press, 1988). Of special interest are the parallels they note between the fallacious reasoning of the past and present-day arguments of special interests.

Eli Hechscher, they note, argued that “mercantilism represents a coherent, interrelated body of economic doctrine, which defines a system of economic and political controls designed to maximize the welfare of the nation-State.” We who have been taught by Franz Oppenheimer and others to look behind the reification achieved by the word symbols to the people they stand for translate this as “the welfare of the King and his friends or in our modern, contemporary case, the President and his friends.” Some of the advantages achieved by the policy may have spilled over to some of the bourgeoisie, but none reached the producers, the workers and the farmers.

Professors Johnson and Ley argue convincingly that mercantilism does not represent the beginnings of economics as a science. Primarily mercantilist thought looked to political analyses and political solutions rather than economic ones. Since the basis of economic science is economic philosophy, with its fallacies as well as truths, this is worth debating; we learn from our gropings. Most courageous in chasing the black cat in the dark room have been the institutionalists of several schools, ranging from those who emphasize mathematics and statistics to those who get their guidance from anthropology.

The most successful of the former, they correctly note, was Wesley Clair Mitchell, best known for his work on business cycles. “The causes [of business cycles] he postulated,” they say, “were the diverse, uncoordinated pattern of market decision making, in which each agent makes plans in ignorance of the plans of suppliers, customers, and rivals.” The resulting lack of coordination, which the price system is not able to fully offset, opens the economy to the instability of the business cycle.” Not quite. Mr. Mitchell did not claim to know the causes; he believed they were systemic.

As Arthur F. Burns has written (*The Business Cycle in a Changing World*, 1969: 24–25) “Generalizations emphasize the repetitive features of the economic changes that take place during business cycles; . . . they merely express strong tendencies toward repetition—not invariant rules of behavior. Diversity and individuality are no less characteristic of business cycles than the family resemblance among them, and this fact inevitably complicates the task of understanding the nature and causes of business cycles.”

Of special interest in this regard is the final chapter by Professors Johnson and Ley. The present confusion in economic thought has caused disagreement and debate. Historically, they note, this is the prelude to progress.

WILL LISSNER