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## **Book Review: The Rhetoric of Economics**

Arjo Klamer, Hamish Stewart, David Gleicher and Donald N. McCloskey

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## Book Reviews

*Editor's Note:* The RRPE received an unusually large number of requests to review *The Rhetoric of Economics* by Donald McCloskey. Given this interest and the significance of this book, we decided to solicit three reviews and to give Professor McCloskey the opportunity to reply. We hope our readers will find this interchange stimulating. We also welcome future suggestions regarding important books which also merit multiple reviews.

**The Rhetoric of Economics.** *Donald N. McCloskey.* Madison: University of Wisconsin Press, 1986.

*Reviewed by ARJO KLAMER*  
*University of Iowa*

At a casual glance neoclassical economists are doing as well as ever. They continue adding elegant and technically sophisticated elements to their already extensive constructions, they are having great success in imposing their particular way of thinking on other social scientists as well as legal scholars, and they enjoy nearly exclusive control over the distribution of academic positions in the economics profession.

However, the foundations on which the first modern neoclassicals thought their theories rested have all but disappeared. When Samuelson et al. undertook the neoclassical revolution they believed strongly in the possibility of scientific underpinnings for economics. Scientific economics was a matter of writing down mathematical models that would get the logic straight, and running regressions that would get the facts right. Confident of their "science" economists could tell policy makers how to get the economy in order. But the events of the last two decades have dissolved much of that confidence and Thomas Kuhn, among others, has convinced a great number of economists that the putative scientific foundations for their discipline were illusionary anyway.

Caught in a prisoner's dilemma neoclassicals continued to build in spite of the dissolution of the initial foundations. The confession that it is all a hoax could bring down everything they have built thus far. No public confession at all seems to be the best strategy at this point. In their informal conversations, however, neoclassicals often express scepticism, if not cynicism, about the state of economics.

Enter Donald McCloskey, a Chicago economist, who made fame extending the neoclassical building to the field of economic history. He proceeds to tell his colleagues that the scientific foundations do not matter, that their preoccupation with the scientificity of economics actually hampers the advance of neoclassical economics, and, the greatest sacrilege of all, that they are conducting a form of rhetoric which has much in common with poetry.

He conveyed this most unusual message for the first time in 1984 in a *Journal of Economic Literature* article entitled "The Rhetoric of Economics." Other articles about the subject followed which are now, together with the original article, transformed into the book that is here under review.

The fact that his article made its way through the refereeing process at the *JEL* is remarkable. McCloskey's strong reputation as a neoclassical economist may have been a factor but I suspect that the tune he plays has struck a sensitive chord with economists who have come to suspect the image of economics as a science. After all, in their informal discussions even the staunchest positivists refer to the story that underlies a theory, speak of arguments, construct "analogues" to study complex realities and recognize that they adapt their writings to the audience they address. All these remarks go unnoticed in the conventional picture of economics that one finds in the introductory chapters of textbooks, but they are highlighted by McCloskey's rhetorical perspective.

In this McCloskey joins throngs of literary critics, philosophers, communications specialists and so on, who have recently begun to revive the ghosts of sophists and the eighteenth century Giambattista Vico and envisage all forms of human communication as rhetoric. They go beyond the conventional definition of rhetoric which, following Aristotle, comprises the communication characteristic for court of law (forensic), parliaments (deliberative), and celebrations (apodeictic), as well as the communication through novels, poetry, and scholarly articles. McCloskey simply adds economic writings to the list.

The upshot of this rhetorical approach is that we all, whether we are baseball fans, poets, revolutionaries, or economists, employ a variety of rhetorical devices such as metaphors, analogies and anecdotes to convey our ideas to others. McCloskey makes a compelling case for the ubiquity of these devices in economics. Even mathematics becomes in McCloskey's reading a rhetorical device. The production function in Solow's Nobel-Prize-winning 1957 article, for example, becomes a metaphor, a symbol ('K' or 'L') a metonymy (as the 'White House' is when it refers to the presidency), and the specification of technical change ('A(t)') a synecdoche (taking a part for the whole). Thus McCloskey demystifies the unique position that mathematics receives in the scientific picture of economics and shows that it has more in common with poetry than most economists would care to acknowledge.

The main target of McCloskey's rhetorical deconstruction of economic writing is the scientific rhetoric of economists. He is bothered by the mask of the "objective scientist" that economists put on by writing down mathematics, using the royal "we," speaking in a passive voice and inserting scientific terms where possible. In the case of one article, a very influential one by John Muth, McCloskey shows that much of this scientific prose could be easily eliminated and translated into colloquial English, if it were not for the fact that an audience of economists demands such rhetoric:

The form of Muth's article seeks to persuade. Not to fool: persuade. Stated clearly or modestly or, above all, unscientifically, it would not have been in the end a success as a scientific paper. In a word, the article, like any other piece of scientific work, is rhetorical, even in its stylistic appeal to a rhetoric of not having a rhetoric (p. 98).

In a similar analysis he exposes the scientific dressing in which Robert Fogel presented his argument that railroads had a relatively small effect on American

economic growth; that dressing, which drew neoclassical rhetoric into the domain of economic history, made Fogel's argument according to McCloskey far more effective than a very similar argument by Albert Fishlow who adhered to the more conventional rhetoric of historical analysis.

What do we make of McCloskey's rhetorical perspective on neoclassical economics? Some neoclassicals have reacted with dismay because they read McCloskey as saying that their arguments are "mere rhetoric" and that, by lack of scientific standards, anything goes. (Thus Marxist economics could be as true as their economics!) McCloskey goes out of his way to prevent such an interpretation and repeatedly affirms his solidarity with the neoclassical community. He stresses that he likes the economic rhetoric of Muth and Fogel; he appreciates their neoclassical or, more specifically, Chicago approach to economics. It is their scientific rhetoric to which he objects. Economic conversations, the articles by Muth and Fogel included, would be better without the scientific pretensions, he claims. He envisions that awareness of the rhetorical characteristics of their conversation will encourage economists to write better, teach better, improve relationships with other disciplines, communicate better, and be open to new types of argument. McCloskey argues especially that economists could learn much from literary theorists, historians, poets, classical scholars and other humanists. And although he does not state this in his book, in conferences he will fervently support criticism of the intolerance that the economics profession displays towards their nonconventional members such as the Austrians and Marxists.

A reading from the radical side of the spectrum might consider McCloskey's argument a new defensive ploy à la Friedman's of thirty years ago to safeguard neoclassical economics from criticism. It very well could be used as such; he himself does it when he dismisses critics of the neoclassical production function for not recognizing the metaphorical character of that function.

But this criticism ignores the wider conversation in which McCloskey partakes. Anyone who gets interested in this conversation will discover that critical philosophers such as Jürgen Habermas and Michel Foucault are among the authors on the required reading list (next to literary theorists such as Stanley Fish and Wayne Booth and philosophers such as Richard Rorty and Stephen Toulmin). He or she will also find that the Marxist economists Resnick and Wolff (1987) make an anti-epistemological argument that is similar to McCloskey's and that several anti-neoclassical economists have developed their criticism through an analysis of the rhetoric of neoclassical economics (Klamer, McCloskey & Solow forthcoming). I myself am a participant in this new conversation about economics and do not agree with McCloskey on his assessment of economics.

A major shortcoming that I perceive in his analysis is his downplaying of differences within economics. He notes that disagreements among economists are often exaggerated. I think that he is wrong in this (see Colander & Klamer 1987). More importantly, by taking this "reasonable" position, McCloskey misses a major reason why we would get interested in rhetoric, which is the question why neoclassical rhetoric currently dominates other economic rhetoric such as Marxist or post-Keynesian rhetoric. This question requires interpretation; we need to know what metaphors do, how they privilege one form of

discourse over another and what ideological position they communicate. But McCloskey merely identifies the metaphors in economic reasoning and refrains from interpretation. If he would come to this, contradictions in his worldview may become apparent. For then he may recognize that the metaphor of the rational individual, which he says he likes, is incommensurable with the metaphor of the rhetor which he develops in this book. The rhetor, namely, has to rely on conventions and rhetorical inventions instead of simple algorithms which the rational individual employs to calculate his optimal choice.

Yet, it is refreshing to find in McCloskey a neoclassical economist who desires to be an *intellectual*, a Renaissance person, who dares to challenge the hegemony of mathematics in economics and integrates poetry, linguistics, history and philosophy into his academic writing. His book is important because it indicates a promising direction for the enrichment of the economic conversation. It may even pave the way for an honest interaction between conventional and critical economists.

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*Reviewed by* HAMISH STEWART  
Harvard University

Donald McCloskey's *The Rhetoric of Economics* does a fine job of exposing the deficiencies of the modernist methodology that neoclassical economics has inherited from Milton Friedman and others, and provides convincing arguments for an alternative way of thinking about what economists do. Economists do not confront hypotheses with data and then decisively reject or tentatively accept them as modernist method says they should (p. 14; Chapter 9), nor do they necessarily direct their research efforts towards unresolved empirical anomalies, as modernism suggests (pp. 18–19). Rather, economists are engaged in a disciplined conversation which employs all sorts of literary and rhetorical devices — devices which their official methodology tells them are unnecessary and obfuscating (Chapters 4–7). McCloskey asks both that economists recognize the rhetorical nature of their subject and that economists adopt “the conversational norms of civilization” (p. 24), rather than constraining methodologies, as the basis for economic inquiry. Only through good rhetoric and good manners, has economics advanced and only thus will it continue to advance.

The critique of modernism advanced by McCloskey is persuasive, but both the descriptive and the prescriptive aspect of his discussion of the economic conversation present problems. McCloskey systematically underestimates the importance of power and politics in determining the course of the economic conversation; this underestimation is apparent in his discussion of “the conversational norms of civilization” and of admission to the conversation. Of course, McCloskey is not unaware of the role that power can play in intellectual life; indeed, he gives a very eloquent discussion of the usefulness of modernist methodology in “clear[ing] a space for inquiry free from interference” (p. 41) in repressive societies. The problem of demarcation — separating science from nonscience and pseudoscience — is presented as a political response by scientists to political interference; McCloskey calls this “the German problem, or nowadays the Slavic Problem” (p. 41). According to McCloskey, however, this function of methodology is unnecessary in the open societies of the West.

But is America free from the “Slavic problem”? Is the course of the economic conversation in the United States undiverted by political considerations? Is admission to the conversation of economists uninfluenced by politics? Do graduate students become neoclassical economists because the neoclassical paradigm is the most persuasive, or does the power structure of the academy have something to do with their choices? These questions are raised not to support modernist methodology, which is the target of most of McCloskey’s attacks, but to question the adequacy of conversational norms as guides for conduct in the academy. “Don’t lie; pay attention; don’t sneer; cooperate; don’t shout; let other people talk; be open-minded; explain yourself when asked; don’t resort to violence or conspiracy in aid of your ideas” (p. 24). These rules are undoubtedly necessary for an ideal intellectual life, but they are not widely observed. Shouting, sneering, uncooperativeness, and close-mindedness at least are very common in academia. And even if McCloskey’s proposed norms were widely adhered to, it is not certain that they would be sufficient for the progress of economics; they might simply help reinforce the existing power structure of the profession. Speaking of the conflict between mathematical and more traditional economists in the 1950s, McCloskey notes that “[n]o young economist in 1950 would have risked his professional life for the values merely of tolerance and methodological balance. . . . The times warranted citadel storming” (p. 4). Thus McCloskey himself raises the question of whether any major change in economics can be accomplished while economists stick to his conversational ethic.

The question of conversational norms is closely related to the question of admission to the economic conversation. For McCloskey, joining the conversation is unproblematic; there appear to be only two requirements, accepting the norms of conversation and being a moral person. The norms “are the rules adopted by the act of joining a conversation” (p. 24), and they are characteristic of the “good[,] . . . moral, honest, hardworking scientists” (p. 37) who conduct a good conversation. But in practice there are problems with both of these requirements. First, joining the economic conversation often requires a commitment to a certain set of topics and approaches, not just to conversational norms. McCloskey is far too optimistic about the ease with which heretics, Marxists for example, can be admitted (cf. pp. 3, 24, 174); this optimism

reflects more his own openmindedness than that of his profession. Second, his argument that rhetoric is neither good nor bad in itself and that therefore economists need to be good (pp. 37–38) implies the revival of the *argumentum ad hominem*, traditionally regarded as a rhetorical fallacy. This revival is one of the most remarkable and scary aspects of McCloskey's book, since it appears to suggest that economists can and should evaluate economic research on the basis of the researcher's virtue (cf. p. 53). But what constitutes virtue for McCloskey?

[I]t seems to economists in the 1980s [that] those who have acquired skill at partitioned matrices and eigenvalues should have charge of a great economy. . . . Virtuosity is some evidence of virtue. (p. 71.)

There is no way into the circle: what economists take to be good economics is taken as evidence for the virtue of the economist, which in turn is evidence for the value of his economics.

All these matters are related to McCloskey's favorable assessment of modern economics. He approves of Gary Becker's extensions of neoclassical economic reasoning to non-economic areas of human behavior (pp. 74–79, 179–181), and argues that the “failures’ of economics are commonly overstated” (p. 174). Recognition of the rhetorical nature of economics would make economists more pleasant and persuasive arguers, but would not alter the course of economic doctrine itself (Chapter 10). This conclusion is bound to disappoint non-neoclassical economists, as rhetoric is not in itself enough to accomplish decisive change in economics. Even if all economists were as reasonable as McCloskey and adopted “the conversational norms of civilization” as thoroughly as McCloskey himself does, non-neoclassical economists would remain on the margin of the economic conversation until the society around them changed.

*Reviewed by* DAVID GLEICHER  
Adelphi University

To many readers of the *RRPE*, for whom the constricted discourse carried on in leading neoclassical journals and graduate economics departments is a constant source of academic oppression, McCloskey's book may feel like a refreshing tonic. Here we have one of the high priests of neoclassical doctrine calling for its reformation.

As McCloskey indicates, neoclassical analysis in the post-War period has been, in large part, shaped by Friedman's *Essays on Positive Economics* (1953); an interpretation of what, at the time, was an existing positivist dogma formulated, in its classic form, by Robbins (1932), and embraced by neoclassical economists in the earlier part of the century. In trying to strengthen what was termed “logical positivism,” Friedman — and more generally the “Chicago school” — unwittingly brought into sharp relief the unbridgable divide within positivist method between the “theoretical” and the “empirical.” This (among



other lacunae) had been perceived by philosophers such as Wittgenstein early on, and by the 1960s, under the influence of Quine, among others, and positivism ceased to have much of a place in scholarly philosophical discourse. In economics, however, led by the Chicago school, positivism thrived. Neo-classical theory has been reduced to the status of “parable” (a term more and more frequently used by neoclassical theorists to describe their work), while empirical fact has come to be uncritically conflated with statistical inference, placing an insupportable burden on econometric technique. As philosophers might have predicted, the positivist chickens are coming home to roost.

McCloskey's debunking of Friedmanesque formulae is no doubt salutary, even if such debunking is unexceptional (e.g., Hollis and Nell 1975), except with respect to its source. But I would inject a note of caution, both as to the book's basic purpose, as well as to the alternative approach that it suggests.

As to purpose, McCloskey's critique is gainsayed by a sense, conveyed throughout, that the author's concern is the conception neoclassical economists have of what they do, what they do being uncritically taken for granted. McCloskey's treatment of Marxist theory is telling. At the outset of the book McCloskey takes care to include the latter within the ongoing “economic conversation,” but he then proceeds to ignore it. It would seem that Marxism, as a heterodox approach, would be of interest to one seeking to open up the discipline (or making claims about how open the discipline is) particularly since, at least in the West and in Japan, epistemology itself has been a significant topic of Marxist discourse. Peculiarly revealing, in this context, I think, is an argument McCloskey makes to the effect that positivism served a useful purpose in the inter-War period under the threat of German irrationalism, and still serves such a purpose in “certain workers' democratic republics” where its methodological strictures are necessary to holding down the theoretical fort. Is this a function of positivist methodology — to serve as a shield against the socialist hordes? McCloskey happily concludes that there can be no such reason for “clinging” to positivism “in an open, plural and pragmatic society” (p. 41) — by which he means our own.

As an alternative to Chicago-school positivism, McCloskey appeals to “rhetoric.” He wishes his colleagues to draw upon the insights of literary criticism — notably the “New Rhetoric” of Richards and Burke. His discussion of this alternative is telegraphic at best, often lapsing either into the citation of doubtful examples, or the making of clever witticisms. An underlying difficulty McCloskey has involves a failure, on the one hand, to clearly distinguish “science” as a rhetoric different from “literature,” while on the other hand not having the philosophical courage (foolish as such courage would be) to “deconstruct” science and literature. A wonderful passage captures McCloskey's superficial bravado in making his appeal, masking an unwillingness to confront this issue. He writes (p. 57): “Economics is scientific, then, but literary too. Saying something is ‘literary’ is saying that one can talk of it in ways that *sound a lot like* the things people say about drama, poetry, novels, and the study of them” (my emphasis). Of course, the italicized words beg the very question that McCloskey does not answer. Is he claiming that our knowledge of Trollope's fictional Prime Minister, Plantagenet Palliser is not of a different nature than our knowledge of the nineteenth-century English historical figure

Lord Russell? And if that which persuades in science is intrinsically different from what persuades in literature, then where does that leave McCloskey's alternative? One needs to know what the distinctive rhetoric of a science is; an appeal to literary criticism, in that case, necessarily is inadequate.

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*Reply by DONALD N. McCLOSKEY*  
*University of Iowa*

A few theses in reply:

(1). Many of the radical readers of *The Rhetoric of Economics* — represented here by Arjo Klammer and most of Hamish Stewart — are sympathetic. They see it as a weapon for overturning Max  $U(x, z, y)$  S.T.  $y = x + Pz$ . I find Max U a more charming fellow than they do, but the book might well be used this way. A lot of economists think so. Max, for all his simplicity, is by now getting on people's nerves. Our graduate texts and professional articles are littered with his cigarette butts and half-empty cups of coffee. He has reprogrammed our heads for third-rate applied mathematics, and too often erased the first-rate economics. By now it's time to clean up the rubbish and wipe the blackboards, retaining the useful bits from Max's lessons but refixing our attention on the wide world outside.

(2). I'm glad my work liberates by showing that Max is not so different from you and me. It's not the main liberation I intended. I intended mainly to help liberate economics from particular techniques but from its bad temper. The notion was that if economists did not sneer at each other quite so much they could begin to learn from techniques other than their own. The kind of book I want to see more of is, say, Steve Marglin's *Growth, Distribution, and Prices*: trying earnestly to persuade people, on their own grounds if necessary, instead of sitting back and sneering from a perch in neoclassical, Austrian, or Marxian theory.

(3.) My Marxian and Austrian friends, as minorities, have probably noticed as I have the unfairness of academic disputes. Anything goes in academic argument because academics are unaware of their rhetoric good or bad. "Rhetoric" has been a suppressed word since the 17th century, confined to mere ornament. Unnamed and unwatched, though, rhetoric goes on working, for good or evil. The good governs our mathematics and our analogies. The bad, again, lies in the sneering. The way to raise a laugh in a Harvard classroom in the 1960s was to mention the name of Milton Friedman. The professor didn't

have to refute Milton's arguments, or bring fresh facts to bear; he had only to mention the name. Likewise, the way to raise a laugh in a Chicago classroom in the 1970s was to mention the name of Joan Robinson. Only mention the name. Something — said the young economist to himself — is screwy with a conversation that descends so casually into sneering.

Arjo Klamer and I are impatient with such unfairness. (In theory; in practice I at least am no paragon of fairness.) Klamer and I disagree on most things, except those that count: attempted honesty, civility, mutual respect, readiness to alter one's beliefs in the face of a good argument. We are like two friends, Catholic and Protestant, exchanging arguments on transubstantiation while the Thirty Years War rages on around. In their comments Klamer and Stewart agree with me that the war among economists should stop, that we should start treating each other with fairness. I realize it is impolite in academic circles to invite people to be good: Hamish Stewart's horror at the very suggestion (the "scary aspect of McCloskey's book") shows how far morality has dropped out of Western discourse. But in times like these one's duty is to stand up for goodness, however embarrassing the declaration may be to the professors unread in ethics.

Yes, good morals should matter in scholarship. One of the arguments of the book is that devotion to a method is not the same thing as being a good scholar. What will be most obviously relevant, of course, is the goodness of the scholar in reporting the facts truthfully and in being open to new theories. Philosophy of science is a theory of ethics in science, though not so identified and therefore not connected with ethical reflection. Thus: "*You should seek falsifying instances.*" The shame is that scientists and scholars so often cheat on these elementary requirements of morality. Historians and sociologists of science have told us recently about Pasteur's double laboratory books and Cyril Burt's imaginary coworkers and other startling moral failings. So the obvious part is the morality of the scholar on the job.

Yet I think if Stewart reflects he will come to agree with me that the wider morality is also relevant. It need not be decisive in the assessment of their works that Professor X played footsie with the Nazis in Belgium or that Professor Y covered up Stalin's crimes in the Ukraine. But it is relevant. One would not want to look exclusively at Dr. Z's emotional brutality to her students or Mr. W's exploitation of his wife. Yet speakers come to us with an *ethos*, a character. The standard we do use and should use in science is the standard of the law court, not merely of the truth-tables offered by logicians. We are not wrong to discount in some measure the scientific assertions of a well-known liar, no less than we might doubt the candor of Richard Nixon. The moral character of an economist is an argument, too, as one may see in the goodness of Robert Solow and Robert Heilbroner.

(4.) Some radicals — represented here by the other half of Stewart and most of David Gleicher — do not like the program of tolerance, morality, goodness. I admit that the program is a little blithe: in parody it would go, "Let's be friends." Stewart may be right in the end that "McCloskey is far too optimistic." But before reaching for our guns the program is worth a serious try. If there is a sphere in which the ideal speech situation can be approached it should be academic life. Academics (most departments have an exception or two) can be made to feel ashamed that they have argued cruelly, unreasonably, closemin-

dedly, intolerantly, inconsiderately, and ignorantly. In their marriages and their politics they are not so ashamed. But at least on the job they claim to care. I'm only urging us to use good intentions to get good behavior. The strategy is no more grand than appealing to loyalty in a professed friendship or using the theoretical commitment to equality to achieve more civil rights. He can shame and cajole people into being tolerant. We should start right now. The tactic is ancient, has been partly successful in the past, and anyway is better than going on permitting economists to sneer at each other, encouraging outsiders to reach for their guns.

Stewart's argument against advocating tolerance in the academy is that tolerance doesn't already exist. Well . . . hmm . . . yes . . . as I believe I said. He mixes up academic conversation as it is and as it might be. That's why the McCloskey in his pages looks like a utopian dope. The distinction between the actual world and the ideal world should be sharply present to a student of Marx. It is certainly present to me. Let me say it explicitly: I am interested in describing the world, warts and all, which conventional philosophy of science does not; but I am also and separately interested in changing it.

(5.) A common notion among the professoriate that cannot contemplate morality in science without embarrassment is that if words fair or unfair seem at first to have an effect, whether in science or politics, one must think again. The supposed effect of words must be explained by something more basic, more sociological — to wit, power. Therefore an analysis of mere words is not Serious. It is merely Literary. Even many professors of literature believe such an argument. They regard it as their duty therefore to stride about Being Political, although their knowledge of politics comes from dipping into *The New York Review of Books*. Economists like George Stigler, America's leading vulgar Marxist, adopt the same theory, though drawing a conservative conclusion: everything is determined by riches, the Golden Rule (those that have the gold, rule), so why bother?

But a vulgar Marxism that rejects the independent power of words is mistaken, as Marx argued. Words do have power, no matter who pays the bills or owns the land. Consider these: "bra burning," "gutter religion," "nigger," "Juden raus," "all men are created equal," "workers of the world unite."

I am of course ready to be persuaded by my radical and conservative friends that matters of power figure heavily in scholarly life as in economic life. Doubtless he who pays the piper calls the tune, partly. But I would like to see the evidence for the more extreme hypothesis that views economic and scholarly life as substantially identical. I would like to see the evidence that the words we use are derivative and "mere." It is not enough to declare, "Well, it is just *obvious* that power dominates words; any fool can see it." Or, as Stewart says, "non-neoclassical economists would remain on the margin of the economic conversation until the society around them changed." Sure; maybe. Let's see.

While we are waiting for evidence that society has to change in order to change econometric practice we have at least the evidence in the book that words do matter. Maybe the recognition of verbal power could be a beginning of a serious sociology of economic knowledge. A rhetorical reading of economics is a place to stand from which to see the field. One sees further than when taking a stand on conventional philosophy or on vulgar Marxism.

(6.) I was a little startled by David Gleicher's tender feelings for workers' democratic republics, but am willing to try to take his advice to include the Marxists. He is right that Marxists (and Austrians) are more self-conscious about their rhetoric than neoclassicals. That's why in the book I concentrated on my own clan, the neoclassicals, as the hardest case.

Yet the tone of Gleicher's piece illustrates why Marxists are so often excluded from the intellectual game in America. He practices the hermeneutics of suspicion, which sits poorly with trusting and optimistic Americans. He can't get the sneer off his lips. Gleicher cannot get started in understanding the book because he is overcome by a distaste for Chicago and all its works, whether or not they are in fact its works. His rhetoric exhibits the importance of *ethos* — the character a speaker has in the minds of the audience.

Let's make some distinctions. Gleicher elides "Chicago" with "positivism" and "formalism" and, of course, with reaction. All this simplified lumping makes it easier for him to sneer. I am often accused by left-wing critics of "inconsistency." McCloskey does literary analyses, *yet admires econometrics*. He believes in competition, global monetarism, marginal cost pricing, and the uses of supply and demand, *yet doesn't think all economic reasoning is properly reduced to childish formalism*. He has long been an active feminist and a member of the ACLU (as was Milton Friedman for many years, incidentally), *but does not believe in killing people in order to achieve a bright new world*. He advocates market solutions to most problems, *yet does not admire Pinochet*. I ask the radicals to accord me the courtesy I accord them. It's an important principle, really, this principle of rational courtesy: assume until the evidence is overwhelming that your opponent is an honorable and intelligent person. Go ahead. Try it. It will make your intellectual life more complicated, I can promise you, but better in every way.

Radicals are familiar with the outsider's lazy habit of misunderstanding an intellectual group, portraying it in lumped terms. I'm here to tell them that they should make distinctions between mainstream neoclassicism (good old Max U), nouvelle Chicago (Max Expected Discounted U, the unhappy son of Max U and Good Old Chicago), and the Good Old Chicago School, to which last I belong. Most people take the Chicago School to be what Melvin Reder memorably defined in terms of tight priors. The phrase describes some Chicagoans (and some Yalies and Cantabrigians of my acquaintance, too), but he himself admits that it misses another and grander tradition at Chicago. In 1972 Roger Vaughan, a gifted cartoonist as well as a gifted urban economist, did a master work on "The School of Chicago," after "The School of Athens" by Raphael. Milton and George are of course standing proudly in the middle, with Gary near at hand. I also would put Friedman at the middle of the Good Old Chicago School, identifying him with broadminded Aristotle. Stigler in this version is Plato, narrowing the agenda and leading the school off to meet Max U. In the cartoon, however, Theodore Schultz, the third Nobel laureate in the picture, stands over at the side, pointing down as if to say: "Here lies the Good Old Chicago School." I and many other economists identify with Schultz as portrayed by Vaughan. My Chicago School is Viner, Knight, Hamilton, Hayek, Friedman, Alchian, Coase, Schultz, Demsetz, Tullock, Hirschleifer, Sjaastad, Telser, Lewis, Buchanan, Reid, Tolley, Leijonhufvud, Miller, Friedman, Brozen,

Director, Yeager, Johnson (Gale and Harry), and Robert Fogel (behind whom I crouch in the cartoon). You may not like them intellectually (if you don't you haven't read Ronald Coase) or politically (if you don't you haven't read Frank Knight), but they are distinct from the mixture of unexamined philosophy and overexamined mathematics that characterizes the other crowd these days.

(7.) Gleicher's last paragraph is telegraphic at best. No one claimed there is *no* difference between literature and science. After all, the personnel are not the same, a lab coat differs from a Harris tweed, and so forth. But to use such absolutes as the Nature of science is to solve problems from the easy chair. It is the purpose of the book to present the evidence beyond speculation that we can talk about science and literature in ways that sound similar. Gleicher like most people reads Chapter 1, routinely anti-positivist, as the essence of the book. But most of the book is given over to literary analyses of science.

**Financial Crises: Understanding the Postwar U.S. Experience.** *Martin H. Wolfson*. Armonk, N.Y.: M. E. Sharpe, 1986.

*Reviewed by WILLIAM S. HIXSON*

The author has limited the scope of this book somewhat more than is suggested by the sub-title. It deals almost entirely with the financial crises of non-financial corporations and their bankers during the period 1966–1982 in the United States. The limits thus self-imposed are of course perfectly legitimate but potential readers should understand that they will find very little in this book about the financial crises of governments, proprietorships and partnerships (farm or urban) or households, and nothing about the financial crises of the Latin American or other developing countries during the postwar era.

Within the limits he set for himself, Wolfson has done an excellent job. He skillfully combines a painstaking quantitative study with informed observations on theory. Part I of *Financial Crises* is devoted to "crisis theory" and briefly reviews the pertinent writings of Thorstein Veblen, Wesley Clair Mitchell, Karl Marx, Hyman Minsky, Allen Sinai, Albert Wojnilower and Milton Friedman. Areas in which the various theories agree and disagree are delineated and discussed. It emerges in Part I and is confirmed in subsequent text that it is Minsky that has most importantly influenced Wolfson's thinking.

In a footnote in Part I the author observes, "Other important theorists, e.g., Irving Fisher, could have been included." This reviewer is disappointed that Fisher was not given more attention and that his very important book, *Booms and Depressions*, is not included in the book's "Selected Bibliography;" nor is Fisher's *100% Money*, an important addition to the rather short shelf of books which deal with the prevention of financial crises while maintaining a private enterprise system.