Reading List

Philosophy of Economics

The philosophical literature in the philosophy of economics is relatively small. The two most important, specialist journals are *Economics and Philosophy* and the *Journal of Economic Methodology*. The following list is a short-list of readings which I found particularly helpful, and/or which I refer to in the lectures. Reiss’s textbook has extensive references to further literature.

Important and useful literature I have marked with stars (* or **).

1 General Readings

1.1 Handbooks and Anthologies

(Reprints many famous papers, and some lesser known ones.)

(The best general handbook on the philosophy of economics. Heavily advocates a “new” philosophy of economics—read the Introduction.)

1.2 Overviews

(The best textbook on the philosophy of economics, which I strongly recommend—esp. chapters 2, 5-7 & 9-10. Use this as your starting point, and then move to other (*)-marked readings.)


(Slightly outdated, but still a helpful overview. Accompanies Reiss’s book well, given that Hausman has a more historical focus. Short!)

1.3 Classic Works

(Highly valuable work in the “old” philosophy of economics. Gives a good overview of central issues in economics, and discusses different approaches to the philosophy of economics. Advocates a Mill-inspired view.)

1.4 Other

(A recent, article-length history of economic methodology. Useful for setting the stage. Not unbiased.)

2 Economics in Crisis?

(Sees the main culprit for the inability of macroeconomists to predict and explain the financial crisis in the dominance of DSGE models. Calls for a “fundamental re-examination” of economics. A bit drawn out.)

(Sargent, a main advocate of DSGE models, argues that macroeconomics is in good health, and that there is no need to “reconstruct” it after the crisis. Cites a wealth of work done which Sargent thinks has advanced knowledge.)
Federal Reserve, Speech of Ben Bernanke, “Implications of the Financial Crisis for Economics”. September 24, 2010. Online at http://www.federalreserve.gov/ (Bernanke argues that economics as a science remains mostly unharmed by the financial crisis, even though there were problems on the side of “economic engineering”.)

3 Popper and Lakatos: Economics as a Science

The section “Prediction and Explanation in Economics” on “Part B” of the faculty’s “Philosophy of Social Science” reading list tackles similar issues, though some of the readings are now a bit dated.

3.1 Popperian Approaches

* Hausman, Inexact and Separate Science, ch. 10.

Blaug Mark, “Why I am Not a Constructivist: Confessions of an Unrepentant Popperian.” In Roger Backhouse (ed.), New Directions in Economic Methodology, 111-139. Routledge, 1994. (Blaug is the most influential Popperian in the debate. For a book-length treatment, see his The Methodology of Economics, Or, How Economists Explain [Cambridge University Press, 1992]. Blaug has published widely, and the basics of his views can be gleaned from many of his other publications as well.)


3.2 Lakatosian Approaches

Hausman, Inexact and Separate Science, ch. 11.


(Highly sceptical of the turn to Lakatos in economic methodology.)


3.3 Other Objections


4 Friedman’s Instrumentalism

in economic models. The most influential paper in economic methodology.

(Argues that Friedman’s argument is marred by a central unclarity on what is meant by ‘unrealistic’. Distinguishes ‘neglibility’, ‘domain’ and ‘heuristic’ assumptions.)

(A modern and more sophisticated defence of instrumentalism. Suggests another and insightful way to define “realism” in economics.)

(Argues that, even on their own terms, a Friedman-style instrumentalist has reasons to care for the “realism” of their assumptions. Simple but neat.)

(Argues, against Mäki, that “instrumentalism” in economics differs from “realism” as known in the philosophy of science, such as van Fraassen’s constructive empiricism, because there is no problem of unobservables in economics.)

(In this paper, Popper rejects “instrumentalism”, a position which shares many similarities with Friedman’s position.)

5 **Explanation and Economic Models**

**Reiss, Philosophy of Economics, ch. 7.**

(States a clear and simple trilemma for the explanatory status of false models. Discusses and categorises common approaches. Book chapter is based on article.)

(An influential attempt to explain the status of economic models as “credible worlds”. A classic paper which you should read.)


(Explicit reaction to Reiss. Title says it all.)

6 **(Ceteris Paribus) Laws in Economics**

**Reiss, Philosophy of Economics, ch. 2.**

**Hausman, Inexact and Separate Science, ch. 8, 12.**
(Hausman defends a Millian account on which CP laws are central to economics—this makes economics both inexact and separate. Clearly written and a good general account of the point of CP clauses in economics.)
(Very thorough, but read selectively—contains probably more than you need to know about CP laws.)


(Explains Cartwright’s particular opposition to “regularity theories”, and the idea of “nomological machines”—in this context “socio-economic machines”—which centrally rely on ceteris paribus clauses.)


7 Experiments in Economics

*Reiss, *Philosophy of Economics*, ch. 9, 10.


7.1 Models and Experiments


7.2 Controlled Experiments

(A famous experimental economist’s early account and defence of the experimental approach in economics.)

( Discusses some basic issues in the methodology of experiments. Object to the view that experiments “merely” test a theory, and stresses that the issue of external validity has been under-theorised.)

(Currently the best philosophical treatment of the issue. In general, Guala’s work on experimental economics is excellent.)

7.3 Instrumental Variables

(An economist’s explanation of how causality works in “science”, i.e., econometrics. Quickly delves into formal issues, and the philosophical questions are somewhat undertheorised.)

(A famous study I use to illustrate instrumental variables.)