

UNIVERSITY OF GUELPH
Department of Food, Agricultural and Resource Economics
COURSE OUTLINE

FARE 6100

The Methodologies of Economics

Winter Semester, 2016

Instructor: Glenn Fox, Room 312, J.D. MacLachlan Building, 824-4120, Ext. 52768,
e-mail: gfox@uoguelph.ca, Office hours by appointment

Schedule: Tuesdays 2:30 to 3:50 pm and Thursdays, 2:30 to 4:30 pm, ALEX 309

Course Objectives:

1. To review and evaluate competing theories of the scientific status of economics.
2. To investigate the process of problem identification and proposal development in an applied economic research project related to food, agriculture or natural resources.
3. To prepare a comment on a methodological paper in economics.
4. To understand the process of peer review.

Assessment:

Class Preparation and Literature Assignments	10%
Debate	10%
Comment on Journal Article (<i>Economics and Philosophy</i> or <i>Journal of Economic Methodology</i>)	10%
Proposal (10% term exercises)	35%
Final Exam	35%

All written work submitted must be typed, double spaced, using 12 point Times New Roman font with 1 inch margins. The title page should identify the course, the semester and date, student name and I.D. number and the instructor's name. All submissions must be checked for spelling and grammar. Sources must be documented using either the CJAE or the AJAE referencing style.

TOPICS AND READING LIST

Required Texts:

G. Fox (1997) *Reason and Reality in the Methodologies of Economics* Edward Elgar, Cheltenham.

Resources for Workshops

D.R. Krathwohl (1988) *How to Prepare a Research Proposal*, Third Edition, Syracuse University Press, Syracuse. (on reserve)

L. Irland (1995) "Tips for Authors: Crafting Tables for Applied Journal Articles" *Northern Journal of Applied Forestry* 12(1): 5-7

B. W. Brorsen (1987) "Observations on the Journal Publication Process" *North Central Journal of Agricultural Economics* 9(2): 315- 321

L. Van Tassel, D. McLemore and R. Roberts (1992) "Expectations and Perceptions of the Peer Review Process: A Study of Four Agricultural Economics Journals" *Review of Agricultural Economics* 14(2): 241-254

D. Smyth (1994) "How Not to Get your Article Published" *Eastern Economic Journal*, 20(4): 471-473

W. Booth, G. Colomb and J. Williams (2008) *The Craft of Research*, Third Edition, University of Chicago Press (U of Guelph e-book collection)

G. Fox (2005) "How to Read a Paper" *Reflexiones Económicas* Instituto de Investigaciones

Supplementary Texts, Essays and Anthologies:

- D. Hands (2001) *Reflection without Rules: Economic Methodology and Contemporary Science Theory*, Cambridge University Press, Cambridge.
- B. Caldwell (1982) *Beyond Positivism: Economic Methodology in the Twentieth Century*, Unwin, Hyman, London.
- M. Blaug (1980, 1992) *The Methodology of Economics: or How Economists Explain*, Cambridge University Press, Cambridge.
- I. Stewart (1979) *Reasoning and Method in Economics: An Introduction to Economic Methodology*, McGraw-Hill, London.
- J. Phelby (1988) *Methodology and Economics: A Critical Introduction*, MacMillan Press, London.
- D. Hausman (1984) *The Philosophy of Economics: An Anthology*, Cambridge University Press, Cambridge.
- B. Caldwell (1984) *Appraisal and Criticism in Economics: A Book of Readings*, Allen and Unwin, Boston.
- D. Hausman (1989) "Economic Methodology in a Nutshell" *Journal of Economic Perspectives* 3(2): 115-127.

Journals

Journal of Economic Methodology, Research in the History of Economic Thought and Methodology, Economics and Philosophy, Philosophy of the Social Sciences, History of Political Economy.

Lecture Topics

1. First Class – A Brief History of Economic Ideas

Readings

- W. Jaffé (1976) "Menger, Jevons and Walras De-Homogenized" *Economic Inquiry* 14(4): 511-524.
- E. C. Pasour (2004) "Agricultural Economists and the State" *EconJournalWatch* 1(1): 106-133.
- M. Rothbard (2006) *Economic Thought before Adam Smith*, Mises Institute.
- M. Rothbard (2006) *Classical Economics*, Mises Institute.
- Robert Nelson (2001) *Economics as Religion: from Samuelson to Chicago and Beyond*, Pennsylvania State University Press, University Park PA.
- Robert Nelson (2004) "What is 'Economic Theology'?" *The Princeton Seminary Bulletin*, 25(1): 58-79.
- Robert Nelson (2006) "Economics as Religion: A Reply to the Commentors" *Case Western Law Review* 56(3): 663-683.

2. Economic Physiology vs Economic Pathology

Discussion Readings

- L. Read (1958) *I Pencil*, Foundation for Economic Education
- F. Hayek (1945) "The Use of Knowledge in Society" *American Economic Review* 35(4): 519- 530
- P. Boettke (1997) "Where Did Economics Go Wrong? Modern Economics as a Flight from Reality" *Critical Review* 11(1): 11-64

J. Buchanan (1964) "What Should Economists Do?" *Southern Economic Journal* 30(3): 213-222

Other Readings

R. Barnett (1992) "The Function of Several Property and Freedom of Contract" *Social Philosophy and Policy* 9(1): 62-94.

E.C. Pasour (1993) "The Work Agenda in Agricultural Economics: Why a Shift in Emphasis is Warranted" *American Journal of Agricultural Economics* 75(October): 60-68.

H. Hazlett (1946) *Economics in One Lesson*, Harper and Brothers, Preface and Chapter 1
Fox, Chapter 1

3. Economic Epistemology: How Do Economists Know What They Know?

Discussion Readings

P. Sagal (1977) "Epistemology of Economics" *Journal for General Philosophy of Science* 8(1): 144-162

R. Coase (1994) "How Should Economists Choose?" in *Essays on Economics and Economists*, University of Chicago Press, pp. 15-33

W. Tomek (1993) "Confirmation and Replication in Empirical Econometrics: A Step Toward Improved Scholarship" *American Journal of Agricultural Economics* 75(October): 6-14

H-H. Hoppe (1995) "Praxeology and Economic Science" in *Economic Science and the Austrian Method*, Ludwig von Mises Institute, Auburn pp. 20-35

Other Readings

The Winter 2000 issue of *The Journal of Economic Perspectives* 14(1) contains several papers on the current state of economics as a discipline.

Fox, Chapter 2

4. What Is Methodology?

Discussion Readings

A. Randall (1993) "What Practicing Agricultural Economists Really Need to Know about Methodology" *American Journal of Agricultural Economics* 75(October): 48-60

B. Caldwell (1990) "Does Methodology Matter? How should it be practised?" *Finnish Economic Papers* 3(1):64-71.

D. Hausman (1989) "Economic Methodology in a Nutshell" *Journal of Economic Perspectives* 3(2): 115-127.

D. Wade Hands (1990) "Thirteen Theses on Progress in Economic Methodology" *Finnish Economic Papers* 3(1):72-76

Uskali Mäki (1990) "Methodology of Economics: Complaints and Guidelines" *Finnish Economic Papers* 3(1):77-84

Other Readings

G. Fox, Chapter 3

D. Hausman (1992) *The Inexact and Separate Science of Economics*, Cambridge University Press, Appendix

M. Blaug, Chapters 6 and 7

M. Blaug, Chapters 1-5.

B. Caldwell, Chapters 10 and 13

5. Positivism and Falsification

Discussion Readings

P. Samuelson (1947/1979) *Foundations of Economics*, Harvard University Press, reprinted by Atheneum, Foreword and Introduction

E. Silberberg (1979) *The Structure of Economics: A Mathematical Analysis*, McGraw-Hill, New York, Chapter 1

B. Cozzarin and B. Gilmour (1998) "A Methodological Evaluation of Empirical Demand Systems Research" *Canadian Journal of Agricultural Economics*, 46(3):297-316

Other Readings

G. Fox, Chapter 4

G. Fox and L. Kivanda, "Popper or Production". *Canadian Journal of Agricultural Economics* 42(1):1-13.

M. Blaug (1980) Chapter 15

B. Caldwell (1982) Chapters 1- 4

6. Instrumentalism

Discussion Readings

M. Friedman (1953) "The Methodology of Positive Economics" in *Essays in Positive Economics*, University of Chicago Press, Chicago, pp. 3-43

L. Boland (1979) "A Critique of Friedman's Critics" *The Journal of Economic Literature* 17(June):503-522

Other Readings

G. Fox, Chapter 5

B. Caldwell (1982) Chapter 8.

7. Dualism and a priorism

Discussion Readings

M. Rothbard (2011) *Economic Controversies*, Mises Institute, Chapters 2, 3 and 4.

L. von Mises (1981) *Epistemological Problems of Economics*, New York University Press, pp. 1-35

Other Readings

G. Fox, Chapter 6

L. Robbins (1932) *An Essay on the Nature and Significance of Economic Science*, St. Martin's, London

H-H. Hoppe (1995) "Praxeology and Economic Science" in *Economic Science and the Austrian Method*, Ludwig von Mises Institute, Auburn pp. 4-19

B. Caldwell, Chapter 6

7. Realism

Discussion Readings

U. Maki (2011) "Scientific realism as a challenge to economics (and vice versa)" *Journal of Economic Methodology* 18(1): 1-12

T. Lawson (1989) "Realism and Instrumentalism in the Development of Econometrics" *Oxford Economic Papers* 41(1):236-258

Other Readings

G. Fox, Chapter 7

U. Maki (1998) "Is Coase a Realist?" *Philosophy of the Social Sciences* 28(1): 5-31

R. Coase (1988) "The Firm, the Market and the Law", in *The Firm, the Market and the*

- Law University of Chicago Press, Chicago, Chapter 1, pp. 1-32
- T. Lawson, (1997) *Economics and Reality*, Routledge, pp. 15-35
- T. Lawson (1992) "Realism, Closed Systems and Friedman" in *Research in the History of Economic Thought and Methodology* edited by Warren Samuels and Jeff Biddle, JAI Press, Greenwich Connecticut
- U. Maki (1989) "On the Problem of Realism in Economics" *Recherche Economique* 43(1-2):176-198
- U. Maki (1990) "Mengerian Economics in a Realist Perspective", Karl Menger and His Legacy in Economics, (annual supplement to Volume 23), *History of Political Economy*, edited by B.J. Caldwell, Duke University Press, Durham
- 9. Rhetoric**
- Discussion Readings
- D. McCloskey (1983) "The Rhetoric of Economics" *Journal of Economic Literature* 21(2):481-517
- R. Levins (1988) "On Farmers Who Solve Equations" P88-48, Staff Paper Series, Department of Agricultural and Applied Economics, University of Minnesota.
- Other Readings
- G. Fox, Chapter 8B. Caldwell, Chapter 12
- D. McCloskey (1985) *The Rhetoric of Economics*, University of Wisconsin Press, Madison
- 10. Application: The Economics of Market Failure**
- Discussion Readings
- C. Wolf (1979) "A Theory of Non-Market Failure: Framework for Implementation analysis" *Journal of Law and Economics*, 21(1):107-139.
- E. Bond (1982) "A Direct Test of the 'Lemons' Model: The Market for Used Pickup Trucks" *American Economic Review* 72(4): 836-840. See also comment and reply in the 1984 *AER*, September issue.
- H. Demsetz (1960) "Information and Efficiency: Another Viewpoint" *Journal of Law and Economics* 12(2): 1-22.
- C. Dahlman (1979) "The Problem of Externality" *Journal of Law and Economics*, 22(1): 141-162
- Other Readings
- G. Akerlof (1970) "The Market for 'Lemons': Quality Uncertainty and the Market Mechanism" *The Quarterly Journal of Economics*, Vol. 84(3): 488-500.
- 11. The Economic Methodology of Carl Menger**
- G. Fox (2013) "The Mengerian Milking Stool"