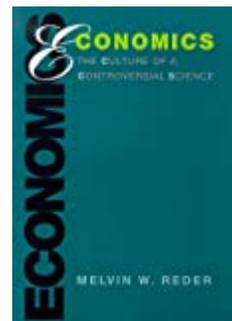


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in the Humanities & Social Sciences



Melvin W. Reder. *Economics: The Culture of a Controversial Science.* Chicago: University of Chicago Press, 1999. xii + 384 pp. \$35.00 (cloth), ISBN 978-0-226-70609-2.



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In the 1980s, it became common among management types to speak of “corporate culture” and its importance in understanding the work of an organization. Business analysts began to examine the institutional framework and practices of an organization in order to understand the way its underlying values were carried out. While “the bottom line” obviously remained important, the corporate culture gurus showed that every organization pursues profitability through different practices and institutional structures. “Successful” cultures were those which were able to create institutional structures which brought the practices of the organization’s members in line with the organization’s overall goals, including profitability.

Melvin Reder has applied the same insight to the discipline of economics in this engaging book. For the scientist, “predictive accuracy” could serve as a proxy for the bottom line. Traditionally, the potential for prediction and control was the hallmark of a “true” science, and economics was either praised or vilified for its ability/failure to live up to that potential. Reder shows that the economics discipline, as an organization, has a set of institutionalized structures that shape the practices of its members. While these structures are possibly intended to assist the predictive accuracy of outcomes, they also create a “culture” in which adherence to a paradigm or the pursuit of status may be more important than prediction and

control. Near the end of the book, Reder addresses the question of economics’ “success.” If its culture includes structures that impede prediction and control, what good is it to society? The tone of much of the book is carried in his answer, which is a paraphrase of Bob Solow: “I know the wheel is crooked, but economics is still the best game in town” (p. 362).

The notion of “corporate culture” had another important role in the management literature: it suggested that the student of organizational behavior needed to act like the student of culture. The management specialist, in other words, needed to become an ethnographer. To understand the success of an organization, one needed to get “inside” it, to see how it functioned by its own rules and standards, rather than judge it solely by external criteria (even profitability). Here, too, Reder follows the organizational behaviorist. Part I explores the notion of culture in science, and several of the chapters in other parts of the book provide an inside guide to the practices of economists. Those who operate within the structures and practices of academia will find Reder’s exploration familiar: editorial prescriptions, the quest for status among the elite of a profession, the role of prizes and honors, and the requirements of tenure and promotion. In fact, Reder’s analysis of the culture of economics sounds suspiciously like the culture of American univer-

sities: a fact he recognizes near the beginning of the book, but focuses little attention on (we will return to this in a moment).

The use of the term “controversial” in the sub-title of the book reveals another of Reder’s themes. Some would argue, he claims, that the institutional structures and practices of economics render it unscientific. In Reder’s view, they should instead simply remind us of the limitations of economic science (Reder’s argument here is very similar to that developed by one of his predecessors at the University of Chicago, Frank Knight). The notion that economics’ scientific reach is limited makes its claim to be a science controversial, giving Reder his title. But Reder’s argument about the scientific status of economics seems to falter here. One could say that the focus on organizational culture was intended to remind us that organizations are artifices, and that looking at the culture of economics reminds us that it, too, is a human creation. But “science” is not supposed to be a human creation. Instead, it is created by adherence to a particular method, or by observation of reality (in other words, science’s creator – or at least its judge – lies outside human artifice).

The tension between his emphasis on economics as a form of human activity and the claim that economics is still a science permeates Reder’s book. Recognizing this tension helps to explain a number of unusual features to the book. For example, the majority of the book (chapters 3 to 10) is an account of the scientific paradigms of economics (yes, Kuhn plays a prominent role in the book)

for non-economists. And there is the obligatory chapter on the relation of the dominant scientific paradigm (Rational Allocation Paradigm -RAP for short - or what is commonly called neoclassical economics) to the ideology of laissez faire. Investigation of the “culture” of economics is surprisingly slim compared to the amount of space devoted to exposition of the scientific side of economics. As already indicated, most of the discussion of the culture of the economics disciplines depends upon the reader’s prior appreciation for American academic life. There is no ethnographic examination of economists at work, no attempt to explain the human drama of RAP’s rise to dominance, and only a glance at the roles of graduate education, foundation funding and non-North American economists in the discipline.

In other words, Reder’s book is a long way from a “science studies” approach to economics, and despite his use of “culture,” is still rooted in the philosophy of science approaches common to the 1970s and 1980s. Nevertheless, in a discipline that still pursues the mantle of Science, Reder has provided an account that may help readers admit that economic science is fundamentally a human activity.

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