Journal of the History of Economic Thought,
Volume 27, Number 1, March 2005

Routledge
Taylor & Francis Group

REVIEW ESSAY
SLEIGHTS OF THE INVISIBLE HAND: ECONOMISTS' INTERVENTIONS IN POLITICAL THEORY

BY
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S. M. Amadae, *Rationalizing Capitalist Democracy: The Cold War Origins of Rational Choice Liberalism* (Chicago, IL: University of Chicago Press, 2003), pp. 408, hardcover $59, ISBN 0226016536; paperback $19, ISBN 0226016544.

Now that the imposition of "democracy" has become the fallback public rationale for American military adventures abroad, it might be a good time to reconsider what that term does and does not mean in modern academic culture in which theories of pacification, peacekeeping and nation-building were first produced.[1] But what, you might aver, does the lowly historian of economic thought have to contribute to such an inquiry? A prodigious amount, we discover from reading one of the most important new works to appear in the growing sequence of histories of the social sciences being written by trained historians of science in the last few years—S. M. Amadae's *Rationalizing Capitalist Democracy.*[2] While there is much to dispute in the book, some of which will constitute the bulk of this essay, I want to make it clear at the outset that historians of economics neglect this book at their peril. The importance of the themes that it pioneers cannot be overstated for historians, for economists, for other social scientists, and even for those who feel disaffected with the crude way that American news outlets bandy about political jargon while they go about their business of providing infotainment for those with attention deficit disorders. Indeed, it tells us more about the twists and turns of that vexed term "rationality" in post-WWII America

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[1]For a recent overview of American attitudes towards nation-building in countries in which it mounts military occupations, see Traub (2004).

[2]All subsequent, otherwise unidentified page references in parentheses in the text refer to Amadae (2003). Were it not for the fact that it refers to another country (Britain) and a much more extended time period (nineteenth-twentieth centuries), we could have also contemplated another book in this burgeoning genre: Agar (2003).

ISSN 1042-7716 print; ISSN 1469-9656 online/05/010087-13 © 2005 The History of Economics Society
DOI: 10.1080/09557570500031653

than any amount of contemporary "behavioral economics" or "philosophy of economics" or appeals to theories of rational choice. More importantly, it raises the whole question of the political orientation of American neoclassical economics to a new plane; crude assertions of the "value-free" character of the neoclassical project, or conversely, easy accusations of the imperialist drive of neoclassical economics, can no longer cut the mustard after this book. Historians of both economics and political science must take it into account.

Before we enter the baroque world of Cold War Liberalism, I want to signal to historians of economics that this book also represents a methodological challenge to business as usual. For reasons too numerous to go into here, most self-identified historians of economic thought tend to write their histories as focused textual exegesis: they read what they deem the key texts in an area, which is usually defined as the papers or books explicitly cited by some pivotal or otherwise famous text. After recounting the contents of the canon as defined by the author of that latter text, the historian of economics may simply rest satisfied there, or if feeling more venturesome, dispute certain doctrinal points as they are presented in the selected texts. The rationality of the authors is taken for granted and treated as transparent to the historian, much as the economist does with her abstract rational agents. Thought is portrayed as thinking itself, arguments take place in a vacuum, and "external" considerations are usually only trundled in to excuse some error or other unseemly lapse of rational behavior on the part of the author under the microscope. The ways in which this dovetails with a grand progress narrative, either explicit or merely implicit, are so obvious that no one need spell it out. This *genre* constitutes ninety-five percent of the contents of journals such as *HOPE* and the *European Journal for the History of Economic Thought*, not to mention after-dinner speeches at the AEA meetings. It is also the *bauplan* (blueprint) of most recent high-quality histories of modern economics, such as Giocoli (2003).

What Amadae's volume can help us to appreciate is that any such history of rational choice theory which sets out in taking the very concept of rationality for granted basically misses most of the historical action, and in the end, misleads more than it informs. Trained historians have proven to be much more sophisticated in this regard than trained economists or philosophers. Rationality has not been a Platonic invariant in academic discourse, even over such a short period as the last half-century of economics and political science. For the historian, the nature and significance of rationality should pose an insistent historiographic problem, and not some background assumption concerning methodological solutions to their quest to ingratiate themselves with their readers. Not only did the subject matter of the economic orthodoxy change dramatically around WWII from the previous static allocation paradigm to the more ambitious program of a rational choice theory applicable to all manner of agents, but the supposed subject matter of economics—markets—itself grew ontologically promiscuous. This is where Amadae's volume teaches an important lesson: economics in America became so intimately intertwined with politics right at the juncture where the Cold War transformation occurred, such that it becomes very hard to specify where one left off and the other begins. Internalist disciplinary histories which have become the norm in economics and in politics merely serve to prolong ignorance as to how the Cold War social sciences worked; they are little better than cold consolations for the specialist.

I. WHAT HATH AMADAE WROUGHT?

This book, amazingly, is the first scholarly history of the introduction of so-called Rational Choice Theory (RCT) into the academic arenas of social choice theory, public choice, public policy, and political theory in general. There is, of course, a small subfield of what is now unselfconsciously called political science devoted to the history of their discourse, but due to the fact that it bore an uneasy relationship to what was dubbed "political theory" in the prewar period, it has remained stubbornly internalist, and has steered clear of examination of neo-classically inflected postwar developments.[3] Venturing beyond this ground-breaking contribution, Professor Amadae also begins to ask what effects this historical amnesia has had upon the proliferation of versions of economic models of politics in the recent past: "Because rational choice theory itself evinces no historical awareness, even of its own evolution as a science discipline, it is often difficult to apprehend the sources of the deep divisions between the proponents and critics of the research method" (p. 252). Her book points the way toward clarification of the modern landscape; but we shall suggest in the next section that cracking the consciousness of political theorists will require an even larger dose of historical sophistication than even she provides.

Amadae begins her volume with what is turning out to be one of the key insights of Cold War histories of the social sciences: "virtually all the roads to rational choice theory lead from RAND" (p. 11). RAND, for anyone who has not been paying attention, is a private non-profit think tank in Santa Monica, California, that split off from Douglas Aircraft in 1948; for its first decade, it was almost exclusively under contract to the U.S. Air Force to consider the "science of war" from many different disciplinary perspectives.[4] RAND was central for the support and promotion of one school of neoclassical economics in the postwar U.S., the high-theory Walrasian variant at the Cowles Commission (Mirowski 2002, chaps. 4, 6), and therefore at the outset we observe that this is not any simple story of economists jostling about for *Lebensraum*. Instead, novel developments in the military funding and organization of science in WWII and after were being felt in a wide array of areas, ranging from physics and molecular biology to economics and political science. The rise of a distinctly American version of economic orthodoxy, as well as the rise of rational choice political theory, were subsets of a larger transformation of the academic landscape; indeed, these shared roots in the same conceptual loam made the transfer of economic concepts both more plausible and more liable for external support in its early stages. Later on, the reorganization of academic disciplines to better suit their evolving client base, such as the transformation of departments of public administration to schools of public policy, served the same functions.

Amadae begins her book by pointing out the pervasive influence of the requirements of the national security state; she then proceeds in Part II of the book to trace their importance for a number of figures who will stand out for historians of

[3]See, for instance, the journal, *History of Political Thought*. In this section, as in most of what follows, all generalizations are implicitly taken to refer to the American context. The European landscape, as one might suspect, is much too variegated to be summed up in any simple sentences.

[4]The best sources on the early history of RAND, especially with regard to the social sciences, are Collins (1998) and Jardini (1996). Amadae does not make use of the former.

economics: Kenneth Arrow, Duncan Black, James Buchanan, William Riker, and Mancur Olsen, among others. This, in my opinion, is the heart of the work, for it shows in some detail the ways in which a portrait of abstract agency in the market was gradually conflated with the political activity of the citizen, in the context of a top-to-bottom revision of the meaning of democracy. Liberalism, far from being an invariant hallowed doctrine transmitted down through the ages from the Enlightenment (contrary to some writers such as Friedrich Hayek and James Buchanan), became something completely different early in the Cold War, something structured around the deceptively simple concept of choice, something that was retailed as having declared independence from all commitments to the nature of humanity, not to mention most everything that had previously been deemed the subject-matter of classical politics. The conformity of RCT to postwar canons of "science" was its rallying-cry, and the stance of the beady-eyed skeptic its preferred pose. Contrary to claims in the later 1990s, it was not deployed as much to analyze the structural inferiority of socialist regimes as it was to raise doubts about the core doctrines of the classical virtues of democracy. For instance, these theorists argued that voting wasn't frequently worth the cost or effort for the average citizen; or that political parties should not rationally offer them substantially differentiated choices. The fact that what might on their face be construed as anti-democratic arguments were regularly promoted as a new defense of democracy, is something which Amadae notes, but does not adequately explain, as I shall argue in the next section. Nevertheless, she performs the very important service of bringing home just how incongruous the rise of rational-choice politics might seem to an outside observer steeped in prewar political theory;[5] thus insisting upon the need for further explanation.

Part III of the book then takes a curious turn, both conceptually and chronologically. Amadae wishes to refute the commonplace notion bruited about by the rational choice theorists that their doctrines are identical to those found in Adam Smith, and (with less insistence) the political prescriptions of the first two generations of neoclassical theorists. While I agree an effective refutation of this travesty of history is long overdue, both the style and execution of chapters 5 and 6 fall short of what would be required. After devoting appreciable effort to situating postwar RCT in its historical context, she then proposes that a brief reading of a few key texts by Smith (and a curious lack of dependence upon the modern secondary literature which would have better served her purposes, neglecting books by Salim Rashid and Mary Poovey; Amartya Sen and Emma Rothschild are poor substitutes) would be sufficient to dispel the fog. Simple consistency would seem to dictate that at least as much historical contextualization should go into understanding Smith's own political predicaments as she devotes to the Cold War. She signals her awareness of the extensive literature on civic humanism and the Scottish Enlightenment (p. 198), but seems not to appreciate the extent to which Smith was casting about for a modality of civilized behavior in an era when most Scottish political autonomy had been arrogated to the colonial metropole in London.[6]

[5]Adcock (2003) also makes the point that WWII was the turning point in the history of the academic discipline of politics in America, but instead from the vantage of someone situated at the previous *fin de siècle*.

[6]This case is made in some detail in Ramos and Mirowski (forthcoming).

Chapter 6 is, if anything, even less satisfactory, seeking to argue that RCT "is qualitatively different from marginalist economics and presents a new definition of rationality in terms of nonmarket decisionmaking without considerations of scarcity" (p. 222). There is a subtle point to be made here, but Amadae's evident dependence upon Sen's conception of the distinct nature of early neoclassicism and RCT does not serve her purposes well. It is undeniably the case that post-WWII American neoclassicism has diverged appreciably from the earlier mechanical image of the allocation of scarce resources to given ends; yet the relevant question should be: where is it going, and what has that implied for its political orientation? Of course Arrow's problem situation bears little resemblance to that of Jevons or Walras; but Amadae appears to believe that the lack of budget constraints in much of the RCT literature means that, somehow, the role of neoclassical economic theory in the spread of RCT throughout political theory was attenuated, or even nullified. This is a *non sequitur* that can be defanged if one only were willing to affix the extraction tools around the uneasy role of the budget constraint in American price theory since the 1930s.[7]

In Part IV, Amadae returns to the later twentieth century, with salutary effect upon the narrative. Perhaps the most striking aspect of chapter 8 is her insistence upon the fact that John Rawls' *Theory of Justice* should be regarded as an offshoot of RCT. For anyone coming of age in the Cold War and noticing that Rawls was just about the only political philosopher that economists paid any attention to, it would not seem such an earth-shaking proposition; it was only the overheated barrage of criticism aimed at the book by economists, as well as the subsequent denunciation of RCT by Rawls in 1985, that may have served to mislead many readers. What Rawls accomplished was to square the circle that RCT had managed to draw around itself. RCT had initially generally absolved itself of any connection to moral philosophy and theories of justice as wishy-washy and unscientific; Rawls made it possible to believe that "justice" could be defined in an RCT idiom. This accounts for the disproportionate popularity of the book, which managed to avoid almost anything of what had counted as politics in previous political theory, or indeed in political practice. Yet even that went too far for RCT theorists like Arrow, who accused Rawls of "embracing totalitarianism by incorporating idealistic elements inconsistent with methodological individualism" (p. 269). In this respect, Rawls resembles no one so much as Amartya Sen, another scholar who has garnered a reputation as a critic of RCT, all the while serving as one of its most effective promoters. The apotheosis of RCT is in fact to serve as a Theory of Everything—rationality, psychology, morality, science, the Meaning of Life—which is why Amadae is perceptive to wind up the chapter with Ken Binmore, who augments RCT with literal adherence to the new center of gravity of the neoclassical orthodoxy, the Nash equilibrium: "Binmore replaces God with Darwinian evolution … [he] then de-idealizes Rawls' position by incorporating such elements as the biological evolution of genes … [to] establish a de facto

[7]I had begun to make this case in a paper with Wade Hands (1998). Briefly, the budget constraint has been the source of many of the intractable controversies within twentieth-century neoclassical economics, ranging from Hotelling's model to the Sonnenschein/Mantel/Debreu theorems. Methods of suppression of income effects have been endemic in those theoretical circles. Sen (1971) is just another recognizable member of this sequence.

social contract. He thus creates a new, seemingly scientific argument for rational choice liberalism" (p. 284).

Although she does not make the point with laser clarity, the book helps us understand that RCT is not something that wily economists have foisted upon the hapless and unsuspecting political scientists (though their lack of historical sophistication sometimes makes it appear that way). Rather, there are forces impelling both economics and the study of politics in roughly the same directions, which is why they have of late become all but indistinguishable. Amadae's identification of RAND as the obligatory passage point of postwar RCT should have provided her with sufficient clues as to where to find this external unmoved mover.

II. AMERICAN NIGHTMARES

Democracy may seem like Mom and Apple Pie in the United States, but in practice it bears more ambivalent connotations. Throughout the twentieth century, the structure and function of democracy constituted a source of deep dreads and darker fears; it seemed less a state of blessed harmony than a nagging reminder of the way things could go very wrong in very short order. Although Amadae never actively confronts it, the need to fortify American belief in democracy is hinted at by her title: *Rationalizing Capitalist Democracy.* But in that case, what would it mean to "rationalize" a form of statecraft?

Amadae's book breaks new historical ground, but leaves this reader dissatisfied, for she never once tries to explain *why* RCT appeared when and where it did, nor indeed does she evaluate the possible explanations for its success in the American context. In order to do that properly, one should not dally with Adam Smith or Leon Walras, not to mention Rousseau and Marx, but instead devote serious effort to explaining the predicament of the prevalent theories of democracy in the American context, juxtapose them with the causes of the rise of neoclassical economics to academic dominance in the American context in the immediate postwar era, and then demonstrate how RCT was a fairly natural outcome given the configuration of forces bearing down on Arrow, Buchanan, Olsen, et al. It is particularly ironic for a trained historian of science to pass up the opportunity to gauge the extent to which cultural notions of science served to shape working definitions of democracy and market. To rectify the situation, we will provide the barest sketch of a frame tale that would better serve to organize and explain much of the material found in Amadae's volume.

The narrative would begin with those classics on the early twentieth century predicament of democratic theory, Purcell (1973) and Westbrook (1991).[8] Both texts argue that the quest for a scientific study of democratic politics ran into some serious obstacles in the early years of the previous century. The pivotal figure who tried to surmount these obstacles was the philosopher John Dewey, who sought to fortify liberalism through the comparison of science to democracy. He was confronting the twin reactionary forces in America of overt hostility to democracy supposedly grounded in science, and the trend of the incipient professionalized political science community to undermine the image of democracy as responsive to the will of the people.

[8]See also Wang (2002), Hollinger (1996), and Adcock (2003).

The yoking together of science and democracy was not such an obvious winning combination in the early twentieth century context; it had yet to attain its later status as the yin and yang of American global supremacy. Indeed, Dewey's book *The Public and its Problems* was a response to a prevalent intellectual current that framed the duo as incompatible in structure and content. Under the guise of Darwinism, a common form of naturalism was regularly being turned to nativist, racist, anti-egalitarian, and conservative ends. But perhaps more disturbing, the spread of empiricist protocols to the newly established academic social sciences were producing observations that suggested conventional understandings of democracy were a sham. Political scientists were demonstrating that the United States government was not at all run by the people for the commonweal, but by a small handful of insiders for their own power and enrichment. Legal realists were documenting that judicial decisions were neither impartial nor logical, but rather the product of powerful interests. Psychologists were demonstrating that the voters were largely irrational and easily swayed by those who controlled the corporate media, particularly newspapers and the new-fangled radio. The sum total of this early twentieth century modern social science research portrayed a populace so easily manipulated and exploited that an expanded franchise and enhanced participation in the political process was widely regarded as dangerous, if not foolhardy; the democratic election of fascist parties in Europe only reinforced that impression. Not only was science perceived as intrinsically undemocratic; science, when applied to society, was uncovering the dark side of democracy.

Another Jazz Age trend that is oftentimes forgotten today is that there existed a fair degree of academic opposition to the idea that there was or could be a generic science that would apply equally to Nature and Society. High-profile figures such as Frank Knight in economics and Pitrim Sorokin in sociology were arguing that the natural sciences (and especially physics) provided misleading paradigms for theory in the social sciences, and were citing German philosophical theses that nothing like the laws of physics could be discovered when the subject was society. A general inclination towards evolutionary arguments was being deployed as explanations as to why there were no absolutes in human experience, and to argue in favor of the essential plasticity of human nature. But this opened the door to the cynical manipulation of the masses by experts. The major opponents to this relativist threat in social science were theological, and in particular Catholic, academics who sought to reassert the centrality of values through reimposition of theological absolutes (Purcell 1973, chap. 10). These were not the sort of people Dewey could see himself forging alliances with, and therefore, he was driven to find a third way to re-legitimize science and democracy.

Dewey's path out of the impasse was to insist that science would cease to undermine liberal democracy and that the corporate sway over science would be progressively diminished *if and only if* we came to regard science and democracy as inseparable parts of the same communal activity; that is, (a) the practice of democracy would come to resemble science at its best, which was procedurally non-dogmatic and experimental; and (b) more science would be reorganized and conducted in the communal democratic interest. Dewey despised the predilection for political dependence upon experts: "it is not the business of political philosophy and science to determine what the state in general should or must be" (1927, p. 34). It will prove important

for us to get the subtleties of Dewey's equation of science and democracy correct, because it would very rapidly become corrupted into something very different in World War II, especially under the auspices of Robert Merton and Michael Polanyi and James Conant, something Dewey personally would have regarded as pernicious, and something which is sometimes mistakenly attributed to Dewey. In World War II, under the imperatives of wartime mobilization of science, the *separate, autarkic, and self-governing* scientific community began to be held up as the icon of what a democratic community could aspire to be, in the guise of an ideal "republic of science." In this construction, scientists did lay claim to an esoteric expertise in generic rationality inaccessible to (or at least rare for) the common layperson. Dewey could never have been a proponent of this position for a number of reasons, but primarily because the corporate organization of science then dominant could never have been plausibly portrayed as self-governing in that era; nor, for that matter, could scientific rationality plausibly have been pictured as politically free from corporate imperatives. The separate constitution of the scientific community as a social formation was not yet a conceptual possibility. That happened after the war.

The war upended most academic and political programs; but it had a set of unintended consequences that would bear directly upon postwar political theory. As has been noted in the history literature, a number of refugees from Hitler's Germany, the Weimar experience fresh in their memories, took a particularly dour view of democracy. When figures such as Leo Strauss, Hannah Arendt, Eric Vogelin, and others moved to the United States, they began to argue that liberalism was located at the core of the current crisis, and had been implicated in the rise of totalitarianism (Gunnell, 1988). This anti-scientific anti-liberal wing of political theory presented a pressing challenge to the behaviorist/empiricist trends in political science that had taken root in academia. It is sometimes forgotten that Joseph Schumpeter's *Capitalism, Socialism and Democracy* (1942) was also a part of this trend: therein he argued that there was no special affinity of capitalism for democracy, and that America could be moving towards socialism and oligarchy as the natural outcome of current developments, and that "socialist democracy may turn out to be more of a sham than capitalist democracy ever was." Schumpeter was echoing a general mid-century sentiment that democracy was not all that stable a governmental format; but his innovation was to discuss the issue as though it could be entirely reduced to economic theory.[9] Schumpeter was one footsoldier in the phalanxes of émigrés who argued (contrary to indigenous economists) that Walrasian theory would be the pivot of the future development of a scientific economics.

The war had two further consequences that we can only point to here.[10] The first, widely acknowledged in the history of science literature, was that the funding and management of most sciences was taken over by the military in America, and that this vast reorganization persisted well into the Cold War era. This meant that scientists began to be treated as a cloistered, special social formation, often portrayed as members of an ideal "republic" or political community, who then of course could lay claim to special political insight. The second was that wartime developments

[9]To be fair, Amadae (pp. 16–17) does note the arguments of Schumpeter, but does not situate him in the larger context.

[10]These claims are documented in (Mirowski 2002, 2004). See also Wang (2002).

also prompted the displacement of Dewey's Pragmatists by the émigré logical positivist movement, and facilitated the defeat of the indigenous American Institutionalists by the neoclassical economists. The staging area from which each of these academic coups were mounted was from the newly established profession of "operations research." All of these trends—military patronage, the need to reconcile democracy with capitalism, the promotion of positivism and neoclassicism, operations research—all came together at RAND in the postwar period. This explains Amadae's observation that "all roads to RCT lead from RAND."

The relationship of military-organized science to democracy was perhaps the issue most fraught with controversy in the immediate postwar period. The military and the Operations Researchers shared a jaundiced view of democracy when it came to their profession of prosecuting wars, whereas many in the political classes regarded the suppression of democratic debate over the use of the Bomb as a betrayal of fundamental principles the Bomb was conceived nominally to protect. Dewey's blind faith in democracy had, therefore, to be revised in the Cold War era. Operations researchers responded to the call, and went to work describing various ways in which democratic decision procedures were irrational when it came to such momentous choices.[11] The most famous of these doctrines produced at RAND was the "Arrow Impossibility Theorem," based directly upon the assumptions of neoclassical economic theory: "If we exclude the possibility of interpersonal comparisons of utility, then the only methods of passing from individual tastes to social preferences which will be satisfactory ... are either imposed or dictatorial ... the doctrine of voters' sovereignty is incompatible with that of collective rationality" (Arrow 1951, pp. 59–60).

The upshot of this claim was that market expression of citizen preferences was a faithful and dependable representation of their desires, whereas standard majority voting procedures were not. It privileged economic virtues over political virtues; but it also accomplished much else. This was an extremely felicitous Cold War doctrine from the military viewpoint, since it suggested that the military was legitimately defending the overall welfare of the citizenry by allowing them free choice in their purchases while simultaneously conducting the national defense without the need for their explicit political acquiescence. This "double truth" doctrine had its exact parallel in Hans Reichenbach's separation between science and society: scientists were furthering the welfare of the citizenry by allowing them free choice in the products of their endeavors in the marketplace while conducting their fundamental research without the need for prior accommodation or any explicit political acquiescence in their research choices.[12] Democratic procedures were best kept well clear from such activities.

Thus, given sufficient context, we can begin to understand why RCT was both a necessary response to the American crisis in the political theory of democracy in mid-century and constituted the Cold War doctrine *par excellence*. It was a self-consciously scientific theory of politics, not only because of its axiom/theorem/

[11]Pages 128–32 of Amadae explain how decision theory was a negation and repudiation of Dewey's conception of science and democracy: here we explain why this was high on the agenda of the military.

[12]This refers to the logical positivist doctrine of the sharp separation between context of discovery and context of justification. Here Reichenbach's autonomy of the scientist dovetails very nicely with the "linear model" of research and development popularized by Vannevar Bush in the same era.

corollary rhetoric, but because it had been promoted by scientists in order to defend their own compromised position relative to the national security state: they were absolved of all responsibility for how their findings were being put to use. Politics was treated as a degraded form of the market, where both democracy and capitalism delivered the goods, but the capitalist market made good on freedom of choice substantially more efficiently than did the ballot box. Once this was understood, RCT led to a "double truth" doctrine, where agents would voluntarily allow technocratic elites to usurp their rights to political participation (that is, the prewar empiricist social scientists were essentially correct about their passivity and manipulability) in exchange for the benefits of freedom of choice in the marketplace. As long as the technocratic elites based their legitimacy on meritocratic 'science' and not on some corrupt oligarchy or despotic nepotism or dubious ethics, then they still deserved the honorific of "democracy." Here Riker's rants against populism and Buchanan's disdain for *hoi polloi* begin to make sense. This goes quite some distance in explaining the most paradoxical aspect of RCT, the subject of commentary by numerous subsequent political theorists (Hauptmann, 1996): what seems by all lights like a *critique* of democracy is treated by its proponents as though it were a *defense* of democracy.

As the reader may appreciate, this is not a straightforward story of economists' imperialist tendencies. Nor does it resemble the plotline of *1984*, as Amadae seems to suggest in her Epilogue, although it comes equipped with a generous dollop of doublethink. Perhaps the ultimate irony is that it appears closest to the sorts of stories Marxists once told about the onerous sacrifices one had to make under actually existing socialism, foregoing freedom today in the interest of pursuit of a classless egalitarian society sometime in the far distant future.

III. THE CUNNING OF UNREASON

The fears that feed the doubts concerning the stability and efficacy of democracy have not been banished, neither by another half-century of experience, nor by the spread of RCT into popular discourse concerning choice. The qualms keep sprouting like dandelions in spring. They have arisen in one of the most comprehensive and thorough self-studies of a prosperous and historically stable democratic nation.[13] They have arisen in reaction to the expansion of the European Union to encompass Eastern European nation-states like Slovakia and Cyprus. And of course, they are unavoidable when it comes to recent attempts to impose democracy from the outside upon states that have never enjoyed anything remotely resembling formally structured broad-based political participation.[14] It goes without saying that none of the above have had anything like the history of Cold War investment in RCT that America possessed: there are few other places in the modern world where people would guilelessly accept that monetary expenditure and votes should be treated as functionally equivalent (Shapiro 2003, p. 24).

[13]See *The Norwegian Study of Power and Democracy* at www.sv.uio.no/mutr.english/index.html.

[14]Even here, the advocates of Rational Choice Theory (RCT) seem oblivious to the notion that non-Westerners cannot agree with their abstractions, or share their enthusiasms. See, in particular, Sen (2003).

Amadae's book is important because it demonstrates just how exceptional American postwar experience actually was, and the role that such abstract academic doctrines as RCT have played in repressing that fact. The book will only be successful in garnishing the attention it deserves if it provokes further research into the joint constitution of theories of politics and of the economy in multiple contexts. I would like to conclude this review with just a few suggestions as to lines of inquiry this book opens.

One idea that constituted an underdeveloped subtext to the book is the proposition that RCT actually prevented the development of certain types of political theory, without actually providing reasoned arguments for obstructing certain kinds of politics. It has long been noticed (Cunningham 2002) that there have been two opposed schools of thought about democracy: The first, beginning with Hobbes and finding their modern exponents in Isaiah Berlin and Robert Nozick, insist that freedom can only be defined as the ability to act upon current desires and preferences. Any dependence of the identity of the individual upon the political process *must* be discounted as leading down the road to serfdom. Conversely, there is a broad stream of theory stretching from Tocqueville and Mill and extending through Dewey to modern theorists like Sandel and Habermas that insists it is the political culture of social participation that gives democracy its stability and efficacy. Now, many economists would like to claim that they can encompass learning and changing preferences and developmental competencies into their models; but measured historical contemplation reveals that these amendments have never quite panned out in neoclassical economics, and are never taken up into the core of the orthodoxy. The implication for politics is that RCT claims to be able to play both sides of the democratic street, but in actual practice, can only really legitimately subscribe to the Berlin/Nozick definition of freedom. As Tyler Cowan (1993) has written, the idea of informed or cleansed preferences is the Achilles Heel of left-liberal neoclassical political economy. It should also be noted as a consequence that RCT and Deweyan Pragmatism are congenitally incompatible. Any appeals by RCT to developmental notions of democracy have been repeatedly revealed to have been fundamentally spurious: it is as static a politics as Walrasian theory turned out to be a static economics. A careful elaboration of this point would demonstrate why Amartya Sen's version of political economy has turned out to be ultimately incoherent and self-defeating.

Another possible line of research would go further than Amadae in trying to better understand all the various flavors of RCT politics as specific artifacts of the variants of neoclassical economics. Amadae does distinguish between "social choice theory" and the "public choice" school of Buchanan and Tullock, but the glory of RCT is that there are other offshoots she does not consider. For instance, there is the entire law and economics movement (Mercuro and Medema 1997); there is the so-called "new political economy" in macroeconomics (associated with names like Nordhaus and Alesina); there is also the Hurwiczian "mechanism design" school; and there are the variants of neoclassical institutional economics. Once we acknowledge that there have been distinct schools of neoclassical economics, even when we restrict ourselves to the postwar American context,[15] that contradict one another in various

[15]This is an argument I have made in a sequence of papers with Wade Hands.

doctrinal precepts and sport different political attitudes, then it follows that there would be variant forms of RCT, as well. One historical project might be to trace and correlate the schools of neoclassical orthodoxy with the variant flavors of RCT. For instance, it would seem obvious that both social choice theory and mechanism design theory are products of the Cowles School of neoclassical theory, sharing many of their formal and political predispositions. The MIT school has been the incubator of the theory of political business cycles and the new political economy for a different set of reasons. Finally, it was the Chicago school that gave rise to both public choice and early law and economics. One explanation for the strength of RCT is that it has been neither monolithic nor internally consistent; the better to spread its influence throughout many professions and discourse communities.

Another line of inquiry one might derive from Amadae takes off from some relatively neglected observations of Isaiah Berlin. In some earlier disputes, he adopted the position that if rationality is defined as means/end instrumentalism—one of the core tenets of RCT—then political objectives must be treated as independent and invariant to both ratiocination and the quest to discover the "public and its purposes"; hence a rather imperious determinism is smuggled into the analysis, and the "freedom" that ensues is bogus (Berlin 1969, p. xiii). Hence the seemingly liberal insistence that"men are rational" often amounts to little more than a thinly disguised assertion that neoclassical economics is a comprehensive causal account of the universe of human action, and thus perpetrates a tautology. Why do so many people find this sleight of hand so compelling? Berlin offers one answer: whatever the drawbacks to the travesties of misrepresentation of vernacular meanings of freedom, at least this *negative* conception has never been twisted into its opposite, as has happened in the twentieth century with notions of *positive* freedom (1969, p. xlvii). I believe the time has come for historians to document the extent to which Berlin's reassurances were premature: the negative concept of freedom in RCT has now, indeed, regularly and systematically been perverted into its own negation. For instance, appeals to a free market of ideas are now baldly employed to restrict freedom of expression and of thought (Lessig 2001). But worse, modern RCT theorists can shamelessly compose statements like, "Autonomy is just not a coherent conception of freedom" (Przeworski 2003, p. 274). One can understand why the American military might value such RCT doctrines as it seeks to bring some Western notion of democracy to the unwashed, but from this perspective one can equally appreciate why the unwashed regard that gift as a Trojan Horse.

Finally, if much of the above is taken on board, then the question of who pays for the development of these kinds of theories, and what interests are served in doing so, takes on a heightened significance (Backhouse 2005). Neoliberal doctrines have spread throughout the world, but they have not been introduced everywhere in the same manner (Fourcade-Gourinchas and Babb 2002). What is needed is an integration of intellectual and political history to better understand the strengths and weaknesses of RCT in the twenty-first century.

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