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Mainline Economics: Six Nobel Lectures in the Tradition of Adam Smith
Peter J. Boettke, Stefanie Haeffele-Balch, and Virgil Henry Storr (Editors)
Arlington, Virginia: Mercatus Center, George Mason University, 2016 (277 pages)

The Nobel Factor: The Prize in Economics, Social Democracy, and the Market Turn
Avner Offer and Gabriel Söderberg
Princeton, New Jersey: Princeton University Press, 2016 (323 pages)

The Nobel Factor and *Mainline Economics* tell two different stories about the history of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel—more commonly known as the Nobel Prize in Economics. *The Nobel Factor*'s story focuses on the prize's origin, history, and relationship to Swedish politics and examines what the prize means for the scientific status of the economics discipline. The authors avoid simplifying the story in any of the ways others might have. (Indeed, Offer and Söderberg lost a third co-author—Phil Mirowski—probably because they were unwilling to accept his simplification, and vilification, of the Economics Nobel as a sell-out to the global forces of neoliberalism.) Thus, their conclusion: that a prize that the Swedish government expected would wrap their model of technocratic social democracy with the mantle of science made a "market turn" that complicated the story not only in terms of the economics discipline but also in terms of political ramifications in Sweden and abroad. *Mainline Economics*, meanwhile, tells us of the intellectual bonds that connect some of the most controversial Economics Nobel Prize selections to the tradition of Adam Smith. Of course, the themes of the two books collide because the *mainline* tradition celebrated in one becomes part of the market turn that creates the story the other seeks to explain.

In *The Nobel Factor*, Offer and Söderberg (hereafter O&S) argue that the prize originated in the postwar conflict between the Bank of Sweden and the Swedish Parliament over full employment or price stability (89)—or, as they say earlier, the prize "was authorized by Swedish Social Democracy in the course of its long stand-off with Swedish capitalism" (68). If we recognize (as O&S do) the Bank of Sweden as the bastion of Swedish capitalism, and members of Parliament as the forces of Swedish Social Democracy, we see the irony placed from the start at the heart of awarding the Economics Nobel. In order to recognize scientific achievement like the other scientific Nobels, the prize in economics should not be driven by ideology, politics, or social values. Yet, it is difficult, if not impossible, to separate economics, politics, and ethics. As a result, the Nobel Committee for the economics prize has striven to maintain a balance between competing disciplinary perspectives; something that the committees for the other sciences have not been faced with—at least not on a regular basis. The prize awarded in 1974 to both F. A. Hayek (no reader of this journal need be reminded of his position) and Gunnar Myrdal (one of the main architects of Swedish Social Democracy and advocates of its relevance to the rest of the world) epitomized the balancing act that the Nobel Committee continually faced—even more than did the earlier award to Milton Friedman (in 1969), or the 2013 award to Eugene Fama and Lars Peter Hansen (of the University of Chicago) and Robert Shiller (of Yale and an outspoken critic of Fama's efficient market hypothesis). Once the market turn (signaled by Friedman's and Hayek's awards) began, the Economics Nobel could not be seen as the crowning of economics as the science of social and economic democracy.

The Boettke/Haeffele-Balch/Storr (hereafter BHS) volume makes a different distinction regarding the history of the Economics Nobel Prize. The six Nobel lectures included in the volume—those of laureates F. A. Hayek, James Buchanan, Ronald H. Coase, Douglass North, Vernon Smith, and Elinor Ostrom—represent what Boettke has called "mainline economics": "a set of positive propositions about social order that were held in common from Adam Smith onward" (quoted in BHS, 3). *Mainline* economics is to be distinguished from *mainstream* economics: the particular framework of analysis (or subdisciplinary focus) in vogue at any particular time within the economics profession. For BHS, the mainline is not one side of the debate, but a constant within economics since at least the Scottish Enlightenment. It is the standard around which other views, mainstream or heterodox, are arrayed. Sometimes the mainstream is aligned with mainline economics, as in the new institutionalism of Douglass North, and sometimes it is not, as when Keynesianism became mainstream in the postwar era.

But the mainline is not simply a repetition of the economics of Adam Smith over and over again. Indeed, it might be better to identify mainline economics with a tradition, rather than a person. That tradition is one that Hayek called "Individualism True"

("Individualism: True and False," in *Individualism and Economic Order*, 1948)—the tradition linking Adam Smith with Edmund Burke and Alexis de Tocqueville and that Boettke and I would agree extends beyond Hayek through the work of Coase, Buchanan, North, Vernon Smith, and Ostrom. In the lectures of all six of these Nobel laureates we see the tradition's theory of society at work. It is a theory in which social customs and institutions are arrayed as they are not by the product of rational human design but rather as the joint product of humans stumbling about for arrangements that suit their purposes, knowledge, and resources (all of which are limited) at particular times and in specific places. As Adam Ferguson said, the social theory this tradition shares is one in which "nations stumble upon establishments, which are indeed the result of human action but not the result of human design" (*An Essay on the History of Civil Society*, 1767). The customs, arrangements, and institutions created under these conditions are ones that "make use of [people] in all their given variety and complexity … [in] a system under which it would be possible to grant freedom to all, instead of restricting it … to 'the good and the wise.'" Contention and compromise through institutions like markets, polycentric governance, and separated political powers "would reconcile conflicting interests without giving one group power to make their views and interests prevail over those of all others" (Hayek, "Individualism: True and False"). Seen in such a light, the awarding of prizes to outliers from the *mainstream* economics of their time—Hayek, Buchanan, and Ostrom are perhaps the best examples—reminds us that the *mainline* of economic thought since Smith has often been maintained outside the changing courses of the discipline.

Boettke, Haeffele-Balch, and Storr remind us that the market turn that O&S seek to explain is not just a focus on market-based solutions to economic policy. And O&S recognize this. Were the market turn just a preference for market solutions as opposed to government solutions, their story would have been far simpler and easier to tell. To their credit, they do not simplify the story that way. Instead, they accept the point that the mainline theorists make: doing economics requires both positive and normative assumptions (O&S, 268). They miss the way the mainline constructs that relationship: the necessary normative assumption is acceptance of an underlying theory of human nature and hence of society that allows positive analysis. Instead, they fall back on the typical positive/normative distinction, a product of what Hayek would call "Individualism False." But they do not miss the resulting conclusion: economics is inherently different from physics and chemistry. And they come to the conclusion that, despite that difference, economics is not just a matter of style, like the disciplines celebrated in the prizes for literature and peace, but will often be as contentious as those prizes because economics is inherently political and ideological (even if, nonetheless, it is scientific). O&S conclude with words from Brian Arthur that Hayek might well agree with: "We see the economy not as something given and existing but forming from a constantly developing set of technological innovations, institutions, and arrangements that draw forth further innovations, institutions, and arrangements" (278).

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