Chapter 1

And Only I Was Left to Tell the Tale: Blindness as an Act of Will

Listen to me. You mock my blindness, do you?
But I say that you, with both your eyes, are blind:
You can not see the wretchedness of your life,
Nor in whose house you live, no, nor with whom (Sophocles 1949: 21).

1. Picking Through the Methodological Slagheaps: How Not to be an Economist

Early toilet training in a simplistic view of child development is one of the keys to unlocking the future paths taken by the latter adult version of the much put upon infant. In a vaguely parallel fashion, for the budding academic, learning to read is an equally pivotal moment in moulding any subsequent career endeavours. I am not of course talking about basic literacy. But rather, I am focused on whether or not one is either capable or willing to comprehend what one reads.

By a quite innocent accident I was either favoured by fortune, or forever condemned, by learning to read as an undergraduate. As a result, I am apt to view those who remain unable to perform this essential act of scholarship as residing on the same level as those who have never quite mastered the intricacies of toilet training. It might go without saying that reading in this analytical, comprehensive way should pose no challenge to the typical academic. I cannot of course speak about either all academics or the typical one. My experience restricts me to those that forage within the occasionally barren fields of economics. But what has become increasingly obvious, and more so over the intervening years, is that economists are largely incapable of reading thoughtfully and unwilling to make the effort to do so. Economists cannot read and for the most part are quite self-satisfied with remaining within this state of scholarly illiteracy.

Most academics (not unlike most toilet trained children) are self-obsessed and more interested in telling others what they think than in trying to understand the thoughts of others. In some cases they simply seem incapable of doing so. Instead they find in each work exactly what they need to discover. If for instance they disagree with a given conclusion they will find that it is based on either flawed logic or faulty evidence ignoring all other indications to the contrary. It is not so much a case of conscious dishonesty as of having a priori beliefs determine one's analysis. This for me has always been one of the principal scourges of ideology. By reinforcing prior held convictions it closes off legitimate debate and investigation. Any approach antithetical to a desired conclusion is effectively filtered out.

Given a long standing tendency by economists to happily jumble together analytical and ideological concerns, the composition of this volume ceases to be quite so haphazard. In many ways the two halves actually fit quite closely together despite superficial appearances to the contrary. For both Stigler and Friedman, with eyes fixed on a more overarching target than mere economic theory, the humble objective behind economic analysis tends to be lost in the competitive shuffle to market one's own ideas[1]. If ideology tends to blind eyes and close

[1] Stigler was always aware of the need to market ideas. It was essential to Stigler that he triumph. As pointed out in this volume (Chaps. 3 and 4) more was at stake than a matter of theoretical correctness. At the core of the battle was a struggle between individual freedom and collectivist planning. Thus it was as crucial for George Stigler to convince his audience as it was for any true believing evangelist. Thus yielding on his core belief in competitive markets was simply not a feasible alternative. Like his close friend Milton Friedman, he was loathe to admit to any

minds, it is doubtful that a reader will be able to understand what he or she is reading. Respect for scholarly material becomes exceedingly difficult if the analyst's aim is only to gather support for one's own views and to demolish all viable opposition.

This is where a careful grounding in the history of economic thought can sometimes help an academic climb out of his or her solipsistic prison that is too prevalent in the trade. The approach taken in the history of thought articles reproduced within this volume attempts to demonstrate what meticulous analysis can achieve. In particular, it points to a simple but quite useful methodological approach which emphasizes a deep respect for the written word.

If this book has anything like a unifying theme it is best demonstrated by an early piece (Chap. 11), in which I pointed out that the reason why so much of economics was so poorly written was that economists were unfortunately unable to read. The article posits that no improvement could be expected in a discipline lacking concrete incentives to improve reading skills. In the many years since its publication (1993) an encouraging or noticeable improvement is hard to find. As a result, the articles included here when taken as a whole compose what can be seen as an increasingly desperate plea for economists to bite the proverbial bullet and make the effort to learn how to read. Perhaps each one can be seen as a sort of case study of how one goes about doing so. Each article attempts to reveal what a close and conscientious reading might yield, rewards that would otherwise go missing given more superficial attempts where sentences and meanings are taken out of context.

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error. Instead, a single-minded repetition of ideas was more conducive to his objective.

> Another aspect of this salesmanship is the heavy use of repetition, perhaps the most powerful of arguments. … Frank Knight another master of repetition, once replied to this charge in the course of perhaps his ninth repetition of his views in an article on capital theory, by quoting Herbert Spencer, "Only by constant iteration can alien truths be impressed upon reluctant minds." The method serves equally well with alien errors (Stigler 1988: 211–212).

Glancing over the table of contents it might appear that the work is presented in something resembling a logically reverse order. I suspect the ordering decision reflects my inherent doubt as to what level of abiding interest there ever is in work that has a clear methodological tinge[2]. So I reserve these not so much as an after thought but rather as a reflection on the previous history of thought material. Fortuitously, the reader may be drawn in by the preceding pieces to become more curious about the broader issues raised explicitly in these last set of articles. My initial examination of the Chicago counter-revolution (or perhaps counter-reformation) tends to be more coherent with key themes clearly etched through out these explorations. That this is true on rereading the pieces turns out to be something of a revelation to me, rather than a confirmation of some prior intention. Back in 1993 when I first started writing on this strange tribe inhabiting South Chicago I lacked any overarching plan. I stumbled from one small piece to the next until I started to glimpse the deeper connective tissue holding the Chicago enterprise together.

My fascination with the two great post-war Chicago guerrillas, the Don Quixote and Sancho Panza[3] of the Midway, who managed

[2] Like most other economists I have a bit of impatience with methodological discussions. A common impulse is to want to go ahead and do economic analysis rather than sit around nattering about how one might go about doing so. Even worse in my estimation is the tendency for such discussions to be overly prescriptive. The focus seems to linger on how economic analysis should be done rather than how such work actually gets done. My suspicion is that such prescriptions are never widely adopted because they are inherently unworkable. A very early example of this didactic tendency shows up in Descartes' *Rules for the Direction of the Mind*. These handy rules remain extremely uncongenial to most human minds. Of course Aristotle's pontifications, though not analytic, are equally unpalatable.

[3] A famous picture reprinted in Stigler's autobiography (1988: after p. 116) makes this comparison obvious. And in many ways their personalities fit as well. Friedman remained the ebullient and practical Panza while the sarcastic and close mouthed Stigler did a remarkable representation of the *knight of the mournful countenance*. This height difference formed the basis for one of Stigler's oft repeated jokes. (Several individuals in fact repeated it to me.)

> I have to tell you a story which probably Steve [George Stigler's son, Stephen Stigler] will tell you, because Steve told it to me. But it has to do

to launch their highly successful counter reformation, evolved quite accidentally and with a great deal of innocence. In the early nineties I became mystified by George Stigler's (1947/1951) inexplicable misreading of Paul Sweezy's (1937) simple 'kinked demand curve' model[4].

My attempt to figure out how such a good economist could get such a straight forward article so wrong succeeded in initiating my interest into the nature of the Chicago School project as well as its strategies and tactics. Over the years I have become increasingly convinced that in the words of that curious phrase left over from the Reagan years, both Stigler and Friedman saw themselves as more than economists. They saw themselves as freedom fighters. This may cause a younger generation of economists to stifle either a giggle or a yawn. But in the cold war era, economics had a moral edge to it. Questions were not limited to their theoretical or even empirical content. Each issue represented a potential battle between the forces of choice and those of collectivism. Or if we reduce them to their Chicago essences,

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> with a time — I may be embellishing a little bit because I tell this story all the time and no-one stops me — let's say it's after he got the Nobel Prize [1982] and he is at a black tie dinner down town. The dinner has nothing to do with him, okay. But there he is, the recent Nobel Prize winner, present at this black tie event and so the MC says 'Here we have, in our audience, the recent Nobel Prize winner, George J Stigler, and George, would you please get up and take a bow and just say a few words?' So George gets up, takes a bow and says, 'Ladies and gentlemen, in my 40, 50-odd years of experience as a historian of economic thought, there is one generalization that to me stands out above all others. And that is, that all great economists are tall. To this generalization I only know of two exceptions. Milton Friedman and John Kenneth Galbraith.' (Conversation with Al Harberger, October 1997)

[4] This misrepresentation is extensively analysed in Freedman (1995). This article and a couple of other works demonstrating Stigler's strategic attacks on competing microeconomic models are not included in this volume. The look at the Stigler/Galbraith wars provides a flavour of this type of analysis. However my suspicion is that including more than a representative work would tend to distract from the main flow of argument that runs through these Chicago School articles.

economics became a battle zone representing an archetypal struggle between good and evil[5].

This is the tie in between ideology and methodology demonstrated consistently by this particular collection. A priori beliefs support a practically unconscious unwillingness to read, evaluate and understand sharply opposing views. The battle transcends theoretical issues or even the egocentric need to be right. With policy issues suggesting differences in fundamental values, among the first casualties is a concern for performing a painstaking analysis of economic literature. What we find is what we need to discover. This is illustrated by the approach consistently adopted by both Friedman and Stigler.

The result can be seen in the somewhat peculiar tactics adopted by these two eminent economists. As analysed in Chap. 6, Stigler proved ready and willing to dump the History of Economic Thought from the curriculum required for graduate students. Coming in the seventies this represented a body blow from which the field never fully recovered. This was a curious strategic decision since Stigler himself had long been a leading light in this pursuit and had produced a quite interesting dissertation under the legendary Frank Knight by looking at theories of production and distribution from a historical perspective[6]. The reason for

[5] The reflection of this Cold War attitude extended to those they were willing to promote and those who they were eager to defend. If the records were to be examined there was a remarkable correlation between work that they supported and the political views of the individual researchers. Not of course without exception but too high to be purely coincidental.

> They defended each other. Now, Aaron Director, for example, would never have written a good letter of recommendation for somebody who wasn't a staunch conservative, neither would Milton (Conversation with Paul Samuelson October 1977).

[6] George Stigler as noted in the included article "Do Great Researchers Make Great Teachers?", was one of the very few students who managed to survive doing a dissertation with Frank Knight. It is interesting to note that like Knight, Stigler himself attracted only a limited number of students. His insistence on treating graduate students the same as experienced academics made him a formidable figure. Even veteran economists were leery about running foul of that acerbic

abandoning this graduate requirement becomes clearer when Stigler points out that intensive study in this area risks having graduate students who are willing to consider too many sides of any given issue[7]. What he wished to produce are economists strongly wedded to a correct market vision of the world. His life long marketing tactic was to push a point as far as it could go and then to simply repeat it without alteration.

> You want to push it until it gets right up against a wall. So you want to push it everywhere and in every way, shape or form. That's the loyalty oath that you take to your profession. I don't think a lot of Economists do it. They don't have that sort of loyalty. You've got to take your ideas as far as you can. You've got to push them until they fail (Conversation with Sherwin Rosen, October 1997).

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tongue. He could reduce grown men to tears and destroy them with a few well chosen words.

> Well, he was very intimidating in his critical approach. Your biggest fear was that he would make a joke at your expense. So one was always somewhat on guard (Conversation with Sherwin Rosen October 1997).

[7] History of Thought remained something of a guilty pleasure for George Stigler throughout his career. As always Milton Friedman was more direct in dismissing such study out of hand. History of Thought was essentially a hobby undertaken by economists to fill in slack periods of research.

> No, they just lost their productivity. I'm saying that there is sort of a balance wheel here. That if there are exciting things being done in a theory, an interesting and exciting thing to do with the structure of the body of economics, that's what will attract the top young economists. And then they'll be drawn away from the history of economic thought or similar such fields. On the other hand, if it's a dry period, so far as really adding to the structure of economic thought is concerned, then that's why, all of a sudden, everybody is interested in such things as the background of Stigler of Keynes, of Samuelson (Conversation with Milton Friedman, October 1977).

In fact, Stigler except for some exceptional cases seemed unwilling to tackle critics head on. Instead he favoured a strategic and devastating strike followed by silence or a glib put down[8].

> I don't know whether his first lecture [LSE in 1948] was half an hour or something like that and then he left. He also never answered criticism. I never understood that. That's just alien to my nature (Conversation with Paul Samuelson, October 1997).

It is thus hardly surprising that both Stigler and Friedman took the marketing of their theories and approaches to new heights[9]. Economics became a clearly adversarial game with a winner-take-all approach. It should come as no surprise then that economic history and statistical analysis degenerate into mere rhetorical tools given such a strategic stance. They exist to be used, to be rearranged in a

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[8] An exception proved to be Gardiner Means. This was more the case of two similarly constituted combatants who couldn't let a dispute between them die a natural death. Both had strong *a priori* beliefs rooted in their own past experiences. Given their polemical bents and objectives, neither facts nor arguments were likely to sway them. In the never ending argument over administered prices, Stigler would always see market forces dictating prices while Means could only discern price setting in all major economic sectors.

[9] It might be legitimately claimed that one of the long lasting contributions that Friedman and Stigler made to the discipline was their emphasis on marketing their ideas as strongly as possible. Whether this adversarial approach was an unalloyed benefit is an issue that could be intensely debated.

> George Stigler, I remember when I was a young person, wired and said 'Selling is very important in your research. So write better. Work on writing because that is important. You've got to sell what you are doing. I think he's exactly right. You've got to sell what you are doing. It may be that in the long run good ideas do surface but they surface faster, if written in a persuasive fashion. Moreover, bad ideas may be put persuasively. And they may gain the necessary threshold. However, taking that same analogy in competition among ideas, there is a presumption, although not a certainty, that in the longer run, the good ideas are going to compete out the bad ideas. But that may take a long time and may not even always operate. There's nothing necessary about that. Nothing guaranteed about that (Conversation with Gary Becker October 1997).

manner that yields a desired result. What becomes clear in these pieces is that neither Stigler nor Friedman seemed consciously aware of what they were doing. Friedman (in the included review) tried to vanquish Keynes[10] by simply dismissing the importance of his work. Relegating him to the ranks of a minor Marshallian quantity theorist could achieve Friedman's objective without simultaneously elevating Keynes' work by taking it too seriously. Strategically this involved finding in *The General Theory* and his other writing on monetary theory, exactly the ideas that would support his claim. Friedman's obsession with 'liquidity traps' allowed him to see Keynes' originality as no more than performing a minor twist on mainstream theory.

This is in fact the point made in two of the earliest works published in the second or methodology section of this volume. The idea that somehow cash and money are synonymous in *The General Theory* is part of an oral tradition that was simply repeated in the post-war period, eventually finding its way into textbooks for decades. Despite being clearly erroneous, such blatant mistakes proved impossible to correct no matter how clearly they were demonstrated (nor for that matter, despite the greater usefulness of Keynes's actual construction). Corrections were simply politely ignored. Such simplicities are perpetuated due to the nature of the discipline. Though erroneous they are usually models that are easy to teach and easy to test. In lectures and more informally these commonplaces are replicated by each succeeding generation. They only seem to die through prolonged disinterest. A Stigler-inspired version of the kinked demand curve could be reproduced for decades in textbooks until finally killed off by professional ennui alone.

These are not entirely esoteric issues because the inability or refusal to read combined with fierce ideological objectives must eventually leach into the area of policy debates and decisions. Of course the Chicago counter-revolution intended not merely to

[10] Friedman's antics are examined at length in an endless review of the Friedman/Patinkin controversy. This ostensibly centred on the issue of a supposed Chicago oral tradition of the thirties. Certainly on Friedman's part the battle involved more than some simple fact finding issue.

change the profession's understanding of how the world worked but to change the nature of the world itself. Despite protestations, especially by Stigler, the point the Chicago stalwarts intended to make was not just that Keynesian macroeconomics or non-equilibrium economics were wrong, but that they were dangerous. Chicago's consistent failure to separate Church from State is what remains most dangerous. As displayed throughout these pieces, the discipline itself is undermined when economists decide that the objective of their profession is not so much to achieve understanding but rather to provide the foundations for pre-ordained theological goals.

2. Nobody Here But Us Chickens: The Unappreciated Importance of Ideology

> Another strong characteristic is the unity of this group who properly felt that they were lone voices crying in the wilderness. And that most of the profession was against them (Conversation with Paul Samuelson October 1997).

In examining ideology it is surprising how many economists seem deliberately blind to its influence and presence. (This might be labelled a 'no one here but us scientists' approach.) Perhaps in the case of Milton Friedman the polemical nature of much of his work is too obvious even for economists to ignore.

> And he [George Stigler], on more than one occasion asked me the question — he never gave the answer himself and I never knew how to answer the question myself — 'Did I think that Milton Friedman would be remembered most for his polemics on policy or his scientific work on things like the consumption function?' He never gave the answer himself and I didn't know what the answer to that question was. I still don't know what the answer to that question is, but he obviously thought about this issue. This was an issue in his view and I would have to infer from his own behavior that he was of the opinion regarding his good friend and respected colleague, that Milton's scientific work would be the hallmark by which he was most remembered. But that remains to be seen (Conversation with Harold Demsetz October 1997).

Certainly this tendency was noted by such erstwhile colleagues as Harry Johnson and Don Patinkin. Clearly they realised how Friedman strategically arranged his data and arguments to arrive with just the conclusions he desired.

> [Friedman] has frequently trapped and sandbagged critics of reputation and integrity by the technique of under-disclosure of analysis and evidence and apparent overstatements of the strength of his results (Johnson quoted in Leeson 2003: 261).

His many public appearances made it clear just where his ideological tendencies lay. (The point is not whether those *a priori* beliefs were good or bad but the influence that they exerted.)

Another story must be told when George Stigler's work is examined. In this case, economists whose memory extends far enough back to have some familiarity with his work ingenuously take Stigler's output at face value. Stigler clearly announces that ideology has no significant effect on economic theory. For many economists that is simply the end of the story. They seem happy to swallow such an announcement whole. By doing so, they fail to grasp the essence of the Chicago approach. Namely, economists must look to actual behaviour and actions rather than to specific pronouncements.

> There is this definite bias in Economics. You see what people *do,* not what they say. Because, you can never competently judge their motives, or what is in it for them [laughs]. You've got to study their behaviour, pure and simple (Conversation with Sherwin Rosen, October 1997).

The willingness however to believe that Stigler rose above the ideological frays of the Cold War period, lies in the fact of Stigler's integrity, subtlety of approach and refusal to seek the limelight. This is in stark contrast with the extroverted strategy embraced by Milton Friedman. However, as Milton Friedman himself points out in his own venture into methodology (the land of 'as if'), what people do is more important than what they say. Or in the classic phrase of economics, 'talk is cheap'. Clearly for both

Milton Friedman and George Stigler more than just economic theory was at stake.

> MF [Milton Friedman]: There's no problem. It's true, that George did want to change things.
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> AD [Aaron Director]: But he preferred to study them, not to change them.
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> MF: He preferred to say that he preferred to study them.
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> AD: He preferred to study them. I should quit this argument.
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> MF: It was partly a long-running difference between him and me.
>
> AD: You're right.
>
> MF: And he liked to stress, "I just want to understand the world and Milton wants to change it."
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> AD: That's right. And predominantly I think that George was correct.
>
> RF [Rose Friedman]: You would have to have them both psycho-analyzed.
>
> AD: Yes. That's right.
>
> RF: Or hypnotized.
>
> MF: Added to that, well a lot of George's attitude came from Aaron. I think you had a lot of influence on what he said.
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> AD: I don't think so.
>
> MF: Between you and me, you were more influential. But of course, you know, people get into patterns of what they say and it doesn't always correspond to what they do.
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> AD: Yes (Conversation with Milton Friedman, Rose Friedman and Aaron Director August 1997).

But this is exactly the problem that is noted at length in the methodology section of this volume. Economists tend to take a superficial, if not naïve, attitude to complex articles. They are not inclined to dig deeper to unearth not only what authors are saying but why they are staking out certain positions. Economists lack the ability to read because there are few incentives that would make the effort worthwhile.

Instead of looking at Stigler's work as a whole, including the times in which he operated, these economists are willing to pick out just a few influential works and evaluate them in isolation.

What these innocents avoid is the Don Quixote aspect of much of his work. As has been so accurately stated, his lifelong goal was clearly to protect neoclassical price theory from being ravaged by any crude barbarian pretenders.

> Much of his work centered around saving the damsel in distress, neoclassicism, from her attackers: hence his work on the economics of information and his enthusiasm for the Coase theorem (Friedland 1993: 780).

This campaign had a two pronged approach. The positive aspect increasingly demonstrated a unified approach based on perfect competition (or as Melvin Reder (1982) notes in his perceptive piece, an unquestioning acceptance of a tight prior equilibrium[11]). Bits inherited from his teachers, such as theories of monopoly, tended to fall away. His break with Frank Knight became inevitable as Stigler gauged the reach of basic price theory to extend indefinitely.

> His views did become more consistent. I agree with you on that. Other people may not think so, but I think definitely that was true. He began to re-think some positions he had just inherited. Inherited you know, from his teachers and so on, or from the literature and he put it in a more consistent framework (Conversation with Gary Becker October 1997).

[11] Reder defines the Chicago approach focused on a Tight Prior Equilibrium as entailing the following procrustean operation:

> Any appropriate inconsistency of empirical findings with implications for the theory, or report of behaviour not implied by the theory, is interpreted as anomalous and requiring one of the following actions: (i) re-examination of the data to reverse the anomalous finding; (ii) redefinition and/or augmentation of the variable in the model, particularly the permissible objects of choice and the resource constraints; (iii) alteration of the theory to accommodate behaviour inconsistent with the postulates of rationality (constrained optimization) by one or more decision makers (resource owners); (iv) placing the finding on the research agenda as a researchable anomaly (Reder 1982: 13).

The other aspect of Stigler's work has an almost Grand Inquisitor characteristic. His ability to sniff out dangerous microeconomic heresies remains unrivalled. Notice that he only conducted his demolition derbies against those approaches that didn't implode quickly under their own theoretical inconsistencies. As demonstrated in his long running battle with John Kenneth Galbraith, the aim was total annihilation not reasoned debate. There simply could not be anything of value in the approaches adopted by Galbraith or others.

> MF: I don't think you're getting at any thing that is really specifically George Stigler. I think you're getting at something that is (a) the atmosphere at Chicago, and (b) intensified by Knight. That an academic is concerned not with being diplomatic, not with trying to avoid hurting people's feelings, but an academic is concerned with saying what's right. Telling the truth, or trying to get at it. And if you disagree with somebody you don't say, 'Well, now there may be something in what you say."
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> RF: "You may be right."
>
> MF: You say, "That's a bunch of nonsense."
>
> AD: Exactly. That's not surprising (Conversation with Milton Friedman, Rose Friedman and Aaron Director August 1997).

To take such theory seriously would be to attach undue weight to it. The most efficient approach is inevitably to carefully construct a straw man argument which can be easily torched and destroyed. (This approach is detailed in the "Countervailing Egos" piece describing Stigler's conflagration of John Kenneth Galbraith.)

Given these two approaches characterising Stigler's career, the issue becomes the nature of his objective driving this consistent strategy. Understanding this becomes a two-step process. First, it is of crucial importance to locate the common element ruling Stigler's actions. Second, is to connect this ruling element to a congenial ideological imperative. This approach turns bits and pieces of a career into a coherent and consistent whole. Believing that Stigler was anything other than deliberate and conscious of what he was doing is to sell the man far too short. In a post war generation dominated by giants, he was able, based on the power of his economic intuition, to measure up against any of them.

> He was the smartest man I ever met, without doubt. The best working economist that there ever was. He was just the smartest, the very smartest man. ….. Think about it. How many times did he hit something on the head? It's just unbelievable all the things he managed to do that made a difference (Conversation with Sherwin Rosen, October 1997).

Here we need to revisit his graduate work, particularly his dissertation written under Frank Knight. Stigler more than his mentor was particularly drawn to distribution theories based on marginal productivity. Competitive markets eliminated debates over economic power and thus the ability to divert resources and returns to those exercising some crucial authority. Knight of course dismissed such a simple minded approach insisting that inheritance and fortune played roles of equal importance in matters of distribution.

What is unarguable is that alternative approaches focusing on non-equilibrium or multiple equilibrium outcomes could no longer sustain the same type of claims of either efficiency or equity. Thus those microeconomic alternatives which Stigler sought most strenuously to destroy all shared this common characteristic.

> Evidence of Stigler's attachment to neoclassical price theory is also given by that part of his work mainly critical of the work of others. Price rigidity, administered price inflation, the theory of monopolistic competition, and X-efficiency were prominent targets, and each of them denied the efficacy of the neoclassical analytical framework (Demsetz 1993: 800).

These alternatives in fact could be used to justify government regulated distribution. Stigler clearly was adamantly opposed to income redistribution. He felt that it blunted incentives for individuals to try to better themselves. In fact from a moral standpoint, such intervention encouraged people to degenerate by undermining the need for individual initiative.

> But we are persuaded that an economic system will not help us to move in the right direction unless it grants both opportunity and responsibility

> to the individual: the very uncertainty of our ultimate ethical goals dictates a wide area of individual self-determination. We are not able to supply a blueprint of the ideal life, but we are persuaded that even if it were known it would be ideal only for the person who individually and knowingly and voluntarily accepted it. It is not necessary, however, to know what is best; it is enough to know what is better (Stigler 1949: 8).

This line of thinking becomes apparent in the lectures delivered at the LSE in 1948. (See Chap. 4 in this volume.) What is also clear is having come through the first meeting of the Mt. Pelerin Society in the previous year; he saw such collective approaches and actions as dangerous to the foundations of freedom and liberty. The basic ideology that equated markets with choice and choice with freedom would in the decades that followed insure that all empirical results would favour the marketplace. Cradled in the cold war, Stigler's theoretical and empirical work would always be prefaced by this one unshakeable bit of economic faith. Markets work and the job of the economist was to demonstrate this unswerving faith to the sceptical public. Thus what on observation seemed to pose a problem to this one unarguable truth could be transformed, by the clever economist, into a reaffirmation of that faith.

> TP [Tight Prior Equilibrium] theorists are far less willing than others to accept reports of irrational or inefficient behaviour at face value, including money illusion, and typically seek to discredit or reinterpret such reports so as to protect the basic theory (Reder 1982: 15).

What this motley collection of musings hopes to do is to show the seamy side of fundamentalism when practised by the masters of the trade. The way in which economists can avoid such ideological traps is provided in the methodological articles in the back end of the volume. The one reliable approach that can break through oral traditions, assertions and lies passed on by our respected teachers is to learn to read carefully and critically. To do so is to break free of polemically driven economics where practitioners begin their investigations by knowing their results in advance.

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