

RACE, LIBERALISM, AND ECONOMICS

Race, Liberalism, and Economics



EDITED BY

David Colander, Robert E. Prasch, and

Falguni A. Sheth

THE UNIVERSITY OF MICHIGAN PRESS

Ann Arbor

Copyright © by the University of Michigan 2004

All rights reserved

Published in the United States of America by

The University of Michigan Press

Manufactured in the United States of America

© Printed on acid-free paper

2007 2006 2005 2004 4 3 2 1

No part of this publication may be reproduced,
stored in a retrieval system, or transmitted in any form
or by any means, electronic, mechanical, or otherwise,
without the written permission of the publisher.

A CIP catalog record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Race, liberalism, and economics / edited by David Colander, Robert E.
Prasch, and Falguni A. Sheth.

p. cm.

Includes bibliographical references (p.) and index.

ISBN 0-472-11356-9 (cloth : alk. paper)

1. Race relations—Economic aspects. 2. Racism—Economic
aspects—United States. 3. United States—Race relations—Economic
aspects. 4. United States—Economic policy. 5. Liberalism—United
States. I. Colander, David C. II. Prasch, Robert E., 1958–
III. Sheth, Falguni A., 1968–

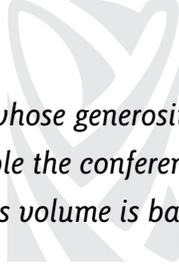
HT1531.R328 2004

305.8'00973—dc22

2003021576

To Julie Kidd

*whose generosity
made possible the conference on which
this volume is based*



Contents

Preface	ix
Introduction	i

PART I

Classical Economic and Early Approaches to Race

Apes, Essences, and Races: What Natural Scientists Believed about Human Variation, 1700–1900 <i>Brendan O’Flaherty and Jill S. Shapiro</i>	21
The Negro Science of Exchange: Classical Economics and Its Chicago Revival <i>David M. Levy and Sandra J. Peart</i>	56
Contextualizing David Levy’s <i>How the Dismal Science Got Its Name</i> ; or, Revisiting the Victorian Context of David Levy’s History of Race and Economics <i>Susan Zlotnick</i>	85
John Stuart Mill on Race, Liberty, and Markets <i>Falguni A. Sheth</i>	100

PART 2

Neoclassical and Modern Approaches to Racism

“Not an Average Human Being”: How Economics Succumbed to Racial Accounts of Economic Man <i>Sandra J. Peart and David M. Levy</i>	123
--	-----

One Hundred Years of American Economists on Race and Discrimination, 1881–1981 <i>Robert E. Prasch</i>	145
Racial Discrimination in the Labor Market <i>William A. Darity Jr. and Patrick L. Mason</i>	182
Liberty and Equality and Diversity? Thoughts on Liberalism and Racial Inequality after Capitalism's Latest Triumph <i>Marcellus Andrews</i>	205
<i>The Anatomy of Racial Inequality: A Clarification</i> <i>Glenn C. Loury</i>	238

PART 3

Policy Issues

Pragmatism, Liberalism, and Economic Policy <i>David Colander</i>	259
Better Recreational Drugs: Unleashing Technology to Win the War on Bad Drugs <i>Vanita Gowda and Brendan O'Flaherty</i>	275
Bibliography	285
About the Authors	309
Index	315

Preface

Economics is about policy, and policy by nature is transdisciplinary. This book attempts to look, in a broader manner than is usually done, at economic ideas as they relate to race and to policies that deal with racial inequalities. It was inspired (or maybe the better word is *provoked*) by David Levy's work on the history of economics and its relationship to racism. David's work was, as it usually is, provocative and interesting, but it seemed to us that there was more at stake than was initially evident from his articles and from those he published with coauthor Sandy Peart. Specifically, it seemed that David had a broader agenda of revitalizing the Chicago approach to race. A conference was designed to explore that broader goal and to consider the issue of race in a broader perspective than is usually done. This book is the end product of that conference.

The conference was made possible by the generosity of the Christian A. Johnson Endeavor Foundation, which has funded David Colander's chair at Middlebury College. It was one of an ongoing set of conferences that have been run at Middlebury College on economic issues. These conferences have always tried to bring out, rather than hide, controversy, and this one was no different; we chose a set of very bright participants from a variety of different fields, including philosophy, English, and anthropology as well as economics, and we let them at each other. The diversity of approaches of the conferees was not only from outside economics; there was also a significant diversity of views among the economists who attended.

While this volume is derived from the papers presented at the conference, it diverges from the conference in a number of ways. We used the conference as raw material and then, after the conference, organized the themes that came up in discussion into what we think will be an interesting and provocative volume. This places enormous burdens on the participants, whom we asked to expand on issues that were raised at the conference and that we believe are important for understanding the subject