Obscuring the Normative: How the Texts Evaluate Monopolistic Competition

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It is common for critics of the libertarian economic program to regard the neoclassical structure itself as inevitably leading to normative conclusions in support of unregulated markets. Overlooked is the fact that early in the marginal revolution it was uncertain whether market supporters or critics would be more apt to make use of the neoclassical structure to better articulate their ideas. It has primarily been the libertarians who have made extensive use of the neoclassical model in the years since, but some of the most penetrating critiques of the free market have relied upon the categories and methods of analysis that are neoclassical in spirit.[1]

I will be arguing in this paper that ideological biases of the introductory textbooks are to be found less in the neoclassical theory than in the casual discourse and informal modes of argumentation that accompany the presentation of core theory.[2] In this paper the focus will be on the way in which the texts introduce the student to the subject of monopolistic competition. I will be arguing that a rather weak normative case is made for this industry structure vis-a-vis perfect competition and, more significantly, that the texts are negligent in their choice of questions to investigate.[3]

Monopolistic competition plays a strong role in describing the rediscovered Horatio Alger that has become something of a folk hero in recent years. To "compete" successfully in the modern vernacular sense (i.e., to be a winner) requires either producing more cheaply that which others are already producing or, more typically, differentiating one's product in the sense recognized in the 1930's by Edward Chamberlin (1933) and by Joan Robinson (1933). While monopoly or oligopoly might best describe the end state to which budding entrepreneurs aspire, monopolistic competition remains at least a stopping point on the way to that end. As importantly, for the general public, an economy consisting of monopolistically competitive industries likely symbolizes something of an ideal, the world of relatively small businesses. What the texts are saying about this industry structure can go far in reinforcing or deflating popular belief.

Is Product Differentiation Desirable?

On first consideration the model of monopolistic competition presented by Edward Chamberlin and the related model of imperfect competition presented by Joan Robinson seemed to suggest that actual competitive industries were seldom as ideal as the model of perfect competition had suggested. When the conditions of perfect competition held for an industry — many firms each producing a product indistinguishable from the products of its rivals, and easy entry into or exit from the industry — an extraordinarily strong case for a laissez-faire market economy emerged. With such perfect competition it is easily demonstrable, and indeed is demonstrated in every introductory text, that each firm would find it in its interest to produce at a rate of output that minimized the average cost of production,[4] and, at least as significantly, would inadvertently create a condition of allocative efficiency, whereby the society was provided with the socially optimal amount of the particular product.

Though Chamberlin's primary focus was more positive than normative, there did nonetheless emerge from his model (as well as from Robinson's) the significant conclusion that when monopolistic competition prevailed, with each firm producing a product somewhat distinct from other firms in its industry, then neither optimal condition would be achieved. In equilibrium, a firm's profit maximizing rate of output would not be the rate of output that minimizes average cost and with equilibrium price greater than marginal cost, allocative efficiency would not prevail.

Paul Samuelson's principles text remains the benchmark for introductory texts in the United States.[5] Though the 50 or so texts currently available are clearly differentiated, the breezy, informal style introduced by Samuelson remains characteristic of virtually all.[6] More significantly, the content and organization of most current books still bear the imprint of Samuelson's original book. With this in mind, it will be instructive to contrast Samuelson's normative assessment of monopolistic competition with what is being offered in the other leading texts today.

In the eight editions of his text that appeared between 1958 and 1980, Samuelson has the following to say:

> Adam Smith would have to rely on strictly defined 'perfect competition' to get his result. As soon as we have imperfect competition in the real world, we have left the Garden of Eden and there arises (the) problem of how to minimize the evil and wastes involved in such imperfection of competition (Samuelson, 1980, p. 472).[7]

While this passage raises the possibility that public policy might serve to undo the "fall from grace", at other times Samuelson seems to recommend living with the monopolistically competitive outcome. So, for example, in the last edition that he authored by himself he states, "Imperfect (monopolistic) competition is the prevailing mode, not perfect competition. A good approximation of perfect competition may be the most society can strive for "(1980, p. 42). Activist or not, one message appears clear. Perfect competition represents an ideal for Samuelson, albeit an ideal that it might be too costly to bring about.

It is this idealization that the modern texts seem unwilling to accept. Of the 14 books investigated, none accept outright the claim that a world comprised of perfectly competitive industries would be preferable to one comprised of monopolistic competitors. Each of the texts offer an argument for and against monopolistic competition, with several ultimately leaving the reader with the clear impression that we are better off with monopolisitic competition than we could possibly be with perfect competition.[8]

One strategy for defending monopolistic competition is to simply declare that it is "close enough" to perfect competition. As Campbell McConnell and Stanley Brue put it, "...we must not be hypercritical of monopolistic competition. In many monopolistically competitive industries the price and output results are not drastically different from those of pure competition" (1990, p. 547). This amounts to a suggestion that society should be virtually indifferent between perfect competition and monopolistic competition and might be characterized as a normative variation on a positive theme propounded separately by George Stigler (1950) and Milton Friedman (1953, p. 15), according to which successful analysis of the economy can proceed under the assumption that industries are perfectly competitive.

A different sort of "defense" of monopolistic competition can be traced back to Chamberlin himself, who argued the following:

> The explicit recognition that product is differentiated brings into the open the problem of variety and makes it clear that *pure competition may no longer be regarded as in any sense an 'ideal' for purposes of welfare economics.* In many cases it would be quite impossible to establish it, even supposing it to be desirable. But even where possible, it would not be desirable to standardize products beyond a certain point. Differences in tastes, desires, incomes and locations of buyers ... all indicate the need for variety and the necessity of substituting for the concept of a 'competitive ideal' an ideal involving both monopoly and competition. How much and what kinds of monopoly, and with what measure of social control, become the questions (1948, pp. 214-215).[9]

This is, of course, less an argument for instituting or creating monopolistically competitive industries than it is an assertion that in going from a world of homogeneous goods to one of differentiated products, something valuable is being gained (variety) at the same time that something valuable is being lost (technical and allocative efficiency).

Of the texts surveyed, only two are careful to convey this point while also emphasizing Chamberlin's argument that it is not possible to say just how much variety is optimal. As Stanley Fischer, Richard Dornbusch, and Richard Schmalansee pose the issue,

> Do market economies generally make the right choice between greater variety and lower unit costs? Looking around in the shops, we often have the feeling that there is too much variety, with manufacturers wasting resources to produce many nearly identical brands of some products. However, economists have not been able to make a strong case that we have too much, just enough, or too little variety (1988, p. 228).[10]

Half of the texts leave the reader with the impression that the U.S. economy possesses the proper degree of variety. This impression is conveyed in two ways. First, variety is sometimes implicitly presented as a dummy variable, something an economy has or does not have, the possibility of degrees of variety being overlooked. The contrast is thus between the U.S. economy as observed and one with no differentiation within a particular

industry, with the former being judged superior. Roy Ruffin and Paul Gregory, for example, state that "Many regard such excess capacity as the price we must pay for variety" (1988, p. 646). Were they, in another context, to have said, "Many regard the observed pollution as the price we must pay for manufactured goods", they would clearly be guilty of misleading the reader since a lesser, more efficient level of manufactured goods might emerge if the spillover costs were internalized. So, too, in the case of "variety", an optimal level (by impeccably neoclassical criteria) might be less than currently observed, with a corresponding decrease in "excess capacity".

A more common practice has been to suggest to the student that there are indeed degrees of variety, but that the variety encountered in the economy represents a rational choice. Thus Edwin Dolan and David Lindsey argue as follows:

> Suppose it were true ... that prices would be a little lower if there were fewer barbershops, each somewhat less conveniently located; or fewer supermarkets, each a little more crowded; or fewer ice cream flavors, even if that meant leaving out some people's favorites. Would a move in that direction benefit consumers? Not if consumers were willing to pay something for variety (1988, p. 664).

Implied in this passage is that if consumers value variety then it is impossible to have "too much" variety, a problematic inference to say the least.

Robert Ekelund and Robert Tollison state that "A society that produces only white shirts may be efficient in a technical sense, but it is apparent that Americans have not chosen such a society" (1988, p.271). They go on to argue that "The repeated purchase of other kinds of shirts at higher prices means that consumers are willing to pay for differentiation and their satisfaction is thereby heightened" (1988, p. 273). Once again the assertion that "people value variety" is conflated with the quite different assertion that "free markets give rise to an optimal amount of variety".[11]

It is particularly troubling that the social science that occasionally calls itself "the science of choice" manages to re-enforce a faulty strain of popular reasoning that says if each does what he or she prefers, the aggregate outcome must be preferred by all to any other feasible aggregate outcome. Each of the books surveyed, including those arguing that people's free actions indicate they want all the variety that the economic system produces, at some point introduces the student to the prisoner's dilemma and related paradoxes of free choice, though none emphasize its potential applicability to monopolistic competition.

While Ralph Byrns and Gerald Stone appear to recognize that the free market's production of variety may be less than ideal, they obscure the problem in a different sort of way. As they put it, "If you view product diversity as worthless and are unwilling to suffer from this type of economic inefficiency, a solution is to buy only generic or unbranded goods" (1989, p. 527). To say that the free action of individuals leads to "too much variety" carries with it the suggestion that unilateral resolution of the problem is not possible. It is in one person's interest to give up variety only if others are willing to do the same. This feature, after all, is what makes the phenomenon a "paradox of rationality." Byrns and Stone, nonetheless, leave the student with the impression that an individualist resolution of any perceived problem is at hand. The central point is obscured.

Even Samuelson's text in the most recent two editions (co-authored with William D. Nordhaus), is not immune from the trend toward providing a questionable defense of this industry structure. In replying to the critics of monopolistic competition, they have the following to say:

> Modern analysts ... respond 'By decimating the hordes of monopolistic competitors, you might well lower prices. But you may also lower ultimate consumer welfare as people no longer have the desired diversity of goods. The consumer-surplus losses from too-high prices are small, while people appear willing to pay a great deal for diversity rather than all going around in identical gray shirts or box-like cars" (1985, p. 537) .

No rationale is given for believing that the action described would lead to a less desired level of diversity than what it replaces. The implication is that the observed outcomes of market societies represent the popular will. This is especially ironic when it is considered that it was Samuelson, in his earlier editions, who reminded students that society had never been given a chance to choose publicly between more or less diversity than actually existed (1964, p. 498-498 fn).

It is also curious that Samuelson and Nordhaus choose to summarize the world of perfect competition as one consisting of "identical gray shirts" and "box-like cars". For Ekelund and Tollison the identical shirts are white rather than gray but the tone of their message is much the same (1988, p. 271). Though unstated by these

authors, there is the suggestion that homogeneity is by its nature something imposed upon citizens in authoritarian systems. Byrns and Stone state that "Homogeneity . . . may occur as a consequence of orders from some central authority" (1989, p. 523) while Baumol and Blinder describe students who are *forced* to wear the same clothes. Here we see the idyllic world of perfect competition being linked with centrally planned, authoritarian systems. Unacknowledged is the fact that the classical economists who first articulated and analyzed the perfectly competitive economy imagined this economy to be the spontaneous outgrowth of economic forces. It is one thing to point out that government participation would be required to attain an ideal of perfect competition. It is something else again to portray perfect competition as a by-product of an authoritarian government.

Additionally, the possibility that a move toward homogeneity might result from non-governmental institutions goes unremarked. Professionals might be argued to differ from merchants in having a certain loyalty to a particular definition of the "product" that they sell. Thus, for example, if physicians take their oath seriously, they are restricted from taking full advantage of product differentiation. If educators take their professional commitment seriously, they likewise can differentiate only within rather circumscribed limits. The possibility might at least be raised that the contemporary economy encourages "useless" differentiation by providing an implicit moral education that encourages sellers to view such differentiation as what "meeting demand" is all about. Rationales for restricting competitive behavior voluntarily certaily exist in the Economics literature but are lacking, I would argue, in the popular understanding.

Even if it be granted that rather intensive governmental measures would be necessary to create the world of perfect competition, the reader of these texts is given no explanation as to why the homogeneous product that emerges from each industry would be "dull". Why "boxy cars" and "gray shirts"? If the point is that a sort of government failure would occur with products inevitably degenerating to a functional form devoid of any interesting characteristics, this argument should be made clear to the reader. What seems more likely is that the text writers have been shaped to some extent by the advertising and marketing that characterize the firms they purport to be analyzing. The process of product differentiation is, after all, the process of making one's product seem superior to all others. With the continual message being that each further act of differentiation is creating an aesthetically richer world, it might indeed seem that to undo these efforts would represent an aesthetic reversal. But it is highly questionable that the process of differentiation has any net beneficial effect from the standpoint of any particular standard of taste. There is, in short, no clear reason to believe that a homogeneous product would be duller than the average product a heterogeneous industry would produce.

Only Robert Heilbroner and James Galbraith (1990, p. 576) raise the Galbraithean theme that differentiation might represent one particular manifestation of preference manipulation which would call into question the welfare theoretic conclusions that require the assumption that seller's meet existing preferences.[12] None of the books makes even passing reference to the problem posed by positional goods. As Fred Hirsch (1976) argued, an unrestrained market would tend to overproduce those products which confer status on their owners. With status by its nature being in fixed supply, an effort by one to gain social position relative to others by "consuming smartly" has a clear spillover cost, the "smart consumer's" gain being a loss to others. While invidious comparison and the attempt to gain via positional goods may be prevalent in any conceivable social arrangement, including a world of perfect competitors (consuming more undifferentiated jewelry at the expense of undifferentiated shirts earns one status), there is little doubt that product differentiation furthers the process of status seeking. One needn't move from shirts to jewelry to gain status but can maintain one's relative mix of generically defined products if so desired and move from low status to high status shirts. Thus what the texts treat as a virtue of product differentiation, differing quality grades, may be seen as a vehicle for furthering the wasteful process of invidious consumption. The matter is complicated and I don't deny that clear welfare conclusions on the matter would require considerable work. My only intent has been to draw attention to the fact that the texts omit entirely the issue from consideration, especially puzzling when it is considered that competitive consumption by Yuppies has become a subject for parody in the popular culture.

Are the Texts Asking the Right Question?

Imagine the following exchange between a radical proponent of chemotherapy and a healthy bystander.

Proponent: I have here irrefutable proof that those suffering from a wide range of cancerous

conditions markedly increase their chance of survival by partaking of chemotherapy treatment.

Bystander: I do not deny in any way what you say. I fail to understand why you are recommending chemotherapy treatment for me, however, since I am not suffering from any of the cancer types that you name. In fact, there is no evidence that I have any sort of cancer.

Proponent: Don't be so quick to reject chemotherapy treatment. I think you would have to agree that it is better to *not* have cancer and to be undergoing chemotherapy than to *have* cancer and be undergoing chemotherapy. Your chance of survival is considerably greater in the former case than it is in the latter.

Were the exchange to end at this point, it would be fairly apparent that the chemotherapy proponent had pulled a rhetorical sleight-of-hand. Formalizing the exchange, let

A = the existence of cancer, and
B = chemotherapy treatment.

The proponent began by drawing attention to the fact that if A, then B is optimal. The healthy bystander noted that condition A was not fulfilled and implied, without making explicit that if ~ A, then B is not necessarily optimal. The proponent cleverly changed the nature of the debate by asserting that "being cancer-free and undergoing chemotherapy" is preferable to "having cancer and undergoing chemotherapy," that, in other words:

(~ A and B) is preferable to (A and B).

Avoided altogether by the proponent was whether abstaining from chemotherapy was preferable to undergoing chemotherapy, given the healthy bystander's condition, whether, that is:

(~ A and ~B) is preferable to (~A and B).

It is my contention that the principles texts have done something fundamentally equivalent to this in their treatment of monopolistic competition. Now letting

A = perfectly competitive economy, and
B = laissez-faire market economy,

the strong normative message emanating from the competitive model that had center stage prior to 1932 was if A, then B optimal. Once Robinson and Chamberlin drew attention to the fact that condition A was rarely realized, the normative message crying out for emphasis was if ~A, then B not necessarily optimal. What has instead occurred in the principles texts is a debate of the sort reviewed in the previous section, with Samuelson originally claiming that:

(A and B) is preferable to (~ A and B),

While current text authors have tended to argue that:

(~ A and B) is preferable to (A and B).

I do not mean to suggest that it is not a vital and stimulating question that has been debated (though frequently argued poorly, as pointed out in the last section), but rather am emphasizing that the *main* question has been absent altogether from the debate, namely, might it be that:

(~ A and ~ B) is preferable to (~ A and B).

There clearly exist differences between the two cases I have provided; the chemotherapy promoter was transparently fraudulent, the economics text writers, I think it safe to say, are not. In order to appreciate the differences, consider the following rank ordering of the three states of affairs that received attention in the chemoterapy case:

1 (~ A and ~ B)
2 (~ A and B)
3 (A and B).

What is noteworthy is that this rank ordering is not subject to dispute. The promoter drew attention away from the potential user's indisputable assertion that "1 pref 2" by making an equally indisputable assertion that "2 pref 3". Because the ordering itself was not a point of contention, the shift of focus was obvious.

In the Economics case the rank ordering is not at all obvious. My argument has been that the texts should be drawing attention to the *possibility* that "1 pref 2"; to the possibility that something other than a laissez-faire market economy might be preferable to a laissez-faire market economy in the presence of imperfect competition. They have instead focussed on the question of whether or not "2 pref 3". This is, let it again be noted, an interesting and debatable question, but a decidedly secondary one.

There is one other difference between the two cases. In the chemotherapy case, ~ B denotes the absence of something (a treatment) but does not suggest the presence of something else to, so to speak, fill the void. Contrary to this, "not having a laissez-faire market economy" suggests not just the absence of a particular institution but suggests that some other organizing device must be present. Putting it simply, it is not possible to say whether or not imperfect competition and "~B" is superior to imperfect competition and "B" unless we have some idea what it is that would replace B (regulated market economy? central planning?). It is precisely for this reason that the rank ordering of 1 and 2 is not obvious as it was in the chemotherapy case.

According to Joan Robinson a shift in the discussion surrounding monopolistic competition occurred following the second World War. As she said:

For obvious reasons (especially in the

United States) fashion favors the defence of capitalism rather than criticisms of it ... No one, indeed, tries to reinstate the old ideal of perfect competition in its old form, but the argument runs — if imperfection of competition is a necessary feature of a market economy, and a market economy is a good thing imperfect competition cannot be a bad thing" (1960, p. 241).

When this passage is taken in conjunction with the earlier quote from Chamberlin, there arises the question of whether it is unfair to in any way fault the textbooks for the normative assessment of monopolistic competition that they offer, since an originator of the theory himself (Chamberlin), and the profession in general (according to Robinson) were moving in that direction.

A primary concern with realpolitik and a lack of concern with the articulation of economic arrangements that current political realities make impossible to implement, might be an admirable characteristic of policymakers embedded in the world of practical affairs. The mission of introductory economic texts, however, particularly to the extent that they constitute one component of a liberal education, should be quite different. It is my contention that since the market system receives such widespread support in the general culture (particularly following events in Eastern Europe) it is more important than ever that the undergraduate introductory course critically examine the market system. A way to begin would be to acknowledge that economists qua economists do not have any strong evidence that the market outcome is superior to what other means of organizing economic activity might accomplish.

Concluding Remarks

In attempting to discover what lies behind the very sympathetic treatment of monopolistic competition in the texts, it is worth raising again the possibility that the authors of the cited texts are simply reflections of contemporary culture. The same forces that have caused the independent entrepreneur to become a cultural icon of the 80's have perhaps caused economists to accord more respect than they once would have to the theoretical embodiment of this icon, the monopolistic competitor.

Also to be considered is the fact that the industry of which the textbook writers are a part (Economics texts) is itself close to meeting the conditions of monopolistic competition.[13] As Amartya Sen points out (1987, chapter 1), contrary to the mainstream vision of the economic agent as an amoral, maximizing creature, humans have a strong desire to do what is right. A text writer, especially an Economics text writer, is likely to be subjected to considerable criticism that his or her offering is almost just like the other available texts. The task of finding good reasons for writing a book that is just slightly different than what is already available in all probability leads such an author to think more highly of an industry structure precisely characterized by such differentiation.

As significant as these reasons may be, I will be arguing that something much more fundamental lies behind the treatment of monopolistic competition. Many of the text writers are proud to proclaim that their approach is "hands-on" and practical in nature. The rationale for such an approach is often pedagogical. So, for example, Spencer claims in his preface that his text "enables students to become deeply *involved* in the learning process by 'practicing' economics instead of merely hearing about it in lectures and seeing it in a text" (1986, p. vii).

What seems more common is the sentiment expressed by Robert Thomas that sees concrete applications of theory as the raison d'etre of the introductory course. As Thomas states: "Seeing how the tools are applied will not only show you the power of the economic way of thinking, but will help you reach the second stage of economic knowledge - the ability to apply economics for yourself. After all, why else should you spend the time studying economics?" (1989, p. ix). Apparently Thomas sees Economics as different in nature than the humanities as well as such sciences as astronomy and physics which offer no practical applications to the non-professional. Either that or he regards such courses as not worth the bother. A stronger instrumental view of economics - "Economics as a tool kit" - it would be hard to find.[14]

A parallel theme often encountered in the prefaces of the texts is a sensitivity to what has come to be called, epistemological problems notwithstanding, the "real world". Thus Bradley Schiller states "All principles texts on the market today claim to emphasize 'real world examples and issues'." He goes on to assure the reader that his text "does more than pay lip service to this claim" (1989, p. v).

If the "relevance" of the texts is more than "mere lip service" and if this relevance has substantive content, measureable by the propensity of a book to take purely economic notions and link these to other ways of looking at the world and to problems whose resolutions require the interplay

of many disciplines, than it is instructive to contrast the texts with the professional literature. As Arjo Klamer (1987) argues, modernism in the professions is partly expressed by a movement away from engagement with those outside one's discipline toward an internal dialogue. Such a trend certainly has been occurring in the professional economics literature manifested, for example, by the implicit assumption of economists that their readership has no shared knowledge base outside of the discipline. One might argue that the trends occurring in the journals have been approximately matched by trends in the texts, that in both instances economists have become something of a world onto themselves. However, even if true, it seems that journal contributors differ from text authors in their attitude toward this development, the former group being generally at peace with the status quo, the latter believing that more "relevance" is called for.

This raises the possibility that what has come to most distinguish these two groups of economists is that the article writer's payoff is primarily status and professional recognition, the text writer's payoff primarily money. Acceptance of this thesis does not, however, make it obvious that the texts would be moving toward (or claim to be moving toward) relevance and applicability. The processs of marketing, omnipresent but more characteristic of commodities than of non-commodities, is, of course, the process of increasing demand. It is possible to perform this function in some instances by characterizing products that might have seemed strictly instrumental in nature as having intrinsic worth or symbolic significance. In other instances the product that was understood to be useful as an end-in-itself might be re-invented as having instrumental value. Only to the extent that the latter holds would a move toward relevant, instrumental texts be expected.

A practical orientation on the part of a text author is not by itself sufficient evidence of conservatism. Liberal and radical reformers are, after all, traditionally as impatient with pure theorizing as are those embracing a businessperson's view of things. What appears to have at least some relationship to whether the practical component of a text is conservative or not is the relative mix of what might be called "civic instrumentalism" and "personal instrumentalism", the former referring to actions that can only be accomplished through collective action, the latter to those actions that are possible for the individual to accomplish unilaterally.[15]

To the extent that the macro component of the introductory texts seeks to be practical and to convey to the student that he or she can be an actor in whatever processes are described, the nature of the action is generally "civic" in nature, which is only to say that one's support for Keynesianism, monetarism, or whatever other macroeconomic body of thought is manifested through political action.[16,17]

In contrast to this is the dominance of a personal instrumentalism in the micro portion of the texts. Smart pedagogy may provide at least a partial explanation for this. When teaching the theory of the firm in any of its theoretical forms, it might be useful to engage the student by placing him or her in the position of an entrepreneur or manager. But this practice might have the unfortunate side-effect of needlessly constricting what the student comes to see as "potential micro worlds". Were civic instrumentalism to figure prominently in introductory microeconomics, the market would be presented as one particular social arrangement that the political process might select. To the extent that the teaching of practical economics focuses on choices that an agent may make once embedded in an ongoing economic system, civic instrumentalism is pushed aside. The market as typically presented is not a matter of choice, but is an exogenous given in the "real world". To be practical and in touch with the real world is to navigate successfully within the existing social order, not to discuss the possibility of altering the order, or the possibility of interpreting the present order as something other than what is popularly thought. Hence the weakness of the evaluation of monopolistic competition. The fact that the theory spelled out by Chamberlin and Robinson threw open to question the strong case for free markets has been obscured.

Notes

1. Significantly, many of those who rely on the neoclassical apparatus to isolate deficiencies in an unregulated market remain basically opposed to government efforts to improve the situation. They often arrive at this position by a rather extreme interpretation of social evolution outlined by David George (1989).
2. Most of the work on the rhetorical practices of economists adopt a more sanguine position that I will. See, for example, Donald McCloskey (1985) and the volume edited by Arjo Klamer, Donald McCloskey, and Robert Solow (1988).
3. The fourteen texts surveyed were William J. Baumol and Alan S. Blinder (1988); Ralph T. Byrns and Gerald W. Stone (1989); Edwin G. Dolan and David E. Lindsey (1988); Robert E . Ekelund and Robert D. Tollison (1988); Stanley Fischer, Rudiger Dornbusch, and Richard

Schmalansee (1988); Robert L. Heilbroner and James K. Galbraith (1990); Edwin Mansfield (1989); Campbell R. McConnell and Stanley L. Brue (1990); Michael Parkin (1990); Roy J. Ruffin and Paul R. Gregory (1988); Paul A. Samuelson and William D. Nordhaus (1990); Bradley R. Schiller (1989); Milton H. Spencer (1986); and Robert P. Thomas (1990). I chose ten of these texts following an informed estimate by a publisher's representative that they were the leading sellers. The other four (Heilbroner and Galbraith; Parkin; Mansfield; and Thomas) were ad hoc additions.

4. This conclusion requires an assumption in addition to those typically specified in the texts, namely, that all firms have the same cost structures.
5. I looked at additions 4 (1958), 6 (1964), 7 (1967), 8 (1970), 9 (1973), 10 (1976), and 11 (1980), all authored by Samuelson alone. The arguments made in these editions will shortly be contrasted with arguments made in the two most recent editions, 12 (1985) and 13 (1990), co-authored with William Nordhaus.
6. The same passage appears in the earlier surveyed editions; (1958, p. 471), (1974, p. 485), (1967, p. 480), (1973, p. 498), and (1976, p. 500).
7. The four that appear to most clearly favor monopolistic competition over perfect competition are Dolan and Lindsey (1988, pp. 662-664), Ekelund and Tollison (1988, pp. 271-273), Parkin (1990, p. 348), and Thomas (1990, p 470).
8. This passage did not appear in the first four editions of *Monopolistic Competition*. It was, however, drawn from an article appearing only four years after the first edition (Chamberlin, 1937).
9. Edwin Mansfield is likewise faithful to Chamberlin's message: "Whether this diversity is worth its cost is hard to say. Some economists are impressed by the apparent waste in monopolistic competition. They think it results in too many firms, too many brands, too much sales effort, and too much spurious product differentiation. But if the differences among products are real and are understood by consumers, the greater variety of alternatives available under monopolistic competition may be very valuable to consumers. The proper evaluation of the social advantages and disadvantages of product differentiation is a problem economists have not solved" (1989, pp. 521-522).
10. For other examples, see Parkin (1990, p. 348) and Thomas (1990, p. 470).
11. The metapreference notion has extended considerably the possible welfare implications of Galbraith's (1958) dependence effect. See, for example, David George (1984), and Albert Hirschman (1985).
12. McConnell and Brue specifically offer book publishing as an example of a monopolistically competitive industry (1990, p. 544).
13. Though even Keynes, at least on occasion, embraced a strongly instrumental position. As he put it, "... do not let us overestimate the importance of the economic problem, or sacrifice to its supposed necessities other matters of greater and more permanent significance. It should be a matter for specialists - like dentistry. If economists could manage to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid!" (1963, p. 373). (The quote originally appeared in his 1930 essay, "Economic Possibilities for Our Grandchildren.")
14. Arjo Klamer has emphasized that another sort of instrumentalism, "learning how to advance the field by learning how the field was advanced", is generally avoided in the principles texts. As he puts it, drawing on Samuelson's food metaphor, "There is no need to peek into the kitchen and watch the preparation of the food. All students need do is eat the apples of wisdom" (1989, p. 133).
15. If the rational expectations movement is understood as having both prescriptive and descriptive dimensions, it might be argued that it has had both civic and personal instrumental components, with students being taught to support politicians who minimize the use of discretionary policy and also being taught how to respond rationally to any discretionary policy that does occur.
16. For an argument that the policy implications of much theory have been greatly exaggerated, see Warren Samuels (1989).

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