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The Role of the Cowles Commission in the History of Information Economics *

ABSTRACT. There is, as yet, no really comprehensive history of the role of the Cowles Commission in the development of economics in the US. There are, of course, some partial contributions concentrating mostly on the early achievements of the Cowles Commission in econometrics, which turned out to be perhaps the least important aspect of its history. The authors focus instead on the role of the Cowles Commission in introducing the models of information into American economic orthodoxy. Major contributors to the development of the economics of information include Tjalling Koopmans, Jacob Marschak, Kenneth Arrow, Herbert Simon, Stanley Reiter and Leonid Hurwicz. As economics gradually switched from being past-oriented to future-oriented, 'information' became an elementary tool which allowed to explain how the inscrutable future causes economic changes in the present. The Cowles Commissions' research agenda comprised both interpreting 'information' as a thing, and treating it as subordinate to a technology of inductive inference. Also nascent computer science played a role in the development of the economics of information. The authors also discuss the reasons why it was at the Cowles Commission where the templates for the economics of information were designed.

KEY WORDS: philosophy of economics, history of economic thought, economics of information, econometrics, Cowles Commission

1. Introduction

There is, as yet, no really comprehensive history of the role of the Cowles Commission in the development of economics in the US.¹ The

* This is a revised version of Chapter 8 of our forthcoming book, *The Knowledge we have Lost in Information*, Oxford, 2017.

¹ Some internalist memoirs include Christ, 1994; Hildreth 1986; Klein, 1991, Warsh, 1993. There is a tendency in these texts to stress the early achievements of Cowles in eco-