

## Introduction

There is today a resurgence of interest in the history of economics, but students often lack the opportunity of taking a systematic course that introduces them to the ideas, policies and writers who played a part in the development of economic thinking from the seventeenth century up to the present day. This book offers a partial solution to this problem by providing a template for students and teachers seeking orientation in the subject. It is based on the material that we have taught to third-year undergraduates at the University of Birmingham for several years, augmented with some material that one of us has covered with graduate students at the University of Oporto and at Erasmus University Rotterdam, expanding it a little beyond our 20 two-hour lectures. We have structured it in such a way that shorter courses could be based on a selection, and we make some suggestions regarding this below.

That this is not a conventional textbook will be apparent from the formal presentation of each lecture, beginning with aims, then providing an annotated bibliography and the relevant chronology before moving on to the subject matter of the lecture. Each lecture ends with a series of questions for discussion that could provide a framework for class discussion or individual reflection. In scope and presentation, then, there is a clear difference here from Roger Backhouse's *Penguin History of Economic Thought* (published in North America by Princeton University Press as *The Ordinary Business of Life*), the textbook we recommend our students to read for initial orientation and which covers the history of economic thought from the ancient Greeks onwards. Likewise, chapter 2 of Keith Tribe's *Economy of the Word* provides an extended overview of the transformation in the use of the word "economy" from the Greeks to the 1960s that provides a more discursive initial orientation.

From the 1920s onwards economic argument rapidly became more formalized and academic, so that what had hitherto largely been public economic debate increasingly becomes debate between academic economists. Before the 1920s economic thinking was both more diverse and less institutionally defined; indeed, part of the story we tell here is the conversion of a broad tradition of political economy into the new university discipline of economics. This shift in economic discourse is symbolized by the way that

books cease to be the chief monuments of economic argument: John Maynard Keynes's *General Theory of Employment, Interest and Money* (1936) is perhaps the last instance where a particular book, rather than articles in academic journals, forms the centrepiece of argument among economists. This is reflected in the tenor of the lectures: up until the early twentieth century the focus is on major books, whereas the later chapters have a more thematic organization, reflecting the predominance of journal articles and the consequent significant expansion of individual publications.

Only in the case of Keynes is a sustained attempt made in the later lectures to deal explicitly with both an economist's original arguments and the development of those ideas by subsequent interpreters. This is because, as is also the case with Adam Smith, who is treated in the same way, students today most often encounter the latter rather than the former, making it important to establish exactly what his original arguments were. The lecture dealing with the Phillips curve also covers both Phillips's paper and subsequent interpretations but the focus is different. Here we deal with the reception of a particular idea that, though still carrying Phillips's name, is generally acknowledged to have been developed and changed by those who came later. While the same kind of divergence between text and reception holds true for Adam Smith, David Ricardo and Karl Marx, it is easier in these cases to focus chiefly on canonical texts since they are now considered historical figures, and they no longer provide key points of reference for contemporary economics in the way that Keynes still does. This does not mean that these earlier writers are irrelevant to economic thinking; rather that modern economics is no longer organized around the key principles that they introduced. Though we do not pursue this, our treatment of these key principles is intended to enable students who wish to do so to think about whether these principles have continuing relevance today.

Our book differs from many introductory textbooks in its reluctance to draw the reader into historiographic controversies and arguments, especially with respect to the older, pre-twentieth-century, literature. It seeks to describe the core literature without at the same time dealing directly with the interpretive controversies that have swirled around key figures, from Adam Smith through David Ricardo and Karl Marx to Keynes. Our purpose here is to introduce the reader to the main lines of the history of economic thinking, and not primarily to controversies about the interpretation of elements of this history. Rather than blur the main lines of our presentation by qualifying it with alternative arguments and positions, we focus on presenting to the reader the basic materials upon which such alternative arguments and positions turn. Some guidance on historiographical controversy is presented in the annotated bibliography, so that the reader can, through further reading, better appreciate the broad range of approaches to the history of economic thought.

Our chronology runs from the Europe of the early seventeenth century to a global present. While any economist seeking to be heard in the world today writes in English, this is a relatively new development, becoming especially marked in the second half

of the twentieth century. Up until this time the languages of economics were French, German and Italian as well as English, with a significant role at times for Swedish, Russian and Spanish. This linguistic diversity survived well into the twentieth century; but one implicit effect of the emergence of English as a world language, and a related decline in the ability of native English speakers to work in other languages, has been that the history of economics today encountered by students is very much an anglicized version of the history. Although our book is written in English, it seeks to redress this imbalance by referring the reader to original-language sources and commentary. Neither the corpus of political economy nor commentary upon it was, before the twentieth century, written predominantly in English. In fact, an argument is made below that we should consider French political economy between the 1750s and the 1850s as the predominant influence in Europe, while the dominance of the German university system throughout the nineteenth century played a major part in the development of both Austrian and American economic thought. Given the scope of this book, we have not been able to properly include important developments in Italy, Spain and Sweden; but in compiling our bibliographic guidance we have not assumed that anything worth reading is written exclusively in English. For most of the period we cover, being international means being pan-European. (To be truly global would mean covering China, Japan and other parts of Asia, but our belief is that these are different histories, and in any case we are not qualified to cover them.) In contrast, over the course of the twentieth century, being international meant being part of a global intellectual community centred on the United States. European economists were still important, but it has increasingly been Americans who have shaped the field most. Our coverage therefore shifts progressively to the United States. There are topics, such as popularization and policy, where it would have been useful to cast our net more widely, but to do so would have challenged the lecture format. Readers should look elsewhere if they want an encyclopaedia.

The shift of emphasis in the course of the book from central texts to a more thematic treatment also eschews some common organizing principles used in the history of economic thought. As already suggested, this reticence reflects our effort to avoid involving the reader in critical controversy before he or she has become acquainted with the bases of such controversy. Nonetheless, some remarks can be made here about common organizing ideas that we avoid in these lectures. We do not trace below the emergence of “central ideas” whose “centrality” is derived from modern economics: for example, “market”, “exchange” or “rationality”. Nor do we treat the mathematical formalization of ideas as a significant axis for a general understanding of the history of economic thought. The various texts and writers that appear in the following are not assigned to particular “schools of thought”. It is common to refer to various phases in the history of economic thought using terms such as “mercantilist”, “classical” or “neoclassical”. While the last of these terms was accepted and adopted by many economists from the 1930s

onwards, “mercantilism” and “classical economics” have always been retrospective and general descriptions of some (loosely defined) types of past economic thinking, which those described by the terms would not have recognized and probably would not have understood. For example, by the 1890s Austrian economists unselfconsciously referred to “our modern economics”, marking off new from old but not seeking to define in any clear way what “unmodern economics” might be. The same property is apparent in the term “neoclassical economics”: little effort was ever devoted to specifying what was “neo” about this “neoclassicism”. Nonetheless, since “neoclassical” has come to be accepted as one of the leading general descriptions of economics in the later twentieth century, this is a term that can be used of this period, albeit with considerable caution since the ideas it is used to cover are very diverse.

The same cannot be said of two other terms: “mercantilism” and “classical political economy”. The first has a history that originates in Adam Smith’s description of early modern economic thought in terms of a system of policy, the “mercantile system”. He introduced this term for his own purposes, but it is of little use to us in understanding the scope of early modern economic argument. The term does remain in circulation but is part of a defunct historiography that is touched on in the bibliography to lecture 1. “Classical political economy” was originally Karl Marx’s way of identifying those writers he regarded as his sources, from William Petty in the seventeenth century through Adam Smith in the eighteenth to David Ricardo in the nineteenth. The most obvious flaw in this progression is the major break that we identify between Smith’s *Wealth of Nations* and the political economy (their term) of Robert Malthus and David Ricardo. Not only is “classical political economy” a retrospective classification that contemporaries would not have recognized, it also significantly blurs important ideas and principles. We prefer to simply ignore the usage. Likewise, we ignore the idea that in the later nineteenth century a “historical economics” existed beyond those German economists who explicitly espoused this description of their work, and who saw themselves as a “younger school” in contrast to an “older school” consisting usually of three writers none of whom shared very much in their approach, nor recognized each other as fellow members of a “school”. Here again, the reader is directed to discussion of these problems in the annotated bibliography, but such ideas are not employed in the body of our lectures.

Leaving aside these organizing ideas, we should also note here that writing on the history of economic thought has until quite recently been dominated by economists who have tended to treat this history as a journey from darkness to light, employing modern ideas to identify and illuminate old ideas that trace the emergent path of a modern science. This is not an approach that we adopt. Rather than mark out our history by imposing modern ideas on earlier thinking that, as a result, can only seem incomplete or faulty, we examine the manner in which changes in human activity directed to sustaining life and wealth have been formulated. It is historical not only

in dealing with past ideas and policies but in seeking to place and understand these ideas and policies in their own historical context. We do not in this way seek simply to relativize knowledge; rather, we seek to assess arguments in terms of the problems they were intended to address, and not our own.

Any course that tries to cover the entire twentieth century poses severe problems of selection: there is much that we would like to have covered but could not. The coverage focuses on developments that we judge to have been important and on which interesting historical work has been undertaken. Inevitably this means a focus on “mainstream” economics; the lectures deal with work considered important by its contemporaries, not with ideas that we think should have been given greater attention. In this sense our approach differs from that of economists who would describe themselves as “heterodox”, many of whom have a strong interest in the history of economics. Thus, although there is significant coverage of some economists who considered themselves heretics, notably J. A. Hobson and J. K. Galbraith, coverage of movements such as post-Keynesian economics, Austrian economics and feminist economics is absent. Though it would have been good to have covered these, a strong case could be made that, were space to permit, it would have been more important to expand coverage of applied fields such as international economics, development economics, environmental economics, health economics or the economics of education. For example, it was a close call whether to replace one of the lectures with one on the history of development economics, on which there is a growing and fascinating literature.

Finally, as noted above, these 24 lectures are open to selection for various purposes. Since the original lectures on which these are based are designed for a two-hour slot, this is implicitly a 48-hour course. It would, however, be possible to pull out the two lectures on Adam Smith, or the two lectures on John Maynard Keynes, as short courses more oriented to classroom presentation. Alternatively, the first four lectures could serve to support a course on early modern economic thought; or lectures 10–12 might be the basis for an account of the shift from political economy to a more university-based economics. In courses covering the twentieth century it would be possible to focus on lectures 13, 15 and 16, possibly in conjunction with lectures 10–12, on the origins of modern microeconomics; while lectures 14 and 19–21 could form a unit on macroeconomics. The last three lectures, 22–24, covering the overlapping topics of popular writing, policy and ideology, form a set covering problems in modern economics that could be used in a course where the details of academic economics are not stressed. While cross references between lectures are provided, sometimes in the text and sometimes in the footnotes, the lectures are mostly self-contained, and there should be no problem in omitting some topics to produce a slightly shorter course to fit the time available.

The somewhat spare and assertive approach we adopt in these written lectures very much reflects the purposes and constraints of a lecture format. As with spoken delivery,

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qualification and digression are avoided to retain a clarity in the line of argument. For a student to understand principles about which there is much argument, it is best to begin with these principles and leave extensive engagement with conflicting interpretations of the material until later. There is a fine line to be drawn here, since the way in which we have selected material represents the many judgements we have made in our respective approaches to the history of economic thought. In lectures 1–12, which challenge some deeply entrenched ideas, the focus is on developing a narrative running from the seventeenth century to the beginning of the twentieth, providing a consistent interpretation of mainly canonical texts. For the twentieth century, when the number of economists involved is so much greater than in previous centuries, it is, as mentioned earlier, harder to focus on a limited number of canonical texts and there is no overarching narrative that needs to be challenged. As a result, the approach is more eclectic, introducing students to topics on which an interesting literature exists. In short, we have made judgements about coverage and interpretation; we are happy to acknowledge and defend these, and we do so extensively in our published articles and books, but our view is that this lecture course is not the place to do so.

Since access to digital versions of both articles and books varies so much from one institution to another and from one country to another, no systematic effort has been made here to give digital sources for the literature we cite. Much of the older French material is available through the website for the Bibliothèque nationale, and the Bavarian State Library (Bayerische Staatsbibliothek, BSB) has an extensive digitization programme. Readers should also search for material in which they are interested at [archive.org](http://archive.org) and similar repositories.

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