The History of Economic Thought


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The history of economic thought (het) is explored today for the most part within a small sub-discipline of economics. It shares a category in EconLit with methodology, where it is called for some reason “Schools of Economic Thought”. Scholars in this sub-discipline conduct various kinds of studies: interpretive biographies, narrative accounts of the growth of ideas and their impact on society, rational reconstructions of the emergence of theory, the behavior of scientific and intellectual communities, and more. It is difficult to estimate the annual research output because the various abstracting, indexing and citation services do not cover the field systematically. A reasonable guess at the number of serious publications produced annually might be perhaps a dozen books and one hundred journal articles. [number] members of the American Economic Association declare they have some interest in the field. From this and other evidence, there may be a total of perhaps three to four hundred scholars conducting research in het worldwide in 2006. (Historiographies of the history of economics are Blaug 1991 and Stark 1994).

The location and style of het are in contrast to the histories of most other academic disciplines, which are found usually not within the discipline under study but within one of the subdisciplines of history known as “history of science” or “intellectual history”. Unlike those studying other disciplines, historians of economics have generally been trained as economists rather than as historians; this training gives them a perspective on their subject of
insiders, but also the historical skills of amateurs. They may understand well the models of the economists they study but have limited experience in comprehending and appraising the context in which the economists worked. Scholars of het are likely to teach somewhere else in economics, not somewhere else in history.

From approximately World War I until the 1960s het (or the “history of doctrine” as it was then called) was lodged comfortably in the “core” of economics. One or two courses in het were required of students at both the undergraduate and graduate levels, taught alongside of micro and macro theory and statistics. It was customary for economics faculty to begin their courses on almost any subject with an introduction to the evolution of relevant theory. Indeed het was thought of by many economists as simply an historical extension of theory, and practitioners of het as simply a special kind of theorist with a long time horizon. Scholars of het met together with other economists in sessions at conferences of the national and international economics societies. Historians of economic thought did not think of themselves as a separate sect within economics and saw no reason to have their own meetings or associations. They published in the mainline economics journals and in the publications of several friendly adjacent disciplines such as history, philosophy, sociology and political science.

However, in the 1950s and 1960s the landscape began to change. Het was banished from the core of economics to the margins of the discipline, ostensibly to make room for burgeoning econometrics. From being a requirement in the curriculum het became an option for both graduate and undergraduate students – if there was someone to teach it, as increasingly
there was not. The mainline professional societies and journals showed less and less hospitality to het. Even the sister sub-discipline economic history, then in the grip of the cliometric revolution and under scrutiny itself for relevance, seemed more and more uneasy about close relations with a subject that was so "literary." More and more of the major postgraduate training programs abandoned het formally when those who taught the subject retired and were not replaced.

The response to this crisis by those involved with het in the 1960s was to regroup and create a new infrastructure in which to operate. This was when the sub-discipline of het effectively came into existence. The first journal dedicated exclusively to the field, *History of Political Economy*, began publication in 1969, and the History of Economics Society (HES) for specialists in the subject was established in 1974. Both of these new institutions, although based in the United States, were intended to serve a worldwide community. Joint sessions of the HES with the American Economic Association and other bodies of economists continued to be arranged, but the HES annual meetings became the most popular gatherings where specialists might gather and interact. By the end of the twentieth century the new infrastructure of het had grown to include national societies around the world and a number of additional specialized journals, notably *The Journal of the History of Economic Thought* (The official journal of the HES), *The European Journal for the History of Economic Thought* (The official journal of the European Society for the History of Economic Thought), *The History of Economics Review* (The Journal of the Australian Society for the History of Economic Thought) *Les Cahiers Charles Gide* (France), and a variety of other periodicals and specialized newsletters
directed to the field as a whole, specific national traditions, or major or major figures in it such as Adam Smith, John Stuart Mill, Jeremy Bentham, Leon Walras, and Alfred Marshall.

A paradoxical situation, then, existed in het at the start of the twenty-first century. While the memberships in societies and numbers of books and articles published annually seemed at least stable, coverage of the subject in the premier graduate training and research centers and in the mainstream periodicals of economics had steadily decreased almost to nothing. Among those few universities that retained some commitment to the field, with more than one designated faculty specialist, were Duke University, the University of Amsterdam, the London School of Economics, George Mason University, and the New School University. In the United States those few graduate students who specialized in the field had to do so usually through a jerry-built tutorial program with a faculty mentor, and a dissertation dictated by the job market with only one among several essays in het. External funding for het, unless it was camouflaged as policy studies or theory, was almost non-existent. So what then explains the impressive place held by het in the economics discipline at the middle of the twentieth century and its precipitate fall, in prestige and respect, within the larger discipline at least, by the end of the century? The answer lies in the subject’s own history, and a brief review of this past will cast some light on the present and prospects for the future.

Over its relatively short existence het has served a remarkable number of radically different purposes for its practitioners. And the number may not yet be complete. The story begins in the eighteenth century.
The Enlightenment - HET as Rhetoric

Political economy as a distinct area of inquiry emerged during the eighteenth century Enlightenment in the writings of the French Physiocrats and the Scottish moral philosophers. Het began at about the same time as the discipline that it studies. The objectives of the first political economists were in part conventionally scientific: to explain novel facts by the use of theoretical models and to establish relationships among variables. But the authors were also deeply engaged in debates over economic policy, and in particular reconsideration of old feudal and mercantile systems that they believed stood in the way of systems based on natural liberty that would make possible the efficient production and distribution of goods and services with maximum human freedom. The Physiocrats clearly held in low regard many of the early thinkers on questions with which they were engaged, for example they denigrated the mercantilist minister of finance Colbert. But perhaps because of their proximity to the Royal Court, where incautious criticism could be dangerous, they used het less as a weapon against those with whom they disagreed than to proclaim their own remarkable accomplishments. Following a division of labor encouraged by their leader Francois Quesnay the Physiocrats assigned Pierre Samuel Dupont De Nemours the task of historian. His short monograph De L’Origine et des Progres d’une Science Nouvelle (1768) may be considered the earliest treatise in het. Dupont claimed that Quesnay and his colleagues had for the first time discovered a body of doctrine that “following the nature of man, exposed the laws necessary for a government to make for man in all climates and in all countries” (35). His book was mainly a celebration of this achievement.
Adam Smith was not as cautious in his criticism looking backward as were the Physiocrats. He was exceptionally well read, knew the economic literature of his day intimately, and was not shy about offering judgments. He cited some writers on economic topics in support of his views, from Aristotle onward, and he condemned others. But he did not in any sense produce a serious and balanced history of economic thought. He had favorites such as his friend David Hume and pointed out some whose ideas were intriguing, like Matthew Decker and Bernard Mandeville. But he did not present the work of predecessors as constituting a unified body of thought or leading inexorably to his own. Indeed his definition of political economy was sufficiently narrow that if taken literally its history could become little more than an account of changing governmental policy.

“Political economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign” (Smith [1776] 1976, 429). Smith praised the work of the Physiocrats, and especially that of “the very ingenious and profound author…Mr. Quesnai.” But he also condemned out of hand earlier thinkers who held fundamentally different views from his own. He attacked opposing systems, such as mercantilism, by discrediting their spokesmen and interpreters. Humans were able to accomplish their objectives best, he was convinced, through a system of free international trade. The history of trade policy, as Smith presented it, was the gradual triumph of “solid” liberal arguments over soft “sophistical” claims for the
benefits of restriction (433). He claimed that those who through time had argued for restriction of imports, bounties to exports, colonies, and other impediments to trade had depended simply on “the prejudices of the mercantile system” (663) and could not be seen as contributing to the progress of political economy. Smith complained that the “different plans” to impede trade “were, perhaps, first introduced by the private interests and prejudices of particular orders of men, without any regard to, or foresight of, their consequences upon the general welfare of the society” (11). About as charitable as Smith could be toward those who had expressed policy conclusions at variance with his own was that their “arguments were partly solid and partly sophistical (433).” Neither the Physiocrats’ self-congratulation nor Smith’s imaginary debates with his predecessors can be considered real history of economic thought.

Classical Political Economy- HET as Doctrinal Cleansing

Neither Thomas Robert Malthus nor David Ricardo was very interested in nor respectful of their intellectual ancestors; they made occasional references to earlier work, especially that of Smith, but they made no systematic attempt to frame it as a whole. Not so their immediate successors, the second generation of what came to be known as the classical economists: James Mill, Nassau Senior, Robert Torrens, James Ramsey McCulloch and others. These later classicists came increasingly to believe that, despite the continuing disputes over important points of theory, something approaching ultimate truth had been achieved in the work of the founders. Senior suggested even that the core of political economy could be expressed a few simple propositions derived from the founding fathers’ work. From these propositions could be inferred both principles of high policy by which
governments should abide, and principles to guide individual human action (Senior 1827, 35-36). Yet among the loose community of businessmen, journalists, public servants and others who pursued classical political economy during the first three-quarters of the nineteenth century there was relatively little agreement concerning what should be included in the literary canon. There were no definitive textbooks (with the possible exception of J.S. Mill’s *Principles* in 1848), professorial oracles, or dominant periodicals to which one might turn for definitive judgements. Indeed, virtually anyone could make a claim for inclusion of his ideas in classical political economy simply by publishing in one of the many generalist reviews, and those who did so often had

It was to correct this condition of seeming doctrinal anarchy and inconsistency, and to impose some discipline upon an unruly conversation, that the classical economists turned to history. Historical investigation could, perhaps, help discern who and what were respectable contributions to real political economy and who and what were not. Each of the doctrinal cleansers had his own ideas of what orthodoxy should entail, but their common purpose in going to the past was to sort out just what this should mean for the present. An example of a work to this end is the book *View of the Progress of Political Economy in Europe since the Sixteenth Century*, a course of lectures delivered by Travers Twiss, Professor of Political Economy in the University of Oxford. Twiss aimed to demonstrate that genuine works of political economy, as the subject had evolved since Adam Smith, employed the scientific method, which he described as testing theory by history so as to produce results that could benefit society: “leading doctrines are the conclusions of an enlarged experience, and are not, as
many persons suppose, mere deductions from arbitrary premises skillfully assumed (v).” Twiss described the ill effects that could follow from the “unsound theory” of such writers as Colbert and John Law. Twiss explained clearly how he proposed to use het as a device to purge political economy of the false doctrines by which it had become corrupted. “I have attempted in the course of the above inquiry to assign to the chief writers their due shares respectively in furthuring the progress of sound opinions, but I have purposely omitted the names of many authors of eminence, who have struggled to retard that progress, although they may have indirectly furthered it by the controversy which they have provoked” (viii).

On several occasions John Ramsay McCulloch, like Twiss, gave an account of the progress of political economy as a morality tale. He pictured truth ultimately conquering error despite the strong forces massed against it. In his pioneering textbook *Principles of Political Economy* (1825) McCulloch included a chapter on “the rise and progress of the science.” He explained that dissension amongst early economists had tended to discredit the subject among scientists generally, and political economists needed to present a united front: “The differences which have subsisted among the most eminent of its professors have proved exceedingly unfavourable to its progress, and have generated a disposition to distrust its best-established conclusions” (1830, 14). One of McCulloch’s primary objectives was to sort out truth from falsehood, so that political economy could gain the reputation and influence that it deserved: “the errors with which this science was formerly infected are now fast disappearing; and a very few observations will suffice to shew, that it really admits of as much certainty in its conclusions as any science founded on *fact and experiment* can possibly do” (15). McCulloch’s
view was that there had to be broad agreement in any subject for it to be considered a science, and therefore the history must be presented as leading toward consensus. He even used economic theory itself to suggest an explanation of how consensus should be achieved and how the theorist inexorably led the empiricist in the improvement of understanding, “It is, in the peculiar phraseology of this science, the effectual demand of the theorist that occasions the production of the facts or raw materials he is afterwards to work into a system” (1830 [1825], 26).

In 1845 McCulloch published another volume entitled The Literature of Political Economy: A Classified Catalogue of Select Publications in the Different Departments of that Science, with historical, critical, and biographical notices. This collection was a little like the lists of books published by the Roman Catholic Church that bear the official approval nihil obstat - those that are without sin. Ricardo is the undoubted patron saint in McCulloch’s account. His Principles was “a most able, original, and profound work. Its appearance formed a new era in the history of the science” (16). Quesnay was in many respects admirable but not as innovative as he and his colleagues had proclaimed; in fact, “he had been anticipated in several of his peculiar doctrines by some English writers of the previous century” (8-9). The Physiocrats failed to achieve their potential, he suggested, mainly because they did not have a labor theory of value (52). Adam Smith was sound for the most part but inexplicably showed doctrinal weakness when he strayed from laisser faire. “So long as Dr. Smith confines himself to a statement of the advantages resulting from the freedom of industry, and of the mischiefs occasioned by the attempts that have so frequently been made to fetter its operations, and to force it into certain
channels in preference to others, his principles and reasonings are equally sound and conclusive, but they are less so in other instances” (13). Malthus was simply an overall disappointment and embarrassment to McCulloch. In his *Principles* “though frequently learned and ingenious, the reasonings are, for the most part, perplexed and inconclusive….Malthus never, in fact, thoroughly understood the Ricardian theory of value, or had any clear perception of the doctrines he was so ready to assail; so that his attacks on them could not be otherwise than feeble and futile” (18).

*Neo-classical and Historical Economics – HET as Literature Review*

Beginning with the Marginal Revolution of the 1870s het took on a new role derived from the physical sciences and mathematics: the literature review. If economists were to be seen as true scientists, economists like William Stanley Jevons insisted, they must walk and talk like them. They must not use the history of their subject to demonstrate a stable orthodoxy, as McCulloch had sought to do. The essence of science was progress and change. The purpose of the literature review to be included with any major work in science should be twofold: to pay due respects to worthy ancestors, and more particularly to use the past to demonstrate how certain prior works led inexorably to the present, superior, one. The emphasis had to be on change rather than on stability. William Stanley Jevons insisted that attention to the past should be seen as liberating and not as stifling deference to orthodoxy. He observed how “in the other sciences the weight of authority has not been allowed to restrict the free examination of new opinions and theories; and it has often been ultimately proved that authority is on the wrong side” (1871, v-vi). Accordingly in his literature review, much extended in the second edition (1879) of *The Theory of Political Economy*
from the first edition(1871), his goal was to show that, without in any way detracting from his own revolutionary contribution, there had been a long but little-noticed tradition in economics of making use of utility and mathematical language or method that led quite naturally up to his own great accomplishment. In the books of the marginal revolutionaries the literature review was placed usually in the preface or in an appendix. Jevons used both. The marginalists were as ready as Twiss or McCulloch to dismiss predecessors out of hand; but their dismissal was more focused, upon those especially who differed in particular method or results from the new work being presented. Here is what Jevons wrote of McCulloch’s heroes: “When at length a true system of Economics comes to be established, it will be seen that that able but wrong-headed man, David Ricardo, shunted the car of Economic Science on to a wrong line – a line, however, on which it was further urged towards confusion by his equally able and wrong-headed admirer, John Stuart Mill….It will be a work of labour to pick up the fragments of a shattered science and to start anew, but it is a work from which they must not shrink who wish to see any advance of Economic Science” (1965 [1879], li-lii). If this was history it was surely not by a dispassionate historian!

Each of the pioneer marginalists had his own way of incorporating a review of the literature into his text. In Menger the historical commentaries were long footnotes that so annoyed the translators of his Principles of Economics into English (1950) that they appear in the translation as a series of appendices. Marshall began with an introductory historical section on “the growth of economic science” in the first edition of his Principles of Economics (1890) but shifted this material in the eighth edition to an
appendix. Irving Fisher, lacking a single broad-based treatise of his own to which he could attach an historical review of the literature, attached one to the translation of Augustin Cournot’s *Researches into the Mathematical Principles of the Theory of Wealth* (1897). These reviews of the literature by the marginalists often have a strikingly unsystematic and personalized appearance with offhand comments that seem out of place in a carefully reasoned text. For example, the following comment by Marshall in a generally laudatory mention of Ricardo and his work seems to reflect more his own casual prejudices than a serious study of history: “his [Ricardos’s] aversion to inductions and his delight in abstract reasonings are due, not to his English education, but, as Bagehot points out, to his Semitic origin. Nearly every branch of the Semitic race has had some special genius for dealing with abstractions, and several of them have had a bias towards the abstract calculations connected with the trade of money dealing, and its modern developments; and Ricardo’s power of threading his way without slip through intricate paths to new and unexpected results has never been surpassed. But it is difficult even for an Englishman to follow his track; and his foreign critics have, as a rule, failed to detect the real drift and purpose of his work” (Marshall, 1964 [1890], 629n).

Edwin Cannan’s *A History of the Theories of Production and Distribution in English Political Economy 1776-1848* was a generalized and highly critical literature review of what had become settled doctrine a half century before the “new” economics of Alfred Marshall. It set out to demonstrate that only with the marginal tools had economics become a science. Cannan’s book was not like the works of Twiss and McCulloch which had set out to sift the wheat from the chaff in the confident belief that a pile of genuine truth
would thereby be revealed. Cannan’s message was that everything before Marshall was hardly worth a glance because none of it was science. He was unimpressed by virtually everything that he read in these early works. He speculated that classical economics might have been useful in the discussion of the Corn Laws and the Poor Laws but was not of general applicability and was useless in the modern debates over such subjects as socialism, trade unions, and land nationalization. Classical economics was a stagnant body of doctrine not a true science. In his view neo-classical economics had come along just in the nick of time because questions about the distribution of income and wealth had come to agitate the public mind. “The treatment of Distribution in the period under review appears even more unscientific and illogical than the treatment of Production” (1994 [1893], 381). Cannan’s morality tale about the history of economics has a happy ending with the Marginal Revolution. “However lucky Error may be for a time, Truth keeps the bank, and wins in the long run” (392). Cannan was confident that Marshall had galloped up and won the race over his classical progenitors. Looking optimistically ahead Cannan points to the opportunities that could be exploited by the application of marginal economics to many hitherto unexplored problems including what would become known as human capital theory. “The doctrine of marginal utility stamps as economical many things which could formerly be recommended only on ‘sentimental’ or non-economic grounds” (405).

The marginalists were not the only ones in the late nineteenth century to use rhetoric to bolster the legitimacy of their approach. The historical school also concluded that a literature review demonstrated the strength of their position. The essence of their claim was that the usefulness of economic theory was
relative to the circumstances in which the theory was applied. Different circumstances required different theory, and the history and appraisal of past theory had to keep in mind the tasks for which the earlier theory had been designed. The American historical economist E. J. James suggested that: “the axioms and theorems which apply to one form of society may have little or no applications in another form, and any attempt to make such application may result in the most absurd conclusions….Nor will a theory which is adequate to the demands of an industrial state like England or America suit such a country [sic] as India or Africa” (Ingram 1888, vii). The historians wrote specifically in opposition to “The assertion of J. B. Say that the history of Political Economy is of little value, being for the most part a record of absurd and justly exploded opinions” (Ingram 1888, 2). This they found to be an unjustified dismissal of early economic thought.

The correct way to view the history of ideas, they were convinced, was as the record of how ideas were useful at particular times and places and not either as a gradual but final movement toward some kind of ultimate truth, or as a steady accretion of scientific understanding. It should be noted, however, that the implication of this posture by the historian was essentially the same as that of the marginalists: it was largely of antiquarian interest. The difference between them was that the historical economists looked with more sympathy upon their predecessors, even those with whom they disagreed in their modern application.

The most detailed history in English taking the historical approach was by the Irish economic historian John Kells Ingram. Ingram’s findings were in part similar to and in part a contrast to those of Cannan. He agreed with Cannan on the failings of the classical economists, and he insisted on the
need to discover new theory. But his road map was different from that of Cannan. He implied that the neo-classical successors were far too much like the classical economists they followed. He wanted a turn to modern science, but a different kind of science. He said: “the science must be cleared of all the theologico-metaphysical elements or tendencies which still encumber and deform it. Teleology and optimism on the one hand, and the jargon of ‘natural liberty’ and ‘indefeasible rights’ on the other, must be finally abandoned” (1888, 241). Instead economics must become an experimental science “forming only one department of the larger science of Sociology” (242). Only in this way could economists change “the attitude of true men of science towards this branch of study, which they regard with ill-disguised contempt, and to whose professors they either refuse or very reluctantly concede a place in their brotherhood” (240).

The use of het in this debate over the proper direction for economics as it emerged from classicism was clearly not conducive to a thoughtful examination of the history itself and its significance. Het was still not conceived as a subject that was legitimate on its own and worthy of pursuit in its own right.

*The Golden Age– Het as a heuristic device*

Beginning around World War I and continuing for almost half a century het went through a remarkable transformation. After serving in the nineteenth century as little more than a minor weapon in the arsenals of combatants in one professional conflict or another, and appropriately consigned to prefaces and appendices by major figures and taken up extensively by no more than a few minor ones, het came now to be pursued with energy and great
seriousness by many of the leading figures in economics. Many of these new converts produced significant book-length studies; others wrote articles. Some who did not devote years or an entire career to the subject still engaged in it soberly for the production of one or two studies before moving on. This new approach was not the “throwaway het” that had come before. Nor was it simply hagiography by members of a proud new sect. The authors in the Golden Age were committed to understanding problems through use of het as an analytical device. They did not think of het as a separate new subdiscipline, as ultimately it was to become, but as an overlay of all economics, a distinct approach to all economic problems that should be explored as fully as more conventional theoretical and empirical approaches. Moreover, the new interest was not confined to those holding any one ideological, methodological or doctrinal position. The following is an incomplete but illustrative list of some of those economists who entered het during this Golden Age apparently in search of answers to pressing questions: among the Austrian marginalists J. A. Schumpeter, Gottfried Haberler and Fritz Machlup; among English and American marginalists, Lionel Robbins, Frank Knight, George Stigler, and Jacob Viner; among the American Institutionalists, Wesley Mitchell, John R. Commons, and John Kenneth Galbraith; among Marxists Eric Roll, Martin Bronfenbrenner, and Maurice Dobb and among the Keynesians Piero Sraffa, G. L. S. Shackle and John Maynard Keynes himself. It was during this time that serious interpretive het, rather than simply obituary notices, literature surveys, and review articles, entered the main publications of the profession, in writings by major figures such as those listed above, and often in the case of lesser lights, through the intercession of the major figures. Het was not only welcomed by the “top” journals during the Golden Age, it became routinely
the subject of presidential addresses and other ceremonial pronouncements. Most of the senior economists who took up het also gave graduate courses in the field, and they encouraged some of their best graduate students to write dissertations in the area and to contemplate specializing in the field professionally.

Why this sudden turnabout? Why this unexpected fascination with history at the highest levels in this discipline? It is dangerous to generalize with confidence about such a large and complex phenomenon, but some answers may be suggested. The most likely explanations for the historical interest lie in the circumstances of the time, which were certainly very different from those of the century before. Above all, a loss of confidence struck economics after World War I. Before the war economists of the mainstream such as Alfred Marshall, John Bates Clark and Carl Menger concluded that they worked in an advancing science of a conventional sort. A single paradigm was mainly dominant and they perceived that their obligation to society was to train future leaders in economic truth and to interpret accepted theory for policy discussions as they arose. World War I, and the depression that followed, shattered all illusions that it would be that simple. No longer was it clear that rational men living relatively unconstrained in democracies and free market economies could count on enjoying peace and prosperity. The evidence seemed to prove the contrary and to suggest that all social forms perfected during the Victorian age, including the global economy based on European empires, had to be re-examined from bottom up. Economics could not yet think of itself, as Keynes suggested it might some day be able to do, as analogous to dentistry seeking progress through technical improvements.
in familiar procedures. Everywhere where there had once been certainty now there were mainly questions. And all of a sudden it seemed to many economists that het might point the way toward answers to some at least of the important puzzles that were newly arisen. Het was recognized as a vital tool in research. It could help economists find their bearings as they sought to be useful at several levels.

Another factor behind the new interest in het may have been the kind of scholar attracted to the economics discipline at this time. The questions that were coming to the fore were not of a type that could be addressed effectively by narrow technicians and the questions attracted persons who insisted on supplementing conventional economic analysis with philosophical, sociological, psychological, and historical inquiry. So what were these questions that prominent economists came to believe might be tractable through het? They were methodological, including, for example, how to reconcile and integrate the approaches of the different national traditions of marginalist economics, for example, British and American partial equilibrium with the general equilibrium of the Walrasians? Were mathematical economics and econometrics essential to progress within the discipline, and how should they be used? More generally, was it useful or even possible to retain under one disciplinary tent economists who were so different in their approaches and objectives as the varieties of neo-classical marginalists, Institutionalists, economic historians, Marxists, Keynesians and others? Was such heterogeneity virtue or vice? The questions were also theoretical; might early and forgotten theory contain explanations of such topics of sudden new concern as imperfect markets or business cycles that eluded contemporary students of these problems? And some questions were
policy-oriented. What was the proper place of economics, and economists, in the policy process? Should the economists, rejecting the advice of most marginalist pioneers, sally forth from their ivory towers and connect directly with policy makers, perhaps even entering government as the historians had done? If so, how? Should there be a ministry of economic affairs? Advisory councils to political leaders? Think-tanks entirely outside of government? What about central planning? The Russian Revolution of 1917 raised this question for urgent public reconsideration even though it seemed to be settled for most professional economists by that date.

On all of these questions, in contrast to the sense of self-confidence that characterized the first decade of the twentieth century, when the most serious issues of economic policy were how to perfect the fine-tuning of the welfare economics of A. C. Pigou, the postwar mood demanded creative and fresh thinking. A notorious manifestation of this thinking across the disciplines was the hugely successful *Eminent Victorians* (1918) by Lytton Strachey in which four prominent nineteenth century institutions were held up for re-examination and reform: the military, the Church, the Public schools, and the Victorian woman. Might this kind of historical inquiry reveal where the economy and economics had gone wrong, and show how they might be put back on the right track? Certainly John Maynard Keynes believed so when he wrote *The Economic Consequences of the Peace* (1920) patterned substantially after *Eminent Victorians*.

Large structural questions without and within the discipline also were raised by the War and its aftermath. Was economics truly a science? This question became critical during and after World War II when public support for
science, more than for other forms of inquiry, was contemplated and then implemented. These were years also when the sub-disciplines of economics were just getting organized, and questions of boundaries and inclusions or exclusions had to be addressed. To some prominent scholars het seemed a promising place to seek guidance. Jacob Viner’s *Studies in the Theory of International Trade* (1937), Joseph Spengler’s *French Predecessors of Malthus* (----), Arthur Marget’s *The Theory of Prices* (1938-42), Gottfried Habeler’s *Prosperity and Depression*, and George Stigler’s *Production and Distribution Theories* (1941) were all milestones in the formation of the sub-disciplines of, respectively, international economics, economic demography, macro-economics, and industrial organization. Not all of those who pursued het in the Golden Age were the Renaissance men of the discipline. There were a few full-time specialists who tended to focus on individual figures from the past: e.g. Werner Stark on Bentham, Piero Sraffa on Ricardo, William Jaffe on Walras, and Joseph Dorfman on Veblen.

Not many of the giants of the Golden Age explained in detail the reasons for their new commitment to het. Jacob Viner said that his objectives were “to resurrect forgotten or overlooked material worthy of resurrection, to trace the origin and development of the doctrines which were later to become familiar, and to examine the claims to acceptance of familiar doctrine” (Viner, ---, xiii). For Joseph Schumpeter the study of het was an integral part of discovering a vision of economic evolution, which contained the key to understanding the economy (Schumpeter, ---). Wesley Mitchell explored the question at some length at the start of his classes in het at Columbia University and his reflections are revealing. In the transcription of his
lectures, edited by Joseph Dorfman, Mitchell says that he is not necessary so much to understand modern economics as it is to advance economics:

All that I contend for is that so long as the social sciences continue to make progress each generation of economists will find problems in the history of their science which earlier generations have not thought out, and that these problems will probably attract workers who feel their fascination; that is, I think there is a difference between the social sciences and the natural sciences, which makes the past history of their subjects more interesting and more pertinent to the workers in the social field than to workers in the natural-science field.

Our interest in the history of economics changes with the development of economics itself. The history of economics needs to be re-written by every generation of economists for the same reason that history at large needs to be re-written. (Mitchell, 1967, 2).

Mitchell’s point was an important one. He suggested that he was valuable especially for graduate students and young scholars who had the responsibility ultimately to advance economic science. Without historical sensibility graduate students would be at a serious disadvantage on the research frontier. He gave as an example Herbert Davenport: “Anyone…will see that his constructive work has indeed been influenced in large measure by his critical, historical researches” (4). Mitchell said that the he was teaching was fundamentally different from that which had come before:

Working in this spirit we find ourselves concerned more with the larger aspects of economic history than our predecessors. What we can get light upon and what we therefore think most about is not the letter of the laws laid down, the traces of a man’s thinking to be found in his predecessors, the logical inconsistencies which minute criticism may develop among his formulations – it is not these things which interest us so much as the type of problems the man attacks, his way of formulating them, what materials he had to work with, the general method he employed, the things he took for
granted without inquiry, the grounds for the confidence he felt in his results, what use he put these results to, their acceptance or rejection by his contemporaries and the reaction of his scientific work upon social processes (6-7).

Mitchell made a strong case for inclusion of het in the education of graduate students and for a new and much wider range of topics for inquiry. Among other things he suggested that het would help economists gain “knowledge of ourselves and free us from over-narrow specialization” (7) It would also “give us clearer insight into the conditions which promote or retard the progress of knowledge in the social sciences. Perhaps some at least among these conditions will prove to be amenable to control” (7). Het might also give students the background with which to select among rival theoretical claims. “Some of them become neo-Marshallians, some neo-Marxists, some neo-Austrians, some mathematical theorists, some institutionalists. If anyone is going to make any such choice he ought to make it with open eyes; i.e. he ought to understand what other types of theory are; what they offer. If he knows, perhaps he wont become an ardent follower of any school” (10).

Finally, Mitchell noted that the sheer joy of historical inquiry should attract students to it. “The fascination of the work itself, the possibility of gaining keener insights and more certainty as we follow up our leads, may have more to do with the future progress of such work than the indirect gains it promises for economic theory” (8).

This golden age of het came to an end in the 1950s and 1960s. Why? One answer could be that most of the leading figures retired or left the field. But that is a description of what happened more than an explanation. Why did
these leaders not have successors? Why was not the next generation of leaders in economics fascinated in the same way by the history of their subject? The best explanation seems to be that by the 1960s economics had once again regained its self-confidence and there was a reversion to the set of attitudes that prevailed before World War I. Most of the questions that appeared after this war and grew in urgency over the next forty years seemed either to be answered or to have gone away by the 1950’s. There was no longer a need to look backward, it seemed, only ahead. One of the most powerful forces leading to a high level of self-confidence in economics was its performance during World War II. Macro-economic understanding proved helpful in maintaining full employment with price stability, while optimizing models taken directly from applied micro-economics and sometimes including the new tool of game theory were found to be useful in processes as different as aiming a machine gun and planning air raids. In recognition of its wartime contribution economics was the first social science admitted to the new National Science Foundation after war’s end. Economists proved further that they could be valuable in less technical policy roles, as in the work of John Maynard Keynes and Harry Dexter White at Bretton Woods constructing new institutions for operation of the world economy. The excesses of the Stalinist state in Russia and the beginning of the Cold War removed central planning and Marxist doctrine from serious discussion in economics. In the United States the Employment Act of 1946 made a place for economics in the Executive Office of the President through a Council of Economic Advisers and in the Congress through a Joint Economic Committee. Elsewhere in society economics became ensconced in think tanks, large corporations, business schools, and even the media. Within the discipline itself tensions over seeming theoretical
contradictions were reduced by a combination of reconciliation, accommodation and expulsion. Paul Samuelson’s *Foundations* and John Hicks *Value and Capital* helped to build consensus in micro-economics. An uneasy truce was observed between Keynesians and neo-classicals, reflected in the typical two part (micro-macro) introductory textbooks that became popular after the war ended. A squeezing out of discordant Institutionalist and historical elements from various subdisciplines also began after World War II, first in development economics, economic history, and labor economics, then in industrial organization, public economics., and beyond.

*The New Sub-discipline of Het*

Most close observers of het in the 1950s and 1960s might have predicted that its life within the economics discipline was over and that it was on its way to join the histories of other academic subjects in the deep recesses of history departments. At best it might leave a few champions within the larger discipline, like Edwin Cannan proclaiming the faults of the old and the promise of the new. But, as discussed above, this did not happen. Het has lived on in economics, albeit without the powerful leaders of the golden age, without a place in most of the prominent research departments, and indeed without many opportunities for graduate training. So, without these assets how did the field survive? Several factors seem to have been in play.

The most important factor may have been the momentum carried over from the Golden Age. While most of the major figures in economics who had turned to its history during the golden age were gone by the 1960s, a few remained, and during this decade they joined in preparing a response to the new charge of irrelevancy. In the lead were George Stigler, Lionel Robbins,
Terrence Hutchison, Joseph Spengler, and Martin Bronfenbrenner. But more important than this final rearguard action by the Golden Agers was a cadre of young and middle-aged scholars trained in het and committed now to retaining it within the economics discipline. These children of the Golden Age were already well-placed in teaching jobs and their careers had often been encouraged by their mentors. From being an overlay of the economics discipline during the Golden Age het moved during the 1960s and 1970s to become an independent sub-discipline, led by, among others: in Britain, R. D. C. Black, Mark Blaug, A. W. Coats, Ronald Meek, Denis O’Brien, Donald Winch; in the U.S. and Canada by William Allen, William Barber, Frank Fetter, William Grampp, Samuel Hollander, Todd Lowry, Larry Moss, Warren Samuels, Robert Smith, Vincent Tarascio, Carl Uhr, and others; and Peter Groenewegen in Australia. Outside the English-speaking world leadership was taken by Pier Luigi Porta and Piero Garegnani Italy, Erich Streissler in Austria, Arnold Heerte in the Netherlands, Juichi Shionoya and Takashi Negishi in Japan, and Lars Jonung in Sweden. In addition to building and supporting the infrastructure of specialized periodicals and societies, discussed above, these scholars helped to mobilize and sustain a variety of other resources that have strengthened the field: translations and republications of canonical writings, collected works and letters of major authors, variorum editions, and ephemera, as in the Kress-Goldsmith micro-film project of works published before 1800. Collections of manuscripts of prominent economists, saved sometimes at the last minute from the garbage dump, made possible for the first time the close study of the interactions among economists and how they constructed their articles and books. The most substantial of these is the Economists’ Papers Project at Duke University. Access to manuscripts made possible analytical
biographies of great economists (e.g. of Marshall by Gronewegen, Hayek by Caldwell, and Keynes by Moggridge) that are in contrast to the hagiographic treatments of earlier periods. Increasingly het was defined as ending only yesterday, and so oral history also became essential for the historian.

An important movement that began in the 1960’s was to explore ways in which het could be incorporated more successfully into the curriculum of graduate students, economics majors, and even non-specialist liberal arts undergraduates. The teaching of het in the Golden Age had been confined very largely to graduate and honors students using original sources and a few commentaries from the secondary literature. The textbooks that were available were either very old (e.g. Gide and Rist(---), and Haney(----) or not very appealing. The first rigorous new-style textbook, mainly for graduate students, was Mark Blaug’s *Economic Theory in Retrospect* (1962). It concentrated on expressing old ideas in modern guise. Other similar texts that joined it over the years, were by Hans Brems (1986) and Jurg Niehans (1990) A plethora of textbooks for undergraduate courses was published with styles, degrees of rigor, and ideologies for most tastes. An important publication landmark was Robert Heilbroner’s *The Worldly Philosophers* (1953) which, with sales reputedly above a million copies, attracted generations of undergraduates to a more extended investigation of het. Although leaders of the economics discipline in the years after the Golden Age expelled het from the graduate curriculum, it was important for the employment prospects of those trained in het that the appeal of the subject as an elective course for undergraduates be sustained.
Progress in research in het over the last four decades has helped to sustain the positive response to the challenge of the 1950s and 1960s. The creation of the new sub-discipline was encouraged by the flush of interest in the philosophy of science in the 1970s that moved into het and led some practitioners to make stimulating attempts to use new interpretive tools derived from the writings of Thomas Kuhn, Imre Lakatos, and others to understand the literature of economics. Deidre McCloskey’s examination of the rhetoric of economics, that followed, reverberates still in het. Several of the most ardent adherents to the combination of the philosophy of science with het (e.g. Roger Backhouse, Kevin Hoover, Wade Hands, Bruce Caldwell) set up a new scholarly specialty of the philosophy and methodology of economics, with its own society and periodicals; they retain a close association with the more conventional historians and strengthen het by their collaboration. Other substantial research projects that have been a stimulus to het, sometimes as inspiration and sometimes as source of consternation, include Samuel Hollander’s fundamental reconsideration and reinterpretation of classical economics. Philip Mirowski’s exploration of the links between the history of economics and progress in other disciplines, and E. Roy Weintraub’s account of the mathematization of economics

The emergence of a new generation in the decades after the Golden Age was a reassuring development. For the most part the intellectual grandchildren of leaders of the Golden Age in het were able to gain secure positions in colleges and universities, sometimes through intervention by their retiring mentors but often through a residual respect of the field that lasted some years. These include Roger Backhouse, Bradley Bateman, Jeff Biddle, Neil De Marchi, Philippe Fontaine, Dan Hammond, Judy Klein, Robert Leonard,
Steve. Medema, Mary Morgan, Malcolm Rutherford, Karen Vaughn, and Anthony Waterman. Often these scholars have combined their interest in het with commitment to another sub-field of economics, keeping their interests in het quiet until they have achieved tenure. These grandchildren of the Golden Age, as it were, have kept the momentum for the strengthening of the new sub-discipline alive into the twenty-first century.

Certain developments outside of het as well as within helped to sustain the field in the latter decades of the twentieth century. Perhaps for the same reasons as those that moved the leaders of the golden age, a number of distinguished economists moved to history rather late in their careers. Usually they have addressed questions alive still in their original sub-disciplines but they have employed the historian’s tools and perspectives when doing so. Examples of these post-doctoral migrants to het include Don Patinkin, David Laidler and John Whitaker.

A second kind of migrant has been more problematic for het. When the homogenization of economics reached its greatest extent in the 1980s and 1990s, a few of those who felt alienated or squeezed out of the mother discipline for methodological or ideological reasons found comfort and welcome in het. Some of those who resisted the increasing technological sophistication of the discipline also sought refuge. These refugees while providing welcome additions to the ranks of het, and offering varied perspectives on a variety of issues, because of their frequent attacks on the way in which economics itself has evolved have tended to mark the entire subdiscipline of het as made up of malcontents. A third kind of refugee to het comes from specialized communities within economics that find they
have become too small or marginalized to continue on their own. They seek and receive hospitality within het whether their interests are primarily historical or not. These include some Marxists, Neo-Austrians, Post-Keynesians, Institutionalists, Sraffians, Libertarians, and others.

The Prospect Ahead
The future of het is uncertain. On the one hand the strong infrastructure of societies and publications is encouraging, as are the numbers of scholars who identify with the field. The members of the American Economic Association who identified “Methodology and the History of Economic Thought” as a field of interest in 1996 number 475. By 2006 this number had grown to 476! It is gratifying, moreover, that this field has demonstrated persuasively its capacity to survive adversity and seemingly to use a formidable challenge to solidify its condition. Though these are reasons for optimism there are reasons also for unease.

It is worthwhile to review the uses for which het has been employed over its history and note whether these demands remain. The original use for het as rhetoric in policy debates remains but mainly on the surface. Libertarians wear Adam Smith neckties and critics of an active government in the economy dismiss their opponents collectively as Keynesians, but in both cases they understand little beyond the labels. Het as doctrinal cleansing is still performed, but mainly in review articles and chapters, such as those in the Journal of Economic Literature and the various Handbook series, prepared not by specialists in het but by high priests of the various other sub-disciplines. The more focused and celebratory literature reviews, such as those that gained popularity after the marginal revolution, can be found still
in Nobel Prize acceptance speeches and presidential addresses, but neither serious history nor professional historians of economic thought are much involved. The uses for het which were once its greatest strength, in the training of graduate students and in the search for answers to large questions on the research frontier of the greater discipline, have largely disappeared, and there seems no immediate prospect of their being resurrected. Among the more recent uses for het as a home for refugees of various kinds and as a component in the undergraduate curriculum to relieve the tedium of increasingly technical abstraction, only the latter seems secure and likely to grow in popularity. But to sustain even this growth the over-riding question remains, can a subdiscipline survive for long when it is little valued by the discipline at large and where there is no graduate training available through which to sustain and renew the leadership. Hand-in-hand with the lack of graduate training opportunities in het goes the paucity of jobs for recent graduates in the field. It is rare for the American Economic Association publication *Job Openings in Economics* to contain listings for het. While the momentum of the Golden Age opened up career opportunities for its children and grand children the out look for the great grand children is more somber. The next several decades should reveal the end of the story. Even though the leadership of het has been sustained during a difficult few decades it is unclear whence renewal may continue so long as the graduate schools remain dismissive and ignorant of the field. It may be that it will take another period of lack of confidence within the economics discipline such as we had early in the twentieth century to cause economists to find once again something of relevance in their past.
This essay has dealt mainly with developments in the English-speaking world. There are signs that the situation may not be as dire in some others parts, notably Europe and Japan (see Weintraub 2002). But the question remains open whether these regions are on a different trajectory or are simply experiencing a time lag.