

In Search of a Definition For the History of Economic Thought

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Introduction

The development of economics science in the last twenty years has been characterized by specialization. Some economic concepts (or some markets) became “sub-disciplines”, in particular in Neoclassical Microeconomics. We refer thus to Labor Economics, Health Economics, Public Economics, Welfare Economics, Environmental Economics, Behavioral Economics, Industrial Organization, etc. It is a disarticulation of the various topics of research in economy. Specialization is reinforced by the integration of the ideas of other sciences: sociology, psychology, philosophy, but also medicine, law, etc.

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We do not consider specialization of the discipline bad in itself. It allows the deepening of scientific knowledge and it is also needed in order to provide a solid basis for applied work in various fields. It becomes bad when it encourages researchers to move away from the fundamental questions of economics and when it generates the constitution of poles of specific knowledge in our science - in the majority of cases so distant from one another that they do not manage to communicate any more. It is the case today.

The fundamental questions of the economic science are those which give a general theoretical explanation of the capitalist system or the market economy. It is well-known that there exist, roughly speaking, four great schools of economic thought which gave the most solid arguments: the Classical theory, the Neoclassical theory, the Marxist theory and the Keynesian theory. One of the last efforts -maybe the most important- in the explanation of the market economy has been given by Neoclassical theory, in particular, through the demonstration of the existence of a competitive equilibrium.³ Even though many critics to the general equilibrium theory, this demonstration has allowed the consolidation of the economy like a science of high social recognition.

Our interpretation of the situation is as follows: the study of these four general theories has become the object of study of the history of economic thought and the studies of the specialized theories have become contemporary economic theory. There is a disconnection here between the specialized theories and the history of economic thought. Consequently, it is not only contemporary economic theory which becomes divided in specializations or sub-disciplines but also the history of economic thought. But the latter is considered out of the whole of sub-disciplines which conform modern economic theory.

The exclusion of the history of economic thought from contemporary economic theory implies the marginalisation of general theories in the contemporary debate in economics and, consequently, the economists devoted to their study. The current marginalization has several

3 We disregarded current heterodoxies who are associated these four general theories.

consequences such as those which are mentioned in the articles of the *History of Political Economy* 2002 Supplement: the disappearance of general theories in university curricula in economics and the notable decrease in research work dealing with them.

This marginalization worries young professors of history of economic thought. Nevertheless, this unhappy reality should not discourage us in our professional careers. While examining these problems, we aim to explain how our “specialization” may be relevant both to the study of economics as science and the formation of economists. It seems to us that the history of economic thought defined as the study of general theories carries an interest to all fellow economists occupied in the study of different specialties. This interest can be explained by three elements which integrate the history of economic thought: i) character of research, ii) method of research and iii) the search of an identity.

I. Character of research: economic theory

Within our framework as defined above, the first element of interest for all economists is that the history of economic thought can contribute to the development of modern economic theory. The history of economic thought should contribute to the development of general models that might act as reference for all sub-disciplines –i.e. models or analyses that make it possible to establish coherent theoretical bonds between sub-disciplines.

However, in this conception, the history of economic thought is not retrospective.⁴ In our view, its role is not limited to describing the process of formation or the progress of economic theory in historical time, since an evolutionary conception of economic theory is not defended. In addition, it does not only try to establish links between present and past theories, or to show how certain modern ideas are the heritage of ancient authors. This was the traditional role of the history of the economic thought since Schumpeter’s 1954 *History of the Economic Analyses*. In the current marginal state of the history of the economic thought, this cannot be its role any more.

4 For example, we are focused here on Mark Blaug’s work *Economic Theory in Retrospect* as well as Craufurd Goodwin’s recent article, *History of Economic Thought*, published in the Palgrave Dictionary (2008).

The character of research in history of economic thought that we will propose is not new. In contemporary economic theory there are different works whose implicit method has been the one of the history of economic thought. We can mention, for example, the new neoclassical synthesis in macroeconomics from a new lecture of Wicksell, the post- Keynesian models which incorporate strategic behaviors of firms, economic growth models with classical inspiration, and search models developed from some ideas from Austrian theory.

Lapidus (1996), in an outstanding analysis of the history of economic thought, calls this character of research “the intensive approach”. He mentions the examples of Piero Sraffa’s approach in his *Production of Commodities by Means of Commodities*. Another example is Karl Marx, especially his *Theories of Surplus Value*. Sraffa starts by reading and publishing Ricardo’s works, which enables him thereafter to build his own theory. Then he uses his own result to clear up Ricardo’s texts. Sraffa’s theory helps to better understand Ricardo’s arguments. Marx discusses with past authors as if they were present, and speaks to them as if they were just sitting in front of him. This approach is opposed to Schumpeter’s who does not dialogue with authors. Marx seeks the logic of concepts, analyzes instruments, and follows a logical time.

Through this method with want to safeguard history of economic thought’s openness to the study of theories and fundamental problems in economics, and its close links to contemporary economic science. We argue that researchers in the history of economic thought have the right to focus on general theories. By this way, the history of economic thought, that we are claiming, has generalist purposes. It allows for communication among sub-disciplines in economics.

II. Method of research: history

One of the biggest worries of economists and paradoxically of those who do history of economic thought is to be regarded as historians. The word “history” produces two effects: fear and shame. Firstly, it produces fear because as economists we do not necessarily have the background and the rigorous and specific working methods of today’s professional historians. Secondly, the use of history as a working method may cause

some economists to feel shame because they come from a body of knowledge that claims to be a “science”. It can be seen as an easy exit and as an incapacity *vis-à-vis* the mathematical and statistics tools applied to our science.

It is common to hear among fellow economists that resorting to history and philosophy means escaping from the rigor of economic science, and from the use of mathematics. It is also heard that historians of economic thought are those who use the great traditional works of 18th and 19th centuries in their research. The more one goes back through the centuries; the more one is a historian and the less an economist.

However, it is necessary to reject with force all these stereotypes that have no bases. The historians of economic thought pay attention to the context in which theories are developed, but their analysis is not historicist nor historiographic. They make use of historical knowledge to better understand their proposals. Today’s specialists of Game Theory could use Nash’s 1950 text, thus having recourse to history. When a specialist in evolutionary economics specialists could base their research on Shumpeter’s texts, thus also making use of history. This historical method should not be exclusive of the history of economic thought, but should concern all the other sub-disciplines. The specificity of this method is derived from its relationship with the character of research that we have underlined above.

In fact, the use of old articles, ancient works and archives of any period of time, gives a permanent validity to them. In the same way, Beethoven’s partitions are still modern when a musician refers to them as a source of inspiration to compose new songs.

III. Identity of the researcher: economist, historian of economic thought

Having defined character and method of research in history of economic thought, we now just have to assume the role of historians of economic thought in the discipline as economists. For us, the success of a historian of economic thought does not depend only on his/her quality as a researcher and as a teacher, but also on being recognized as a generalist economist. This recognition is opposed to that of specialized economists. As long as there are negative consequences of specialization, it will be

difficult for historians of economic thought to have success as generalist economists.

On the basis of this identification to the heart of our discipline, it is perhaps necessary to introduce a new distinction within those whom the profession usually calls today historians of economic thought. On the one hand, the economists who make an alternative history of economic thought with a character and a method that *differ* from those pointed out here. We refer to those who adopt the method of research known as “extensive” and “retrospective”.⁵

On the other hand, it is imperative to establish a distinction from those that make history of economics as *history of science*. Roy Weintraub (1996), member of the *History of Economics Society*, defined well the object of this sub-discipline for the economists who work in contemporary economics. In this approach, historians of economics, like an historian of science, concentrate on specific fields (history of game theory, history of monetary theory, history of econometrics, etc.), by stressing their study of the context of economic theories (sometimes even more than the theories themselves). It seems to us that the title of history of economic *thought* and history of economics are not synonymous and that this confusion is dangerous for the two sub-disciplines.

Finally, the historian of economic thought must take part directly in the present debates in economic theory. Our main purpose, already stated, is to make feel the need for a general theory in which all specialties could meet in a coherent way. It is through this participation in the current debate, without ambiguity, that it will be possible to fight against the marginalization of the history of economic thought and to avoid its disappearance in departments of economics at universities.

5 The extensive method refers to the treatment of old economic problems with use of old tools. The retrospective method, as the one already defined, deals with old economic problems in a logic time. See Lapidus (1996).