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2002/02

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Keele Economics Research Papers



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Keele ■ February 2002

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ISSN 1352-8955

Historical Schools of Economics: German and English

by

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Date February 2002

Abstract This paper contrasts the German and English traditions of “Historical Economics” and explains their differences by positioning these two traditions in the specific institutional contexts in which they developed.

Keywords Historical Economics, Historical School, Neoclassicism, German Economics

J.E.L. Class A12, A15

Notes This is the complete version of an essay that will appear in a condensed format in J.E. Biddle, J.B. Davis, W.J. Samuels (eds.), *The Blackwell Companion to the History of Economic Thought*, Blackwell, Oxford 2002.

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Historical Schools of Economics: German and English¹

Identification with “historical economics” implies a critique of a prevailing orthodoxy. This reflex is as old as “modern economics”, indeed, arguments both for and against the progressive formalisation of economics have gone hand in hand with either negative or positive re-evaluations of the recent history of economic argument. Historical economics has therefore developed in parallel with “abstract” economics, can be dated from the early nineteenth century, associated with the writings of Adam Müller and Friedrich List in Germany, and with William Whewell and Richard Jones in Britain. In their different ways these and other writers argued that the work of Adam Smith, or of David Ricardo, sought a political economy founded upon economic laws valid for all times and all places. Political Economy had become in this view “in a great measure a *deductive* science: that is, certain definitions were adopted, as of universal application to all countries upon the face of the globe and all classes of society; and from these definitions, and a few corresponding axioms, was deduced a whole system of propositions, which were regarded as of demonstrated validity.”² German historical economists took a similar position, but were more inclined to argue that classical economists assumed that their axioms represented the natural laws of economic life. To this was opposed the project of constructing an inductive, historical science, in which the diversity of economic circumstances was properly recognised. What therefore unites all those concerned with the project of a historical economics, then and now, is an allegiance to an inductive, empiricist approach to economic theory, and hostility to a deductive, axiomatic economics. “Historical economists” are not however all of a piece; quite apart from variations in their degree of understanding of and sympathy with modern economics, the nature of “history” and “historical method” has altered substantially in the course of two centuries. Some caution is therefore in order when addressing the nature of “schools” of historical economics.

The most well-known and influential such school flourished in nineteenth-century Germany from the 1840s to the early 1900s, and represented a national mainstream sceptical of classical economics as understood in Britain and France. Strictly speaking, there were two such schools: an “Older School”, conventionally associated with the writing of Wilhelm Roscher, Carl Knies and Bruno Hildebrand; and a “Younger School”, whose foremost member was Gustav Schmoller, but which embraced most academic economists of the newly-united Germany after 1871. Importantly, all these

¹ This is the complete version of an essay that will appear in a condensed format in J. E. Biddle, J. B. Davis, W. J. Samuels (eds.) *The Blackwell Companion to the History of Economic Thought*, Blackwell, Oxford 2002.

² “Prefatory Note” to W. Whewell (ed.), *Literary Remains, consisting of Lectures and Tracts on Political Economy, of the late Rev. Richard Jones*, John Murray, London 1859, p. x.

economists explicitly identified themselves as members of a “historical school”³ – Max Weber in his inaugural lecture as Professor of Economics and Financial Science at the University of Freiburg referred in passing to himself as one of “the younger representatives of the German historical school.”⁴ That this school included primarily German nationals rather than German speakers was pointed up by the notorious “debate on method” between the Viennese economist Carl Menger and Gustav Schmoller, in which the former argued that historical and theoretical economics were complements, rather than substitutes, as Schmoller had suggested. Menger’s argument that economic theory was not therefore susceptible to inductive development was abusively denounced by Schmoller, although the German project of historically-founded economic theory, chartered by Wilhelm Roscher in 1843, remained an unfulfilled project to the very end.⁵ Nonetheless, although this project to refound economics upon an inductive basis failed, the project itself did have important consequences, not least that its proponents taught several generations of students.

The place of economics teaching in the late nineteenth century German university was secured by its place in the legal curriculum; not until the 1920s was a separate, non-doctoral qualification in economics introduced. Since a qualification in law was routinely required for posts in public administration, as well as the legal system itself, this ensured that large numbers of public servants and private employees alike were exposed to general economic principles. Further, the German university was the international model, enjoying qualitative and quantitative supremacy over universities in Britain, France, and the United States. German universities were state universities, open to all with an appropriate educational background. Students in post-bellum America seeking advanced teaching in economics naturally gravitated to Germany, since in England there was very little systematic teaching of economics, and no graduate qualification as in Germany; while the French university system was then (and still is) firmly linked to a closed educational and cultural system. Having gained doctorates in economics unobtainable in the United States, many American students returned to teach in a rapidly expanding university system, later contributing to the development of an American institutionalist economics which drew heavily on German historicism.

English historical economics was by contrast marginal to a developing mainstream represented by the work of John Stuart Mill, William Stanley Jevons, and Alfred

³ Which is of course a minimum historical criterion for grouping writers in this way, and there seems little point in questioning this understanding, as recently done by Heath Pearson, “Was There Really a German Historical School of Economics?”, *History of Political Economy* Vol. 31 (1999) pp. 547-62.

⁴ M. Weber, “The National State and Economic Policy”, in K. Tribe (ed.) *Reading Weber*, Routledge, London 1989 p. 200.

⁵ See my *Strategies of Economic Order. German Economic Discourse 1750-1950*, Cambridge University Press, Cambridge 1995 Ch. 4.

Marshall. For the most part its historicist roots lay in the work of Henry Maine and John Stubbs, and there was little direct connection with German historicism. It is generally thought that the challenge mounted to classical economics by English historical economists during the last third of the nineteenth century ended with its marginalisation by an increasingly powerful mainstream economics, historical economists ceding intellectual ground to the emergent neo-classical orthodoxy and taking refuge in economic history. Two leading proponents, William Cunningham and William Ashley, authored the first textbooks of economic history in the later nineteenth century, and the latter played an important role in the formation of the Economic History Society in 1926. The resulting institutional separation of economists and economic historians is thought to have facilitated in turn the accelerated development between the wars of an academic economics purged of historical content.⁶ The story is however more complex than that. William Ashley never did assign a great deal of importance to economic analysis, even when designing a business curriculum: at the Faculty of Commerce in Birmingham, which he founded in 1902, formal tuition in economic principles was confined to the first year only.⁷ William Cunningham repeatedly denounced the influence of Alfred Marshall's new economics, arguing that the new style of economic reasoning had prevented economists from "...attempting to imitate the careful observation of facts both in the past and the present, and limited generalisation from them, which has brought about progress in other sciences, and which has been the accepted method of study by the realistic or historical school of German economists for a generation or more."⁸ That Marshall was an inveterate collector of "facts" was ignored by Cunningham, as were the early chapters of Marshall's *Principles*, devoted as they were to a historical account of economic development. Above all, English economists whose work shared certain historicist features did not consider themselves to be members of any particular school in the manner of their German contemporaries. The "historicist critique" went through its most vociferous phase in Britain during the 1870s and 1880s, a time when there was little systematic teaching of economics in English universities and colleges, and hence little consequence in arguing one way or the other as far as employment and teaching went. During the 1890s regular teaching became more common, but the impulse to shape the new curricula in historicist terms was by now lacking. English historical economics, in short, failed to make the transition from a literature of controversy to one of pedagogy, a transition that "mainstream economics" effected at the turn of the century. As a tendency, English "historical economists" became quite marginal to the increasingly academic teaching of economics, which is not something one could say of their German counterparts; and, apart from the lack of academic posts in Britain, English historicists also lacked the organisational coherence that German economists

⁶ This is the general argument advanced by G. M. Koot, *English Historical Economics, 1870-1926. The Rise of Economic History and Neomercantilism*, Cambridge University Press, Cambridge 1987.

⁷ W. J. Ashley, *The Faculty of Commerce in the University of Birmingham*, Birmingham 1902.

⁸ W. Cunningham, "Why Had Roscher so Little Influence in England?", *Annals of the American Academy of Political and Social Science* Vol. 5 (November 1894) p. 326.

gained with the foundation of the *Verein für Socialpolitik*. Strictly speaking, there never was an “English Historical School of Economics”, simply a series of authors with criticisms of the economics of their time and with a historical cast of mind.

This absence of an English “School” had therefore institutional as much as intellectual foundations. In Germany those who might be considered “economists” would by the later nineteenth century have been principally defined by their employment as a teacher of economics in one of the several state universities.⁹ Chairs of economics had existed in Germany since the eighteenth century, and although the teaching delivered from these posts was transformed over time along with the subject, the posts themselves were a constant feature of the university landscape. This teaching was primarily for the benefit of students of law, attendance at a course of lectures in economics being a compulsory part of legal education. Those who studied economics for its own sake were thus by definition reading for doctorates, since there was no other qualification; but a doctorate was a formal requirement for university teaching, and also important for entry into some parts of state administration, especially the statistical offices established from the 1830s. When linked to the system of formal and informal contacts through which students entered employment, this added to the power and influence of Professors like Schmoller, able to assign doctoral topics to a growing band of students and draw upon public funds for the prosecution of pieces of research.

Nothing like this existed in Britain until later in the twentieth century. In the mid-1890s there were only two full-time Professors of Political Economy – Marshall in Cambridge and Gonner in Liverpool – although some teachers, like Flux in Manchester, were fully occupied with a wide range of teaching.¹⁰ When the British Economic Association was formed in 1890 its chief purpose was to ensure that its *Economic Journal* was not dominated by any one particular tendency or group, not to promote public discussion of economics through periodic meetings. Such public discussion did take place at the annual meetings of the British Association for the Advancement of Science, but the *ad hoc* manner in which contributions were made and the diffuse background of the audience imposed inevitable limitations. Academic economists in Britain did not have their own organisation until the formation of the Association of University Teachers of Economics in the 1920s; while the Political Economy Club had always been a private dining club dominated by non-academic

⁹ In English usage of the nineteenth century one might be called an “economist” without this automatically implying employment as a teacher; but in the German language the closest equivalent expression, *Nationalökonom*, automatically carried with it an academic connotation absent in English. As suggested here, this was chiefly because in Germany economics was defined by teaching, while in Britain it was a feature of social and political culture – hence the foundation and naming of *The Economist* in 1843 as a journal to support the cause of Free Trade.

¹⁰ K. Tribe, “Political Economy in the Northern Civic Universities”, in K. Tribe, A. Kadish (eds.) *The Market for Political Economy. The Advent of Economics in British University Culture, 1805-1905*, Routledge, London 1993 pp. 200-202.

economists.¹¹ The major protagonists of Historical Economics in Britain – Ingram, Cliffe Leslie, Ashley, Cunningham – made their presence felt through their writing, and the occasional speech. They had no national or institutional platform on to which they could draw younger adherents; nor, in truth, did the new academic economics until Alfred Marshall set about laying some foundations. The principal reason for the demise of English historical economics as a viable intellectual programme in the early twentieth century was that the new economics succeeded in establishing itself academically, and historical economics did not. Instead, the intellectual heirs of Thorold Rogers and Cunningham went on to found the Economic History Society in 1926, a movement whose principal dynamic came from historians, rather than disgruntled economists.

1. The German Historical School

By the 1830s, the economics taught and published in Germany was pragmatically eclectic, drawing widely on contemporary English and French political economy, but simply integrating this work with existing German work on the subject. As elsewhere in Continental Europe, the writings of Jean-Baptiste Say had a greater substantive impact than that of the English political economists, and Say's manner of combining the concept of value with utility and need, rather than labour, meant that patterns of consumption played a more prominent part in the development of Continental political economy than was the case with English political economy, where the emphasis was more on production and distribution, linking value to labour.¹² This was to have a decisive influence on the formation of a new subjective economics in the later nineteenth century, but in the early part of the century there was an absence of the controversy that characterised English debates. The leading German textbook was Rau's *Lehrbuch der politischen Oekonomie*, a work whose first volume was published in 1826, and which reached its ninth edition fifty years later in 1876. Rau's text was "modern", and distinct from an eighteenth century cameralistic tradition where the discussion of economic activity was irrevocably linked to the work of economic administration; but although it incorporated elements of Smithian political economy, his book enumerates economic objects, rather than presents instruments of economic

¹¹ K. Tribe, "Economic Societies in Great Britain and Ireland", in M. M. Augello, M. Guidi (eds.) *The Spread of Political Economy and the Professionalisation of Economists. Economic Societies in Europe, America and Japan in the Nineteenth Century*, Routledge, London 2001 pp. pp. 32-4.

¹² Hence the political economy of Karl Marx was firmly linked to the classical economics of early nineteenth century Britain, and he should consequently be understood as the last of the English classical economists, not as the originator of a new version of political economy. He was broadly unfamiliar with contemporary German work in economics, but this has been obscured by the impact which his work had upon European social movements, and upon German and Russian social democracy in particular.

analysis.¹³ More contentious in tone was Friedrich List's critique of Smithian "cosmopolitan political economy" presented in *Das nationale System der politischen Oekonomie*,¹⁴ where he argued that the universal, generally valid economic laws expounded in *Wealth of Nations* failed properly to take account of national and historical differences. List was however not strictly an exponent of a historical, let alone an inductive, approach to economics systems, and in any case the main lines of his critique of Adam Smith were borrowed from American, not German, writers.

It is generally agreed¹⁵ that the programmatic foundation of German Historical Economics can be found in a lecture outline published by Wilhelm Roscher in 1843. His prime objective in these lectures, he argued, was not a better understanding of national wealth and its increase, but instead

...a representation of the economic aspect of what peoples have thought, wanted and felt, what they have striven for and attained, why they have striven for it and why they have attained it.¹⁶

This involved more than mere chrematistics; this was a political science that would necessarily involve consideration of earlier cultural stages, for "a people is not simply the mass of individuals presently living". He also called for a comparative study of all peoples so that their "important, law-like features" might be discerned. These lectures were presented "according to historical method", and Roscher invoked the work of the Historical School of Law associated with Savigny and Eichhorn in his support. This method would illuminate

...the political impulses of men, impulses that can only be investigated on the basis of a comparison of all known peoples. The common features in the varied development of peoples summarised as a developmental law.¹⁷

¹³ See my *Governing Economy. The Reformation of German Economic Discourse 1750-1840*, Cambridge University Press, Cambridge 1988 Ch. 9, espec. Pp. 195-7.

¹⁴ Vol. I published in 1841, no further volumes.

¹⁵ Schmoller himself referred to Roscher as the "real founder" of the German historical school in an essay marking the fiftieth anniversary of Roscher's doctorate; G. Schmoller, "Wilhelm Roscher (1888)" in his *Zur Litteraturgeschichte der Staats-und Sozialwissenschaften*, Duncker und Humblot, Leipzig 1888 p. 150.

¹⁶ W. Roscher, *Grundriß zu Vorlesungen über die Staatswirthschaft. Nach geschichtlicher Methode*, Dieterische Buchhandlung, Göttingen 1843 p. IV.

¹⁷ Roscher, *Grundriß*, p. 2.

State economy, argued Roscher, was concerned with “the developmental laws of the economy”, while politics was the study of the developmental laws of the state, such that “state economy” was an especially important part of politics.¹⁸

Even while arguing for a comparative, inductive approach to the “laws of development” Roscher recommended the writings of Smith, Say, and Ricardo; and in adopting this new position he avoided the blanket criticism of political economy typical of List. The programme of comparative study that he sketched remained largely unfulfilled; instead, between 1854 and 1874 he devoted himself chiefly to study of the history of economic thought. During the same period he also wrote a textbook whose strictly historical foundation is the history of thought, rather than of peoples.¹⁹ Later volumes were devoted to agriculture and to commerce, presented as a description of economic systems, not as a historicist foundation for the revision of all hitherto existing economic theory. This was also true of Bruno Hildebrand, whose name is usually linked with that of Roscher as a member of the “Older” Historical School. His *Nationalökonomie der Gegenwart und Zukunft*, a projected reformulation of economics on historical lines as a “doctrine regarding the economic laws of developments of peoples”, got no further than a first volume which presented a critical assessment of economic theories from Adam Smith to the present day.²⁰ His criticism of Smith was closely aligned with that of Roscher:

The Smithian system represented itself as a general theory of human economy, but was only an expression of a money economy just become pre-eminent. ... Economics was treated by the entire Smithian school as a natural science of commerce, in which the individual was assumed to be a purely selfish force, active like any natural force in a constant direction and which, given similar conditions, will produce the same results. For this reason its laws and regularities were called both in Germany and in England natural economic laws, and attributed eternal duration to them, like other natural laws.²¹

While this might look very much like List’s own critique of Smith, Hildebrand devoted an entire critical chapter to List, pointing out among other faults that List’s stages of economic development were simply borrowed from British history and lacked general validity, for “every people experiences a unique course of economic development.”²²

¹⁸ Roscher, *Grundriß*, p. 4.

¹⁹ W. Roscher, *System der Volkswirtschaft Bd. I: Die Grundlagen der Nationalökonomie*, J. G. Cotta, Stuttgart 1854.

²⁰ B. Hildebrand, *Die Nationalökonomie der Gegenwart und Zukunft*, Literarische Anstalt, Frankfurt a.M. 1848 p. V.

²¹ Hildebrand, *Nationalökonomie*, pp. 29, 33-4.

²² Hildebrand, *Nationalökonomie*, p. 76.

As elsewhere, therefore, we encounter a critique of prevailing classical orthodoxy, without a clear alternative being developed. In later writings Hildebrand did sketch an evolutionary model of economic forms, but his three broad forms - natural economy, money economy, and credit economy – were ultimately similar in kind and level of generality to the stages of economic development outlined by Adam Smith in *Wealth of Nations* Bk. III. Nowhere did Hildebrand engage in the kind of detailed historical studies that were later typical of Schmoller and his students.

The third member of the “Older School” was Carl Knies, who likewise began with a programmatic outline suggesting that the task of political economy was not only to account for the historical development of economic theory, but also the economic conditions and developments in different nations and periods.²³ Where Roscher’s influence was exercised largely through his writing, and Hildebrand by the founding of the journal *Jahrbücher für Nationalökonomie und Statistik* in 1862, it was perhaps through his teaching in Heidelberg for over thirty years that Knies exercised his greatest influence – John Bates Clark, Eugen von Böhm-Bawerk, Friedrich Wieser and Max Weber were among his students. Fortunately, student lecture notes from his course of 1886 have survived, and demonstrate that in his teaching Knies followed a predictable path, beginning with definitions of “wants” and “goods”, just like any other German teacher of economics. Exposition of the leading concepts – of production, distribution, value and price – are geared primarily to a critique of socialist theory, especially the doctrines of Marx, associated by Knies with the English classical economists. Rejecting the idea that price is determined by cost of production, Knies argues that if this were true then prices would not fluctuate in the manner that they do while costs of production remain stable. Instead he identifies the interaction of supply and demand as the dominant factor:

The significance of production costs in price formation is determined by the extension or contraction of supply. ... Where production cannot be expanded or reduced prices will rise with higher demand, or fall with less demand. If production can be varied, then prices do not vary so greatly, despite altered demand.²⁴

Knies’ version of the relation of price to demand and supply is broadly continuous with other, pre-marginalist writers, and it might be noted that his discussion of these basic

²³ K. Knies, *Die politische Oekonomie vom Standpunkte der geschichtlichen Methode*, C. A. Schwetschke und Sohn, Brunswick 1853 pp. 3-4.

²⁴ K. Knies, “Allgemeine (theoretische) Volkswirtschaftslehre (1886)”, *Kyoto University Economic Review* Vol. LXIX No. 1 & 2 (2000) p. 48. Kiichiro Yagi was responsible for the rediscovery of the notebook and its preparation for publication. Comparison with a summary of Roscher’s own lecture course during Winter Semester 1849-50 reveals close similarities in both structure and basic definitions – see Y. Ikeda, “A Lecture Notebook of Wilhelm Roscher with Special Reference to his Published Works”, in Y. Shionoya (ed.) *The German Historical School. The Historical and Ethical Approach to Economics*, Routledge, London 2001 pp. 35–53.

concepts remains unencumbered by assertions that such principles should be founded inductively. As with Roscher and Hildebrand, the principal historical component of his lecture course involves constant reference to the classics of economics such as the Physiocrats, Adam Smith and David Ricardo, and he generally eschews lengthy comparative analysis of, for example, patterns of trading, or property forms.

It can be argued that what divided the Older and the Younger School was precisely this: that the Older School was programmatic but failed to realise their vision; while the Younger School executed the programme but lost the vision. The chief criticism made of the Older School was that they did not engage in the systematic comparative histories of economic systems for which they called; while the chief criticism of the Younger School was to be that, while they certainly generated large quantities of economic-historical studies, it was never clear how these related to the historicist programme as originally proclaimed by Roscher in 1843. When Carl Menger pointed this out (and offered a solution) he provoked what became known as the *Methodenstreit*, a dispute over the susceptibility of economic science to inductive development.

To understand the character of the Younger School one has to begin with Gustav Schmoller, founder of the Younger School by virtue of the role he played in the formation of the *Verein für Socialpolitik* in 1872-73, and who subsequently became an academic impresario mediating between academic and official institutions, as a consequence acquiring great influence over appointments and promotions in Prussian universities.²⁵ Schmoller studied History and State Sciences in Tübingen, after which he entered the state administration in Württemberg, occupied chiefly with commercial statistics, moving in 1864 to a chair at Halle. In 1872 he made a politically significant move to the University of Straßburg, a cultural outpost in the newly-occupied territories of Alsace-Lorraine; Schmoller identified himself in this way not only with a reunited Germany, but with Prussian domination, and ten years later, in 1882, he moved to a chair in the Prussian and German capital, Berlin, which he retained until his retirement in 1913. One year before the move to Berlin he assumed the editorship of *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich*,²⁶ renamed in 1913 *Schmollers Jahrbuch*, in the later nineteenth century the leading German journal for politics and economics.²⁷

²⁵ See H. Peukert, "The Schmoller Renaissance", *History of Political Economy* Vol. 33 (2001) pp. 71-116 for a survey of recent literature on Schmoller and an extensive bibliography, although without unfortunately any clear explanation of the recent revival of interest in Schmoller's work among scholars.

²⁶ Literally "Yearbook for Legislation, Administration and Economy in the German Empire", a title that well represents Schmoller's own intellectual concerns.

²⁷ In 1904 Edgar Jaffé bought the *Archiv für soziale Gesetzgebung und Statistik*, renamed it the *Archiv für Sozialwissenschaft und Sozialpolitik*, and together with Werner Sombart and Max Weber made it the leading German social science journal until its dissolution in 1933 - R. A. Factor, *Guide to the*

The inaugural meeting of the *Verein für Socialpolitik* was held in Eisenach during October 1872;²⁸ three years previously the German Social Democratic Party had been founded in the same town, dedicated to much the same purpose as the *Verein*, but with a different ideology, membership and strategy. The *Verein* addressed itself to the “social question” – broadly the social problems of industrialisation and urbanisation, involving impoverishment, class conflict, and social fragmentation.²⁹ In his opening speech, Schmoller at once identified the chief objective: to find a common basis among academics for the reform of social relations, a position from which one might then in turn influence public opinion.³⁰ He warned of the threat from social revolution engendered by the division between employer and worker, propertied and propertyless classes, and suggested that popular economic beliefs concerning commercial freedom and economic individualism could well create even greater disorder, rather than the rosy future they imagined. Germany unity had been realised the previous year; but social divisions already posed a threat to the young nation, and only the German state was in a position to reduce social tension and foster national unity, for it stood above selfish class interests, “legislating, guiding administration with a just hand, protecting the weak, raising the lower classes”, the culmination of two centuries of Prussian endeavour.³¹ Economic doctrines hostile to state intervention might well have had their place when Germany was a nation of many small states; but with the new identity of nation and state “the conciliation of people and government, parliament and state power

Archiv für Sozialwissenschaft und Sozialpolitik Group, 1904-1933. A History and Comprehensive Bibliography, Greenwood Press, Westport (Conn.) 1988.

²⁸ Twelve professors and three others attended a small preparatory meeting in Halle during July 1872; Schmoller described those present as “a small number of officials, assembly members, professors and journalists” which aptly summarises the composition of the *Verein* (which in turn convened the October meeting where 159 attended, of whom 22 were university professors). The first formal meeting of the *Verein* took place the following year in Eisenach. D. Lindenlaub, *Richtungskämpfe im Verein für Sozialpolitik, Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* Beiheft 52/53, F. Steiner, Wiesbaden 1967 p. 7.

²⁹ The German term, *die Sozialfrage*, was a direct translation of the “question sociale” – see E. Pankoke, “Sociale Frage”, in his *Sociale Bewegung Sociale Frage Sociale Politik*, Ernst Klett Verlag, Stuttgart 1970 p. 49. Note that the 1904 reform of grammar and spelling imposed a standardised “sozial”, so that in the title of the *Verein* “Socialpolitik” was henceforth “Sozialpolitik”. Pankoke retains a historically correct usage.

³⁰ G. Schmoller, “Eröffnungsrede auf der Eisenacher Versammlung zur Besprechung der sozialen Frage”, reprinted in J. Burkhardt, B. P. Priddat (eds.) *Geschichte der Ökonomie*, Deutscher Klassiker Verlag, Frankfurt a.M. 2000 p. 595. Twelve professors and three others had attended a small preparatory meeting in Halle during July 1872; Schmoller described those present as “a small number of officials, assembly members, professors and journalists” (p. 598) which aptly summarises the later composition of the *Verein*. 159 attended the October meeting, of whom 22 were university professors. The first formal meeting of the *Verein* took place the following year in Eisenach. D. Lindenlaub, *Richtungskämpfe im Verein für Sozialpolitik, Vierteljahrschrift für Sozial- und Wirtschaftsgeschichte* Beiheft 52/53, F. Steiner, Wiesbaden 1967 p. 7.

³¹ Schmoller, “Eröffnungsrede” pp. 599-600.

shed new light even on economic questions.”³² Many in the *Kongreß der deutschen Volkswirte*,³³ a relatively broadly-based organisation promoting free trade, understood the implications of these changes; but its leadership had become even more vociferous in defence of the dogma of economic individualism.

There was no such thing as a labour problem – so they said – to talk in these terms was merely confused thinking or demagogic agitation, the working class now had all that they needed; those who did not get on in life only had themselves to blame; some suggested that workers’ co-operatives were an affront to entrepreneurial profits because workers shared in the return, workers’ unions were attacked because they were thought to revive guild organisation, any and every corporative body was reviled; likewise with factory legislation, it was denied that the factory inspectorate had any relevance to German conditions. The Berlin Economic Society denounced conciliation and arbitration tribunals as heresy. It almost seemed as if the party which had, in the name of human rights, once fostered the salvation of underprivileged classes were now only interested in the one-sided class standpoint of the entrepreneur, as if economic freedom now meant only the freedom of big business, of large employers and owners of capital, to exploit the public.³⁴

Sharing socialist criticisms of the “Manchester School”, but seeking the initiative for social reform from a strong state, the *Verein* was positioned from the beginning between liberals on the one side and socialists on the other.³⁵ As noted above, as far as the Older School was concerned, these two polar extremes – economic liberals and Marxist socialists – in fact had a common source for their economic ideas: the classical economics of early nineteenth century Britain. German historical economics was therefore a path between these two extremes; and the economics of the *Verein*, characterised by the rejection both of *laissez-faire* liberalism and Marxist socialism, became by default one version or another of a German historicist tradition. That the *Verein* met annually during the summer vacation in the major cities of Germany to debate specific topics of social reform is indicative of the predominance of its academic members, lending economists an important forum both to discuss their common interests and hence establish a degree of identity. Although there was some initial

³² Schmoller, “Eröffnungsrede” p. 596.

³³ Such that its use of “Volkswirt” echoed the free-trading ethos of *The Economist*, and did not have any specific academic connotation.

³⁴ Schmoller, “Eröffnungsrede” p. 597.

³⁵ See H. Hagemann, “The Verein für Sozialpolitik from its Foundation (1872) until World War I”, in M. M. Augello, M. Guidi (eds.) *The Spread of Political Economy and the Professionalisation of Economists*, Routledge, London 2001 pp. 152-75.

success in exerting a direct influence upon legislation, from the early 1880s the *Verein* developed its work by commissioning studies of social problems that would form a basis for discussion at future meetings, in many cases receiving financial support from government departments for the collection of data. The empirical study of economic relationships and phenomena associated with the “social question” which the *Verein* fostered was well-suited to the general understanding of economic development associated with German historicism.

Quite apart from the prominence which his role in the *Verein* gave him, Schmoller’s own extensive writings were distinguished from those of his predecessors by their focus on the social and economic forces underlying the development of the German state, rather than on contemporary economic discussion of trade or wages. His early study of small enterprise³⁶ examined the pressures on small and craft businesses in increasingly international markets, arguing for a measure of protective legislation that would enable such enterprises to adapt to new conditions. Historical and comparative investigation of financial, agrarian or industrial conditions was linked in this manner to the forces of industrialisation and the role of the state in moderating the negative effects of economic progress. This approach was shared with others, such as Lujo Brentano, whose early studies of British trade unions prompted a comparative analysis of labour organisation, establishing that British wages were higher and working hours shorter than those in Germany. His conclusion from this research, that economic progress would only result from a reduction of working hours in Germany, exemplifies the manner in which the comparative study originally envisaged by Roscher could be linked to social reform.³⁷ Academic economists of Schmoller’s generation concerned themselves chiefly with empirical studies of this kind, and paid scant attention to the finer points of economic theory.

In time a division emerged within the *Verein* between founding members who had experienced unification and who shared Schmoller’s ethical evaluation of the state – Adolf Wagner, Wilhelm Lexis, Johannes Conrad – and a younger generation, primarily of economists, more concerned with the social and political disintegration of the 1880s and 1890s – Eugen von Bortkiewicz, Carl Grünberg, Max Sering, Ferdinand Tönnies, and of course Max and Alfred Weber. Although these academics did conduct detailed empirical investigation, they were also more open to theoretical argument. Carl Menger’s methodological critique of German historicism consequently prompted a violent response from Gustav Schmoller not echoed by the younger generation of economists.

³⁶ G. Schmoller, *Zur Geschichte der deutschen Kleingewerbe im 19. Jahrhundert*, Verlag der Buchhandlung des Waisenhauses, Halle 1870.

³⁷ L. Brentano, *Das Arbeitsverhältniss gemäss dem heutigen Recht*, Duncker und Humblot, Leipzig 1877. See also T. Nishizawa, “Lujo Brentano, Alfred Marshall, and Tokuzo Fukuda. The Reception and Transformation of the German Historical School in Japan”, in Shionoya, *The German Historical School* p. 157.

The “dispute over method” is a landmark in the development of the social sciences, but when examined in detail it shrinks in significance. Menger made a methodological point that is today quite uncontroversial, making a clear distinction between the historical and statistical study of economic forms; theoretical economics; and practical fields such as economic policy and finance. Historical study of economic structures had its place, but was complementary to, not a substitute for, the development of theoretical principles.³⁸ The prime task of economic analysis was therefore the elaboration of theory and policy, not the simple accumulation of economic facts. Empirical knowledge could not be acquired through reflection, and theoretical knowledge did not result from empirical work. This was the core of Menger’s argument: not a rejection of historical economics *per se*, but a denial that “more” historical economics could lead to “better” theory. Today this seems uncontroversial.³⁹

But to state the matter so baldly in the later nineteenth century was clearly different. As noted above, Schmoller had largely abandoned the programmatic statements more typical of his predecessors and directed his efforts to detailed historical studies; nonetheless his response to Menger’s criticism was abrupt and dismissive. Schmoller simply reversed the point that Menger had made, and argued that economic analysis could not be derived from general principles of psychology, but must arise from the study of individual economic action. Historical study, he suggested, had no need of “theoretical” economics.⁴⁰ His grasp of contemporary economic theory was in any case distinctly rudimentary, as evidenced by his 1897 inaugural lecture as *Rektor* of the University of Berlin. Couched in terms of a struggle between socialism and a classical economics associated with Smith and Ricardo, Schmoller looked back on the nineteenth century in terms that would not have been out of place fifty years earlier, or more:

Contemporary economics has come to accept an historical and ethical view of state and society, in contrast to rationalism and materialism. From a mere doctrine of markets and exchange, a kind of business economics which threatened to become a class tool of the propertied, it has once more become a great moral and political science, a science which as well as investigating the production and distribution of goods, as well as the phenomena of value forms, investigates economic institutions, and which instead of the world of goods and capital places

³⁸ C. Menger, *Untersuchungen über die Methode der Socialwissenschaften, und der Politischen Oekonomie insbesondere*, Duncker und Humblot, Leipzig 1883 pp. 12-13.

³⁹ Tribe, *Strategies*, pp. 77-78.

⁴⁰ G. Schmoller, “Zur Methodologie der Staats- und Sozialwissenschaften”, *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft* N. F. Jg. 7 (1883) pp. 976-7.

people at the centre of the science.⁴¹

Of course, Schmoller never did study individual action, historical or otherwise, in the manner that he implied; and what economic action might be presupposed a prior understanding of the nature of economising activity, as Max Weber later pointed out in the second chapter of *Economy and Society*. There was no more to the *Methodenstreit* than this. Menger argued on the one hand that theory was not susceptible to inductive elaboration – something which Schmoller in truth never even attempted – while Schmoller's asserted that it was, but never sought to demonstrate how. Despite its insubstantial nature, this “dispute on method” came to symbolise the gulf that separated historical from theoretical economics in the later nineteenth century.

2. The English Historical School

In the early 1890s John Neville Keynes published a survey of economic method that would remain a standard work until Lionel Robbins' *Nature and Significance of Economic Theory*.⁴² Keynes consistently contrasted deductive and inductive approaches to the subject, suggesting however that no reasonable practitioners adhered exclusively to the one or the other. Moreover, he noted a feature already evident in the German case: the greater the clarity and vehemence with which the one or the other was advocated, the less likely was it that anyone could be found who adhered to such prescriptions and injunctions. Keynes considered Schmoller to be an “extremist” who sought to collapse economic theory into economic history; he recommended instead the writings of Roscher and Wagner.⁴³ This dismissal of Schmoller was linked with a similar judgement upon John Kells Ingram, suggesting that they were both in their different ways “arrogant and exclusive in their pretensions.”

The former would practically identify political economy and economic history, or at any rate resolve political economy into the philosophy of economic history. The latter, whose aim is somewhat different, though he is equally revolutionary in his tendency, would absorb political economy into sociology.⁴⁴

Ingrams - a follower of Comte, hence the remark concerning Sociology – had achieved a degree of notoriety with his robust, if wildly inaccurate, account of the parlous state of orthodox economics delivered as part of his Presidential Address to Section F of the

⁴¹ G. Schmoller, “Zur Methodologie der Staats- und Sozialwissenschaften”, *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft* N. F. Jg. 7 (1883) pp. 976-7.

⁴² L. Robbins, *An Essay on the Nature and Significance of Economic Science*, Macmillan, London 1932.

⁴³ J. N. Keynes, *The Scope and Method of Political Economy*, Macmillan & Co., London 1891, pp. 26, 298.

⁴⁴ Keynes, *Scope and Method*, p. 27.

British Association in 1878. The previous year Francis Galton had moved that this section, “Economic Science and Statistics”, be wound up, his chief complaint being that the papers presented were quite heterogeneous and not suited to an organisation dedicated to the advancement of scientific knowledge. In fact Galton had passed no comment directly upon political economy, and his remarks were directed primarily at “statistical” contributions; but in his address Ingrams represented Galton’s intervention as one directed at political economy, employing this misrepresentation as the point of departure for his own critique of contemporary economics. He was undeniably successful in this rhetorical strategem: to this day the spin which he put upon Galton’s intervention is dutifully repeated in the literature.⁴⁵ While such repetition does not alter the unreliability of Ingram’s account of contemporary economics, the timing of his comments does suggest that there was a growing audience for some form of “alternative” political economy in the later 1870s and early 1880s. Furthermore, Ingram’s address also made use of a standard refrain in such critiques: that while things might be in a sorry state “here”, elsewhere affairs are better managed. Rather like Perry Anderson some ninety years later,⁴⁶ he suggested that there had occurred in Continental Europe a revolt that had largely passed the English by:

It is a characteristic result of the narrowness and spirit of routine which have too much prevailed in the dominant English school of economists, that they are either unacquainted with, or have chosen to ignore, this remarkable movement.

The largest and most combined manifestation of the revolt has been in Germany, all whose ablest economic writers are in opposition to the methods and doctrines of the school of Ricardo. Roscher, Knies, Hildebrand, Nasse, Brentano, Held, Schmoller, Schäffle, Schönberg, Samter, and others, have taken up this attitude.⁴⁷

The German Historical School could therefore be introduced as an exemplary alternative, although as it happened none of those writers who became associated with

⁴⁵ Koot, *English Historical Economics*, p. 55. Koot also refers here to a “public argument” over economic method at the Adam Smith Centennial Dinner two years previously; but the Political Economy Club was a closed dining club, and very few copies of the published proceedings were circulated, hearsay evidence therefore predominating in subsequent discussion.

⁴⁶ “Its [the British industrial bourgeoisie] thinkers were confined by the cramped horizons of their class. They developed powerful sectoral disciplines – notably the economics of Ricardo and Malthus. They advanced the natural sciences – above all evolutionist biology with Darwin. But they failed to create any general theory of society, or any philosophical synthesis of compelling dimensions.” P. Anderson, “Components of the National Culture”, *New Left Review* No. 50 (July-August 1968) p. 12. So – apart from Malthus, Ricardo, Darwin – nothing.

⁴⁷ J. K. Ingram, “The Present Position and Prospects of Political Economy”, reprinted in R. L. Smyth (ed.) *Essays in Economic Method*, Duckworth, London 1962 p. 47.

“English historical economics” drew directly upon German writings.⁴⁸ Ingram went on to draw a line between Smith and Ricardo, suggesting that the former was broadly inductive, and the latter relentlessly deductive;⁴⁹ a line of argument which accounts for his statement that the German historical economists were hostile to the writings of Ricardo. This is very much an English pre-occupation, the work of Ricardo was not especially influential in Continental Europe, Adam Smith being consistently identified as the chief protagonist of classical economics. But it suited Ingram’s purpose to argue in this way, for by associating Smith with inductivism he could appropriate Smith to the “alternative” canon.

Ingram warmly recommended the work of Cliffe Leslie, who had likewise drawn a line between deductive and inductive methods, between Ricardo on the one hand and Smith on the other. Leslie argued that Smith’s work placed inductive investigation within a natural law framework, from which was drawn the conception of a natural harmony in economic life. This conception was later read in more providential terms, so that Smith’s original ideas were reworked into a rigid doctrine of *laissez faire*.

The mischief done in political economy by this assumption respecting the beneficent constitution of nature, and therefore of all human inclinations and desires, has been incalculable. It became an axiom of science with many economists, and with all English statesmen, that by a natural law the interests of individuals harmonise with the interests of the public; and one pernicious consequence is that the important department of the consumption of wealth has ... been in reality either altogether set aside, as lying beyond the pale of scientific investigation, or passed over with a general assumption, after the manner of Mandeville, that private vices are public benefits.⁵⁰

Leslie elsewhere made clear that inductivism was equivalent to historicism,⁵¹ his understanding of historical study being stamped by his teacher Sir Henry Maine, and also the writings of Stubbs. When he identified sections of *Wealth of Nations* with inductivism this amounted to the claim that Smith could be regarded in a historicist light; and this itself indicates that the kind of historicism that he had in mind was quite distant from the social and economic history which Schmoller and his associates had already begun to publish.

⁴⁸ This is the general argument of my essay “The Historicization of Political Economy?” in B. Stuchtey, P. Wende (eds.), *British and German Historiography 1750-1950*, Oxford University Press, Oxford 2000 pp. 211-28.

⁴⁹ Ingram, “Present Position”, p. 63.

⁵⁰ T. E. Cliffe Leslie, “The Political Economy of Adam Smith” *Fortnightly Review* 1 November 1870, reprinted in his *Essays in Political and Moral Philosophy*, Hodges, Foster and Figgis, Dublin 1879 p. 154.

⁵¹ In discussing the German Historical School, *Essays* p. 166.

The writings of both Ingram and Leslie had more in common with Roscher and Hildebrand than Schmoller and Wagner, since the organising focus of the former was primarily upon the history of economic doctrines, rather than historical study of manufacturing or trade. This was also true of Arnold Toynbee, whose 1881-82 course of Oxford lectures linked the study of economic history to the liberal concept of progress, in which he followed Macaulay, who in describing the English “Glorious Revolution” of 1688 argued that the history of England was a history of progress, “the history of a constant movement of the public mind”.⁵² His account of the industrial revolution linked the development of industrial history to the economic thinking that had accompanied it – Smith’s *Wealth of Nations* was therefore linked to the impact of the steam-engine, rejecting Carlyle’s call for a halt to the onward march of industrialisation and suggesting that the social division and fragmentation associated with it were transitional, that new economic freedoms were being generated.⁵³ The literature of political economy provided an organising framework to this history of industrial and social progress, with the work of Malthus presiding over the account of the main period of industrial change, and Ricardo taking care of the post-Napoleonic period. Toynbee also took a more conciliatory line on the question of deductivism and political economy, suggesting that the function of economic history was to test its principles, not provide a source for the inductivist reinvention of economics.⁵⁴ The historicisation of political economy did not therefore necessarily imply a radical critique of the classical tradition, and Edwin Cannan, at the time that Toynbee delivered his lectures a student in Oxford, was later to take a very similar line on the relation of economic history and economic theory.⁵⁵

Cannan’s contemporary William Ashley⁵⁶ took the notes from which Toynbee’s lectures were posthumously reconstructed. Ashley took the historical route, contributing to the development of economic history in Britain,⁵⁷ after inaugurating the chair of economic history at Harvard in 1893. Five years before this, at his Toronto inaugural, Ashley had expressed Ingram’s sentiments in more measured tones:

Ten or fifteen years ago Political Economy occupied, in English-

⁵² Cited in A. Kadish, *Apostle Arnold. The Life and Death of Arnold Toynbee 1852-1883*, Duke University Press, Durham N. C. 1986 p. 105.

⁵³ Kadish, *Apostle Arnold* pp. 107-8.

⁵⁴ A. Toynbee, *Lectures on the Industrial Revolution in England*, Rivingtons, London 1884 p. 111.

⁵⁵ E. Cannan, *A History of the Theories of Production and Distribution in English Political Economy from 1776 to 1848*, Rivington, Percival & Co, London 1894.

⁵⁶ Ashley gained a first in History in 1881, but was prevented by lack of funds from proceeding to read Greats; instead he taught as a coach in Oxford and was later supervised by Toynbee - A. Ashley, *William James Ashley. A Life*, P.S.King and Son, London 1932 p. 22.

⁵⁷ See W. J. Ashley, *An Introduction to English Economic History and Theory*, Rivingtons, London 1888.

speaking countries, no very dignified or useful position. In England it was represented by two very able men, Cairnes and Jevons. Neither of these, however, had any considerable influence upon the educated public; and the professorial teaching at Oxford and Cambridge was of but small scientific importance. In University and College instruction, Political Economy was the convenient stopgap.⁵⁸

But at Harvard Ashley now spoke of the work of Ingram and Leslie as belonging to the past, that they shared a great deal with a classical orthodoxy which thought in terms of general propositions.⁵⁹ Looking back on this evolution from the even later standpoint of 1907, Ashley noted the rise of marginalist economics, but emphasised a different set of questions:

But *why* do people demand just those things? On what does the rapidity of satiation depend? Have their desires always been the same; or the possibilities of production in order to meet them? How are desires related to one another? What are they likely to become? What are the limits to demand set by the economic situation of the demanders? These are the things we really want to know. The problem is, in a wide sense of the term, an *historical* one; or, if you prefer the phrase, a *sociological* one, both “static” and “dynamic”. Behind the workman’s wife making up her mind on Saturday night whether to buy another loaf or a scrap more meat stand the whole of human nature and the whole of social history.⁶⁰

The way in which Ashley casually links history here to sociology implies a different kind of history to the one with which he had started in the early 1880s, only with the publication of Cunningham’s *Growth of English Industry and Commerce* in 1882 was there a textbook available which outlined the “new” economic history; hitherto history had been treated principally as the history of past politics.

While a specifically English reaction against the rigidities of classical economics occurred in the last third of nineteenth century, the various writers and scholars who associated themselves with this response were intellectually diverse; they were united in this reaction, but little else. Some were historians first and foremost – Rogers, Ashley and Cunningham – although these did not share a common view of the nature of historical method. Others were not historians – Ingram and Leslie. Ashley played an important part in the creation of the study of economic history in Britain; but then so did Clapham and Unwin, who are not usually included in accounts of the “English

⁵⁸ W. J. Ashley, *What is Political Science?*, Rowsell and Hutchison, Toronto 1888 p. 10.

⁵⁹ W. J. Ashley, “On the Study of Economic History”, *Quarterly Journal of Economics* Vol.7 (1893) p. 3.

⁶⁰ W. J. Ashley, “The Present Position of Political Economy”, *Economic Journal* Vol.17 (1907) p. 476.

Historical School”;⁶¹ while there is in any case a stronger argument that the study of economic history in Britain drew for the most part on changes in the study of history, not of economics. Some, like Hewins and Cunningham were “neo-mercantilists”, protectionists and “fair-traders”, as Koot suggests; but not Rogers or Ingram.⁶² Some, like Toynbee, were strong proponents of social reform, but then so were most economists in Britain. “History” as a critique of theory does not therefore serve us well in seeking to characterise the development of English economics in the later nineteenth century.

But this does not mean that history and economics did not enjoy a mutually reinforcing relationship. Edwin Cannan, perhaps the most influential teacher of economics in Britain up to his retirement as Professor of Political Economy at the LSE in 1926, edited what was until the 1970s the standard edition of Smith’s *Wealth of Nations*, and he taught in London for many years a course on “Principles of Economics, including the History of Economic Theory”.⁶³ His *Theories of Production and Distribution in English Political Economy* was the first historical account of political economy to take its sources seriously, using the best texts available and in its exact reading of its sources demonstrating analytical errors that had not only eluded his predecessors, but also his successors.⁶⁴ To take another example, E. C. K. Gonner, Brunner Professor of Political Economy in Liverpool from 1891 to 1922, published an important study of the development of the English farming landscape, *Common Land and Inclosure*.⁶⁵ At first sight the book appears to be related to a number of near-contemporary works of agrarian history; Gonner traces the gradual appropriation of common land for individual use, but in charting the impact of this transition upon cultivation and employment Gonner sets to work an explicitly analytical framework owing much to his previous work in geography and economics. Gonner also edited Ricardo’s *Principles of Political Economy*,⁶⁶ and later published a collection of Ricardo’s other writings, not the sort of thing that one would normally expect of a historically-minded economist.⁶⁷

⁶¹ See for a useful summary J. Maloney, “English Historical School”, in J. Eatwell, M. Milgate, P. Newman (eds.) *The New Palgrave Dictionary of Economics*, Macmillan, London 1987 Vol. 3 pp. 146-49.

⁶² See Alon Kadish’s rebuttal of Koot’s construction of “English historicism”: review in *Times Higher Educational Supplement* 1 July 1988 p. 23.

⁶³ Published as *A Review of Economic Theory*, P. S. King, London 1929.

⁶⁴ Denis O’Brien notes that Harry Johnson’s demonstration that Ricardo had erred in believing that improvements would temporarily lower rents replicated an algebraic proof of the same point made by Cannan in his *Theories of Production and Distribution*, pp. 323-7. See O’Brien, “Cannan, Edwin, as an Interpreter of Classical Economics”, in H. D. Kurz, N. Salvadori (eds.) *The Elgar Companion to Classical Economics A K*, Edward Elgar, Cheltenham 1998 p. 68.

⁶⁵ E. C. K. Gonner, *Common Land and Inclosure*, Macmillan, London 1912.

⁶⁶ David Ricardo, *Principles of Political Economy and Taxation* ed. E. C. K. Gonner, George Bell and Sons, London 1903.

⁶⁷ D. Ricardo, *Economic Essays*, edited by E. C. K. Gonner, G. Bell and Sons, London 1923.

Neither of these writers would conventionally be counted among “historical economists”, nor do they self-consciously employ historical sources in developing a critique of contemporary economics. What does unite them, of course, is that they were both students of history and political economy in Oxford during the 1880s, as were Ashley, Price, Llewellyn Smith, and Hewins.⁶⁸ Political economy was in Oxford taught as part of history and of “Greats” until the foundation of “Modern Greats”, the PPE course in 1920. In Cambridge it was part of history and the moral sciences until the inauguration of Marshall’s Economics Tripos in 1903. In the London University BA degree before the turn of the century the teaching of political economy was linked to history and moral philosophy.

In this perspective the study of history and economics becomes part of the wider history of the social sciences, rather than a clash between inductive and deductive methods, or of historicism and rationalism. Whatever the relationship between economics and history might have been by the later twentieth century, economists of the earlier twentieth century continued as a reflex to draw upon historical materials and arguments in their work on practical economic problems – on unemployment, economic development, industrial decline or poverty.⁶⁹ The “historicist critique of economics” turns out on closer examination to be based largely on bad history: a faulty historical understanding of economics and history. And if this is true of the later nineteenth century, then it is even more so of the early twenty-first century.

⁶⁸ A. Kadish, *The Oxford Economists in the Late Nineteenth Century*, Oxford University Press, Oxford 1982 Ch. 3.

⁶⁹ Standing in for all of these the reader could do worse than look at Henry Phelps-Brown’s absorbing book *The Growth of British Industrial Relations (from the standpoint of 1906-14)*, Macmillan, London 1959 – Phelps Brown moved from Oxford to the LSE in 1947, where he was Professor of the Economics of Labour until 1968. Alternatively, to see how the use of economic analysis and technique can brilliantly illuminate the historical record, see L. E. Davis, R. E. Gallman, K. Gleiter, *In Pursuit of Leviathan: Technology, Institutions, Productivity and Profits in American Whaling, 1816-1906*, University of Chicago Press, Chicago 1997.

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ISSN 1352-8955

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