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WHY TEACH HISTORY OF ECONOMIC THOUGHT TODAY?*

ANDRÉS ÁLVAREZ*
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Abstract

Shorter undergraduate studies, increasing specialization and the priority of applied research in Economics represent threats for the History of Economic Thought (HET) as an integral part of the training of young economists. There are mostly sociological arguments to reduce or eliminate HET courses and contents to which we try to respond in this text. We advance that HET allows developing valuable skills that might help overcome the criticisms against Economics due to its alleged incapacity to offer solutions in times of crisis and to its fascination with quantification and technique. In this context, HET appears as a space for thought, self-criticism and introspection in which new economists may understand that Economics is a process and not a product giving them the abilities necessary to participate in the extended present of their discipline.

Key words: history of economic thought, teaching in economics, economic theory.

JEL Classification: A11, A13, A14, A22, B2.

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¿POR QUÉ ENSEÑAR LA HISTORIA DEL PENSAMIENTO ECONÓMICO HOY?

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Resumen

La reducción en la duración de los pregrados en Economía, la creciente especialización en la disciplina y la prioridad de la aplicación sobre la teoría son amenazas para la Historia del pensamiento económico (HPE) como parte integral de la formación de economistas. Existen argumentos principalmente sociológicos para reducir o eliminar el espacio de la HPE; en este texto buscamos responder a estos argumentos para mostrar la vigencia y relevancia del área. En momentos en que la Economía es cuestionada por su incapacidad de ofrecer soluciones y por su fascinación con la medición y la técnica parece pertinente rescatar a la HPE como campo de reflexión, de crítica y de introspección para que los nuevos economistas entiendan que la Economía es un proceso y no un producto y puedan participar activamente en el presente extendido de su disciplina.

Palabras clave: historia del pensamiento económico, enseñanza de la economía, teoría económica.

Clasificación JEL: A11, A13, A14, A22, B2.

Introduction

Ever since the beginning of the History of Economic Thought (HET) as a sub-discipline within Economics, historians of economic thought have felt the need of justifying their work. Occasionally this discussion seems to respond more to a defensive position than to an academic or propositional argumentation. The position assumed by historians of economic thought can be interpreted in two ways: as a paranoid¹ situation or as a way to profit from new opportunities². We have chosen, given the times we are living, the second option. HET, we believe, is a reserve of meaning and good sense for all of economic theory and all economists, and therefore, for interpretation of the world and economic phenomena.

This text is inscribed in a reflection generated by the loss of importance of HET in the formation of economists³ and the boom of the community of historians of economic thought⁴. These two tendencies may not seem contradictory at first sight given that HET seems to be increasingly considered as a sub-discipline independent from Economics.

Furthermore, there is an important group of historians of thought who consider that this sub-discipline has its place in the philosophy of science and in the history of ideas, and no longer in Economics. According to this group⁵, the lesser importance given to HET in the training of economists reflects the consolidation, and in practical terms, independence of the sub-discipline which should no longer be seen as an integral part of economic theory but as part of the history of science. In contrast to this group, there is an opposite position⁶ according to which HET has its rightful place in the education of economists because to work in the HET is to work in economic theory, because it corresponds to being trained as an economist, understanding how economists think and how Economics has developed. This text is situated in the second group and seeks to advance arguments in favor of teaching the HET and its importance as a reserve of meaning and

¹ This paranoia could be justified by assertions such as: “it remains the unfulfilled task of the historians of economics to show that their subject is worth the cost” (Stigler, 1969: 230)

² Regarding the 2008 - 2009 crisis several economists and historians of thought have upheld the need for a new approach to economics and an approximation to the history of the discipline. Suffice it to bring to mind the debates, blogs and newspaper columns questioning the relevance of economic theory to diagnose and face this crisis. Awarding the Nobel prize in Economics to Elinor Ostrom in 2009 has also been associated with this moment of opportunity.

³ There are several articles confirming this diagnosis. For a summary and another sample to this effect see Cardoso (1995).

⁴ HET counts with an increasingly important community with an improving quality and growing academic production. Not only has the number of HET national and international societies, members, congresses and workshops increased but also that of specialized academic journals. These journals are already registered by the main citation indexes such as the Thomas Reuters Web-of-Knowledge (ISI). The two most recognized journals in this area according to the classification by the Centre National pour la Recherche Scientifique (CNRS) from France, are *History of Political Economy* and the *European Journal of the History of Economic Thought*, both indexed in ISI. In 2010 *History of Economic Ideas* was included. In the CNRS journal classification by areas the first two are closely followed by the *Journal of the History of Economic Thought*.

⁵ For a review of these positions, in which Weintraub (1996, 2006) and Schabas (1992, 2002) are particularly representative, see Moscati (2008).

⁶ See, for example, Kurz (2006) and the special number of *Cahiers Charles Gide* (1995) “Faire l’histoire de la pensée économique”.

good sense, as well as a way of participating in a conversation taking place in the extended present (Boulding, 1971: 227; 231) in which economists from all periods are valuable and valid partners.

In order to present this approach to the HET, we explore the question concerning why teach and work in HET. We will not address the methodology of the HET⁷. Nonetheless, we will defend a vision of HET as an integral part of Economics and not as a way of working in history or philosophy of science. In this sense, we consider that the HET has its place in Economics.

In spite of multiple voices and texts in favor of the HET and its place in Economics during the last and present centuries (cf. Angner& Tubaro (orgs.) 2008; Blaug 1997, 2001; Boulding, 1971; Hodgson 2008, 2009; Laidler, 2001; Moscati, 2008; Samuels, 1974; among many) we consider it worthwhile to reflect on the subject not only because of the present context but in order to integrate two aspects of the discussion: HET research and its teaching in Economics programs. In fact, two relatively recent international tendencies persist in the transformation of undergraduate programs which seem to threaten HET as an integral part of the formation given to future economists. The first relates to the reduction in duration and therefore in contents of undergraduate studies internationally. The second tendency is the diminishing importance of theory in our discipline relative to more empirical and/or applied research. Both tendencies lead to question the need of maintaining HET courses in the basic formation of future generations of economists. In other words, these tendencies could lead to question if the opportunity cost for maintaining HET⁸ compulsory courses is not too high. HET would take up time from other issues and techniques considered more relevant because they seem more useful to answer urgent and practical questions that society in general is permanently asking economists. These tendencies have already led to an almost complete disappearance of HET from the contents of most undergraduate programs in the most important universities around the world as well as from graduate programs, in particular, doctoral programs, and in general, from research formation⁹.

Here, we would like to present the most common arguments against HET as an integral part of economists' formation (section 2) and confront them with academic (section 3) and political (section 4) arguments in favor of HET. Although the majority of the arguments have been explored, such is not the case with political arguments (with the notable exception of Peart & Levy 2005), which, given the extended view of Economics as a positive science, have been relegated. We consider them of vital importance not only for recovering the place of HET in Economics but also as a way for economists and Economics to reflect upon themselves.

⁷ There is extensive literature on this subject regarding the division between two ways of working in HET. These two forms have been characterized as relativist and absolutist, historical and rational reconstruction, whig and non-whig history. For a compilation of articles on this topic see the second part of Samuels, Biddle and Davis (2007).

⁸ Back in 1988 Samuelson reminded us that an efficient allocation of a student's scarce resource of time and opportunity cost of HET courses led to diminish their presence in curriculae.

⁹ For a comparative analysis and discussion of these tendencies see the special number of the journal *History of Political Economy*: Volume XXXIV, Supplement No. 1, 2002. In particular, see the introduction by Weintraub (2002) as well as "Mini-symposium on the Future of History of Economics: Young Scholars' Perspective" published in *Journal of the History of Economic Thought*, Vol.20 no. 1, 2008.

1. *Why not teach HET?*

Considering that HET is an integral component of Economics it is possible to assert that teaching HET is basic in every economist's formation. However, this point of view does not represent a consensual position among the community of economists nor among historians of thought. Indeed, the diminishing number of courses offered in this area and their increasing non-compulsory character in economists' formation, as well as the low impact of specialized journals in this area in classifications and citation indexes and the lower number of doctoral thesis in HET, are all evidence of the reduced place the subdiscipline has in Economics.

Sometimes arguments against teaching HET appear to be stronger than those in favor, be it because they are put forth by well-known economists or because they are in accord with the image economists have of their own field. We will explore three of the most representative and usual arguments held by those who consider that HET has no place in the formation of economists and is not an interesting field of research in Economics.

1.1. *"Those who can, do; those who can't, teach"*¹⁰

This phrase reflects the priority given to applied economics over any other type of Economics. Following this prioritization, HET is relegated to a secondary level arguing that it is more important that students learn *to do* than to learn about the foundations and formation of the way economists think, and therefore, the way in which *to do* is determined. Priority of applied analysis has been accompanied by an increasing process of technification, that is to say of formalization-mathematization and use of statistical methods, in Economics. Consequently, training of new economists includes development of specific and complex abilities and skills. As Paul Samuelson (1988 quoted in Blaug 2001) said, now we need more time to learn the new techniques and since time is limited, some things must be sacrificed. Among these sacrifices were compulsory HET courses in most of Economics programs worldwide¹¹.

This sacrifice reflects the priority given to applied and practical issues as well as economists' greater interest in present rather than past times. Social demand for answers to immediate questions leads to search and improve tools and techniques which contribute to social engineering, influencing economists' research interests. Given the eminently applied and practical character of questions, research deals with current events. Rather than developing research programs, economists are increasingly focused on what is known as impact evaluation. In this line of research, though it is important to quote theoretical referents and background, priority is given to data mining.

¹⁰ This phrase seems to come from George Bernard Shaw's maxim "He who can, does. He who cannot, teaches" in his book *Maxims for revolutionists*, 1903.

¹¹ Samuelson's famous example of a production possibility frontier example between cannons and butter comes to mind. Here HET would probably be butter. The reader will choose his preferred interpretation.

The same priority is present in academic publications. For one, specialized journals in HET have a low impact on the discipline¹²; but more importantly, in order to publish in the top journals, authors do not need to demonstrate any knowledge or management of HET, in general, or of the history – even recent history- of their own subject. In top economic journals quotations from past economists are, to say the least, scarce. Hodgson (2008: 275) even asserts that quotes are practically limited to the most recent predecessors of the latest mathematical techniques. As a consequence of this, there are no incentives to learn or work in HET. In today’s research assessment, HET does not appear to be a requirement or an attractive horizon. Instead, technical skills, possession of unexploited data and knowledge of the most recent research articles seem to be needed for a promising academic career. Given this perspective, it is not difficult to understand that HET is considered practically irrelevant.

1.2. Heterodox refuge

During a good part of the time HET has existed as a subdiscipline on its own right, it has been identified as a refuge for heterodox economics (Blaug, 2001: 147). All those in disagreement with mainstream developments turned to HET as a way to express their discontent. Those not sharing these disagreements, consider these discontent economists as lacking the necessary mathematical or technical skills needed to follow mainstream developments. Hahn (1985) asserts that there are really no rival theories but just contrary opinions: “The contrary impression stems from a misunderstanding of theorizing and of course from willful obfuscation of those who seek power and influence or who are driven by millennial dreams” (Hahn, 1985: 28). Mainstream economic theory would be, according to this interpretation, the only theory that allows understanding economic phenomena and only by doing economic theory it is possible to understand, incorporate and overcome any criticism that may arise. The specificity of Economics would be that external criticism is not important when coming from other theories and only internal criticism is relevant. So, by associating HET with external criticism, its irrelevance for economic discussion is evident. These positions have had radical periods, but in general, they have established a growing separation and a difficult dialogue between those working in Economics and those working in its history (distinction made possible only by the increasing specialization within Economics). In extreme cases, some historians of economic thought have considered convenient retiring from economics departments and faculties and joining Philosophy of Science or Cultural Studies departments (c.f. Weintraub 1996, 2002; Schabas 1992, 2002), losing all interest in economic theory and applied economics analysis developments. This self-isolating process contributes and reinforces HET’s marginality and leads to research in this area increasingly removed from the interests of economists.

¹² This is no longer an exclusive situation for HET. With increasing specialization, leading journals in each subdiscipline have less impact on journals from other areas because specialists quote each other, thus stimulating self-reference in each area. The present exception seems to be finance.

1.3. *HET is unnecessary and immobilizing*

This position of isolation held by some economic thought historians has been bolstered by the attitude of some economists who do not study HET and consider it unnecessary and immobilizing (Dasgupta, 2002). Unnecessary because, according to a lineal and progressive view of the development of science, we do not need a history given that good ideas are passed on and included in present mainstream theory (Stigler, 1969: 217-8). In other words, this position is equivalent to asserting that the history of a science becomes shorter as the science improves. This view is joined by a perception of an essential agreement among economists about the foundations of their discipline (Gordon, 1965; Dasgupta, 2002). According to this perception Economics would be closer to natural sciences than to humanities since in Economics there is an agreement about a basic model formulated in the beginnings of the discipline (Gordon, 1965: 122). This basic model would be construed on Smith's postulate concerning a maximizing individual in a relatively free market which shapes all economic theory¹³. Due to this agreement, according to Gordon (1965), there have been no real revolutions in Economics, presenting it as a "tribute to the supremacy of purely positivistic intellectual forces" (Gordon, 1965: 124). Nevertheless, both quoted authors and community at large recognize that this theoretical agreement is not extensive to debates on policy. This argument, together with that presented in 1.1, leads to assert that "the young economist will increasingly share the view of the more advanced formal sciences that the history of the discipline is best left to those underendowed for fully professional work at the modern level" (Stigler, 1969: 218)¹⁴.

Immobilizing because HET paralyzes creativity, making us, in Keynes's words, subjects of some dead economist. In spite of HET's permanent use as a rhetorical weapon (Laidler, 2001) there is the impression that it can inhibit researchers' creativity not only by discovering that a significant part of what is being said has already been said but also by the fascination generated by the search for "who said it first". Given that HET is an instrument for introspection and self-criticism for economists, an excess of the latter can lead to a substitution of economic debates for methodology or genealogy debates, distracting attention and wasting resources¹⁵.

None of these three arguments really touches on the contents of HET. All are more of a sociological nature. Sociology of economic science shows us that recent developments in it grant less time and

¹³ A sample of this position is found in one of the founding books of General equilibrium theory: *Competitive general equilibrium* by Kenneth Arrow and Frank Hahn published in 1971. Discussion about faithfulness of this interpretation of Smith and its implications for present economic theory has taken up many pages in specialized literature on this author. Historians of thought still find it difficult to convince economists about how important it is to know exactly what the author said, and why by assimilating Smith's invisible hand to the price system, a complete analysis about emerging effects and spontaneous order is lost, which is a fundamental part of Smith's work that could nourish present developments.

¹⁴ A confirmation of this diagnosis can be found in the discussion of June 2010 in *Economics Job Market Rumors* displaying young economists' stand on the need for HET. Although some recent Ph.D. graduates consider HET as useful, there are several positions making exactly the same argument. See <http://www.econjobrumors.com/topic.php?id=11402>

¹⁵ At extremes, in Alejandro Gaviria's words (Round table, *Primera jornada de estudios en HPE*, 30th October, 2009), one can go from ignorance to revisionism and to a permanent questioning of why learning economics if everything is wrong.

importance to analysis which may have no immediate application, relegating areas such as HET. In the following section we will present arguments we consider pertinent to avoid and overcome this situation.

2. HET: relevance and pertinence

As shown by recent debates among economists relative to the 2008-2009 crisis, we are living a particularly favorable moment for HET. This crisis has been a call and a space for introspection and self-criticism which could be used to reevaluate HET's role. Pertinence of economic theory has been questioned and more voices are heard backing years old diagnosis which point at technification of research and analysis in Economics as the central cause of the problem. Criticism on fascination for technique over content and relevant analysis of present problems (Hodgson, 2008: 276; Hodgson, 2009: 1208) can be summarized in Blaug (1997: 3): "Modern economics is sick. Economics has increasingly become an intellectual game played for its own sake and not for its practical consequences for understanding the economic world"¹⁶.

In spite of these criticisms obstacles to a significant change occurring are still important. There are institutional and ideological barriers as well as processes in university education which privilege professionalizing skills and abilities valued on the job market that can oppose any transformation (Hodgson, 2009: 1205; 1215). Senior scholars' specific human capital and risk aversion on the part of the younger make change unpopular and costly (Stigler, 1983: 65). Dedication of more time to specialization and less to global and synthetic views, together with growing objective research assessment through general and standard criterions, gives less importance to liberal education where HET has a place of its own (Hodgson, 2009: 1216). This leads to a vicious circle because according to Hodgson (2009: 1216), economists are no longer trained to take HET issues seriously resulting in that "mainstream economists care less about the deeper meanings and historical origins of theories and concepts, or about big questions concerning economics and societies". This tendency only contributes to strengthen the three arguments presented in the preceding section.

Facing these arguments and given the present context, we believe it is possible to claim a double need regarding HET. A need to keep studies about past authors as an integral part of future economists' formation and a need for HET itself to continue being a particular form of working in economic theory. We consider these two needs are justified from both an academic and a political point of view.

¹⁶ This assertion, over ten years old, has equivalents during the second half of last century and first years of the present one. This criticism has been generally dismissed because it comes from persons considered to be outside the group of those working in Economics. Mark Blaug is an example: he has dedicated most of his career to HET and methodology. Nonetheless, a biographical detail seems revealing. Blaug wrote his doctoral dissertation under George Stigler, whom we know advised few students two of which (Blaug and David Levy) are recognized historians of thought (Freedman, 2003). Beyond this biographical anecdote, similar diagnoses are common among critics of mainstream theory as well as among its exponents. Paul Krugman's newspaper articles in 2009 and reactions to them between 2009 and 2010 are a good sample of this discussion.

2.1. Academic arguments

Contrary to the perception of agreement and proximity of Economics to natural sciences, we would like to point at the discipline's specificity. Changes in its scope and methods justify treating its history differently than that of natural sciences. Although quantification and measurement have crossed the study of economic phenomena, these characteristics seem inadequate to establish the unity of the subject matter or how to approach it¹⁷. Economics has tried to go beyond statistical inference by establishing changing relationships with its field. To understand how economists think, an integral part of the formation as an economist, it is important to understand what these changing relationships have been and what decisions have been made in given moments by the academic community.

2.1.1. The particular character of Economics: a dynamic and changing social science

Economics, contrary to claims made by some during the nineteenth century, is quite different from physics. Its subject matter cannot be assimilated to mechanical relations of cause and effect between isolated unconscious particles¹⁸. Economic analysis begins with a question about social coordination, in general, and coordination through the market, in particular. Exchange relations are presented as the point of departure for research, and, economists study a social phenomenon which has become its subject matter not so long ago. We can say that Economics' subject matter is of recent construction. The market, as subject matter, appears as a reality associated with the possibility of private luxury¹⁹, since the 17th and 18th centuries and with the constitution of a new social bond through commerce.

Economics, as the study of that reality, has turned from having a substantial definition to having a formal one. Originally, Economics was thought of as the theory of production, distribution and consumption, or in more general terms, as the theory of social wealth. This substantial definition of its subject matter delimited Economics' field of action. Change in this definition, which can be dated to Robbins's 1932 essay (Robbins, 1932), changes Economics into a theory of decision and action. In his essay, Robbins states that economists' center of attention is not social wealth per se but individual decisions associated with production, consumption and distribution of that wealth. Thus, Robbins transfers the center of analysis from processes to individual decisions. With this new definition, which only accounts for what economists do since the so called marginalist revolution of the late nineteenth century, Robbins makes evident the transition from a theory of social wealth to a

¹⁷ The growing tendency to data-mining, an exacerbation of quantification has been criticized because it results "in a distortion of the information input in the direction of that which can easily be quantified and away from those intangibles and imponderables which may nevertheless be an essential part of reality" leading economists to produce "more and more numbers which mean less and less" (Boulding, 1971: 233).

¹⁸ Remember Adam Smith's analogy between society and a chess-board "in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might chose to impress upon it ". (Smith 1759, p. 234, VI.ii.2.17).

¹⁹ That is to say, with the possibility for everyone to have access to a growing variety of goods and services originally considered superfluous, and later on, as capable of satisfying desires or social needs beyond physiological survival needs.

theory of action and decision as the subject matter of research in Economics. This is the first step from a substantial to a formal definition of Economics.

In fact, by studying the way human beings decide in specific contexts, and how they behave according to these decisions, the field of study of economics no longer knows any boundaries. Economics begins to concern itself with incentives and behavior instead of maintaining itself as the discipline that theorizes about creation and distribution of material wealth. Economics, as the study of social consequences of human behavior, becomes a flexible model for a multitude of problems beyond economic activity, understood as production, distribution and consumption of social wealth in its material dimension²⁰.

Understanding this fundamental change in the way Economics is made and understood is an introspective exercise that gives HET a specific meaning and a privileged place as a way economists think about themselves and therefore, decide on acceptable academic contents and limits on what pertains to economic work and what does not. To this effect, HET provides students with “an understanding of the place of Economics in the wider social science community” (Blaug, 2001: 50). Change from economic theory with a delimited subject matter relative to other social sciences to economics as a broad, flexible and efficient method, has led to a great professional specialization as well as to a gradual loss of introspection. This loss implies a loss in overview and in learning about why and how economists came to practice and think their discipline.

HET is the space for these reflections and for an overall view. To this effect, HET contributes to apprehend implications of a discipline defined by its method and the consequent dissolution in the field of traditional definitions between a positive or normative science, between a science or a discourse or rhetoric. There is room within HET for methodological and epistemological reflection about Economics, allowing students to understand validation criteria, forms and issues within the academic community. As such, HET developed within Economics has allowed us to identify, and in some cases, overcome confusions and false dichotomies. For example, we now know that the mechanical model of market relations which allows thinking of individuals as isolated entities can lead to confusion between policy and technique (Berthoud, 1995: 121): belief in and defense of a natural order ruled by laws outside influence from human will (i.e. laws of supply and demand) led to a confusion between governing individuals and administrating things (Berthoud, 1995: 121) which was strongly criticized as an apology of tyranny. In what may be considered contemporary terms, the defense of technocracy, which dates from the Physiocrats, can lead to the exclusion of

²⁰A quick glance at the articles published in the last number (2010) of four of the most influential journals in Economics can be illustrative. In the June 2010 issue of the *American Economic Review* we find: “Is a Donor in Hand Better Than Two in the Bush? Evidence from a Natural Field Experiment” and “Pinocchio's Pupil: Using Eyetracking and Pupil Dilation to Understand Truth Telling and Deception in Sender-Receiver Games”; in the *Journal of Political Economy* issue of the same month: “Does Professor Quality Matter? Evidence from Random Assignment of Students to Professors”; in *Econometrica* July 2010 issue: “Foundations of intrinsic habit formation”; and in *Quarterly Journal of Economics* August 2010: “Measuring Beliefs and Rewards: A Neuroeconomic Approach” or “Regulation and Distrust”. Beyond anecdotic evidence works on family by Gary Becker or identity by George Akerlof, on terrorism, prostitution and global warming by Steven Levitt or areas of research such as Law and Economics, Neuroeconomics, Behavioral Economics, Economics of happiness, Political Economy confirm flexibility of method and the step to a theory of action and decision.

individuals, policy receptors, from decisions which directly concern them on the basis of their scant or null knowledge of how the economy functions. The figure of the benevolent planner has this type of background which in most cases economists ignore. HET allows us to realize that, as is already known and widely accepted in the rest of the social sciences, the claim of a positivist science of being an exact reflection or a pure description of its object – reality, is just that: a claim.

HET warns students about risks and implications of this type of claims. Therefore, its lessons are important for who is being formed in the heritage of those who thought of Economics as the privileged daughter of liberal political philosophy. Economics is capable of overcoming and exceeding positivist heritage, going beyond description, and entering into persuasion and conversation necessary for its development as a science and an art capable of participating constructively in public debate.

These lessons are particularly enlightening for an economist and especially economists have the necessary training to appreciate their implications for their own work, for according to Stigler (1969: 219), “it takes an economist to read an economist” and requires a particular training to read economists of the past (Laidler, 2001). On one hand, “the correct way to read Adam Smith is the correct way to read the forthcoming issues of a professional journal” (Stigler, 1969: 221) and on the other, texts from the past should be reinterpreted to find their own voice and to find what they can tell us even today (Blaug, 2001: 156) because “past writers have things to say which no present writer is saying” (Boulding, 1971: 233).

2.1.2. Advisors to the Prince are better advisors from a historical perspective

Teaching HET contributes to development of necessary abilities and capabilities for participation in debate within the community and in public debate as well. It is a valuable instrument for criteria formation while at the same time it trains in critical reading of texts. According to Stigler (1969: 221) taking on great texts from the past allows us to approach them without caution, being sure they are worth reading²¹ and to perceive change and evolution in the discipline. It also allows us to see how economists’ functions and intervention in society have changed.

Indeed, the ways economists today intervene in public debate are very different to the ones characteristic of the discipline’s origins. The way to approach a problem like economic growth, State action in wealth distribution and evaluation of particular public policies is no longer centered on a particular form of distribution and value theory. On the contrary, Economics has abandoned all reference to value theory as unifying element and thought structure. The neo-walrasian equilibrium model, ultimate form of paradigm in value theory, has lost importance and a good part of economic analysis in the last three decades of the twentieth century has abandoned this paradigm considering it a straightjacket. So, how do we think about State action in today’s economy? The answer lies precisely in the above mentioned description. If Economics is concerned with consequences of a given human behavior, human behavior itself must give us the answer.

The study of rational human behavior, with more or less information, with greater or lesser capacity to predict or with relatively stable preferences and technologies, are at the center of research and

²¹ “not the case with forthcoming articles” adds Stigler (1969: 221).

applied practice in contemporary economics. Does this mean that HET, so long concentrated on studying value theories and diverse theoretical paradigms, is an outdated and incapable form of introspection for economists? This is not necessarily true. It would be true if HET itself did not adapt to this evolution and if its particular place as a reserve of meaning for economics were lost in fashionable discussions. In other words, HET is also there to understand new forms of Economics, to remember its past and to contribute to think the place this particular tendency has in a wider reflection. HET allows placing economists' discussions, analysis and applications from a point of view which involves a longer past in the realm of ideas; it places them in what has been called an extended present conformed by conversation of all those interested in economic theory as a means to explain the world yesterday and today. Its task is therefore, to clarify the obscure panorama exhibited by contemporary economics with its multiple specific models for increasingly particular questions leaving aside the great philosophical questions from which it originated and of which its present form is a consequence.

2.1.3. Pedagogical advantages

HET allows us a different relation with time. It lets us understand that the development of Economics is not progressive and linear because change implies oversights and re-discoveries. It lets us understand that today's research agenda is also determined by the past given that theories and concepts have a past (Hodgson, 2009: 1209). It lets us know normative criteria used for issues, questions and methodologies selection. It lets us think the development of Economics in an extended present, as in a permanent conversation with all those concerned with the study of the market, human actions and decisions. In short, it lets us understand that economic theory is a process and not a result.

Consequently, HET allows developing skills and abilities relevant to development of Economics itself: it can be a source of inspiration, support for its own ideas and developments, and respectability. It has pedagogical use: it shows students the difference between good and bad reasoning; it can be liberating by showing the pretenses and values on which a theory rests; it facilitates finding clues about tendencies and possible developments in a given past, present or future moment. It makes economists aware of the power of ideas, alert and informed about this power. In short, it gives economists the necessary tools to participate in an extended conversation. HET, conceived as analysis of compared theories, contributes to strengthen and build ideas and interpretations; it enriches our vision of contemporary theory. This view of HET counters the idea of immobility we saw above.

All this to say that having HET in young economists' formation enhances teaching as a process for valuable cognitive capacity development (Bean & Peterson, 1998; Thoma, 1993) because

“The deeper neglect of past texts undermines habits of careful scrutiny for theoretical precursors, of detailed interrogation of the subtle changes in the meaning of words, of concern for elegant prose and ease of communication, and of attention of careful and precise definition of terms” (Hodgson, 2009: 1209).

HET works as an antidote against this situation. The history of the discipline can be seen as a tree²² where great authors originate questions and answers, their interpreters build branches, there are multiple possibilities in connections and directions, small branches are unexplored trails, and the end of a branch depends directly on its origin. Interest of each branch depends on “one’s estimate of the extent to which the evolutionary potential of these past authors has been realized or exhausted” (Boulding, 1971: 230) and that estimate, in turn, depends on the moment and question chosen to look back. So, “as long as intellectual evolutionary potential remains yet underdeveloped in the early writers, the modern writers are a complement rather than a substitute” (Boulding, 1971: 231) and to initiate a conversation with them makes sense. This is why HET can be considered not as history of the past but as a reconstruction of an ongoing conversation, questioning time boundaries. This vision of HET allows thinking of it as an integral part of Economics: HET is economic theory. To confront past authors not only allows perception of change and evolution of the discipline but also to appropriate and build a disciplinary identity. As we have said all along this text, new reading and interpretation of their texts can have an effect on the understanding economists have about themselves and their work (Blaug, 2001: 156).

2.2. Political arguments

These academic arguments relative to comprehending Economics and the formation of economists should be understood together with political arguments. By political arguments we understand those related to the origins and role of Economics as a world vision. We believe that in the education of future economists it is of the utmost importance to include a broad component on the political position, debates and implications of economic theory. Economics is not limited to technique and quantification.

2.2.1. Economics as liberal philosophy

Economics is the result of a liberal challenge dating at least from the seventeenth century. As such it has clear philosophical origins and has functioned and still does as a vehicle for ideas and world views. The challenge consists in thinking the viability of a social organization based on individual free choice and self-interest of its members needless of external coordination or an explicit common design. This challenge has had two replies in Economics: this social organization is feasible and the market is its main coordinating mechanism; this social organization is not feasible and requires some kind of socially built external coordinating device. These two replies constitute the extremes of the main concerns of all economic debates; debates which reflect how the relationship between economics and politics, market and State, are conceived.

As heir to liberal political philosophy, economic theory has been concerned with the possibility of a society of free and equal individuals. It is worthwhile remembering, as Peart and Levy have done in multiple texts²³, the history telling how Economics came to be called the dismal science. In a nineteenth century controversy between John Stuart Mill and Thomas Carlyle about emancipation

²²Blaug (2001) quotes Leijonhufvud as origin of this image.

²³ For a summary of their research see <http://www.econlib.org/library/Columns/LevyPeartdismal.html>.

of black slaves, the latter coined the term dismal science in reference to Economics because it defended equality among individuals. English economists of that age were identified as defenders of emancipation, in the name of equality, which their opponents associated with the cause of decadence and poverty of society. Liberal economics was accused of contributing to this situation by promoting a theory which did not recognize the benefits of a hierarchical society and maintaining that institutions, not race, were the origin of the wealth of nations²⁴. To recover and make knowledge available on the liberal project at the origins of Economics can also be one of HET's functions.

2.2.2. *Undesirable effects of the division of labor*

The liberal project assigns a central place to education. Both Adam Smith and Alexis de Tocqueville, just to quote two liberal thinkers, warned us on the dangers of the division of labor. Specialization has undesirable effects: it makes individuals lose their capacity to reason, renders them unable to see and identify relations between their lives and those of others, and incapable of honoring their commitments as citizens. According to Smith:

In the progress of the division of labour, the employment of the far greater part of those who live by labour, that is, of the great body of the people, comes to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects are perhaps always the same, or very nearly the same, has no occasion to exert his understanding or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. (Smith, 1776 (1982), V.i.f.50)

This risk, according to Tocqueville, leads individuals to voluntarily renounce their liberty and leave it in the hands of their representatives; the government of society, determining and achieving society's projects are left to a few who claim to speak on everyone's behalf precisely because we have all voluntarily yielded our right to speak for ourselves. In the last instance, the negative effect of the division of labor can lead to tyranny. Can there be a more opposite effect to the initial project of the founders of contemporary economic theory?

The diverse answers given by economists throughout history to philosophical questions that gave origin to the discipline have led to create a spectrum of political doctrines supporting every theory and economic model. Sometimes, in spite of those economists who believe they are working in a

²⁴ As documented by Peart and Levy (2005) to recover this history not only brings to mind the liberal origins of the discipline allowing the rescue of a political project but also shows the importance of clarifying misunderstandings. Indeed, the name dismal science has been associated with the *Essay on population* published in 1798 by Thomas Malthus, taken as proof of the necessary gradual impoverishment of society established by the law of population according to which population grows much faster than resources. Probably the best known misunderstanding in the history of Economics is Adam Smith's invisible hand associated with the workings of a price system in a competitive market. As it has been widely documented, this is not the meaning found in Smith's texts.

science free of political prejudices. These doctrines continue debating with arguments which are transformed to the extent that economists' production, statistical analysis and interpretative models are transformed. However, the spectrum remains and the profound liberal question about social coordination continues to underlie all forms of economic thought.

With HET disappearing from the education of economists, the political question hides behind the diverse questions which in their multiple aspects conceal its place in the spectrum and hinder a global vision. Doubts about the doctrine being defended force economists, generally in their more adult age, to return to the classics and leads them to introspection on their discipline and themselves. It is not surprising to see great economists, after being awarded the Nobel prize, return with no fears to HET and the great founding questions.

Teaching HET acts like an antidote for specialization and dogmatism. It allows us as economists and as citizens to participate in the market of ideas, in the discipline's extended present, where we seek to persuade, confront our beliefs and proposals, choose, and based on our choice, decide and act in an informed manner. HET acts as a reserve of meaning and good judgment reminding us of the existence of a fundamental question: "in our society's political life and facing the risks of tyranny or civil war, what role corresponds to the rich man's desire and to the poor man's piety?" (Berthoud 1995: 115).

HET does not provide an answer, but it does give possibilities, it shows alternatives found between extremes: state regulation vs. natural regulation; constructivism vs. spontaneous order. HET spares us from losing sight of the general panorama and avoids the effects of what Boulding (1971: 232-3) has called the antihistoric method which

"leads to the development of slick technicians who know how to use computers, run massive correlations and regressions, but who do not really know which side of anybody's bread is buttered, who are incredibly ignorant of the details of economic institutions, who have no sense at all of the blood, sweat, and tears that have gone into the makings of economics and very little sense of any reality which is beyond their data."

3. A final thought

From this perspective, HET allows us finding the philosophical heritage of what today we consider as new and believe we are just discovering. The specific forms of present economic reflection are inarticulate and often lack coherence. Nevertheless, they are particular forms of reply to a common question, stated at the origins of Economics. To recognize this is also a way to find new paths in that past formed by multiple branches upon which new ideas are to be built. This means finding not trodden paths. Richness of ideas from the past is even more valuable in periods of theoretical dispersion, economic crisis and crisis of ideas.

It is important to remember the capacity and transformation power that ideas have. In particular, economic ideas, not only as arguments for action by politicians, but because they contribute to transform economic and social policies. This power cannot be just the wayward vehicle of ideas left aside by trial and error or by social success or disaster, but must be guided in a conscious yet humble manner. Consciousness and humbleness which HET provides to future generations of economists.

In this sense, we recall what Samuels (1974: 307) has said about HET's most profound objective:

“On the one hand, it is that of broadening the mind, providing a sense of the deeper and broader facts of the seemingly narrow and minor points and issues, an appreciation of the meaning of other approaches to a problem, indeed, an understanding of meaning in terms of fundamental problems and not particular solutions or positions; on the other hand, it is the combination of a critical posture toward all thought and meaning with the ability to think in terms of different intellectual systems and the mastery of a degree of intellectual and emotional distance with regard to one's own mode or system of thought”.

Let us not forget this idea, put forth by a great economist who was fortunate enough to have a solid HET formation, in which we can find a new strength in today's HET:

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the vested interests is vastly exaggerated compared with the gradual encroachment of ideas.”(Keynes, 1936)

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