

Reflections on the Past and Current State of the History of Economic Thought in Germany,

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1. Introduction

Apart from the general history of economic thought - which is basically the same in each country, though modified by specific experiences and research interests -, there is a 'national' history of economic thought. It is concerned with the development of economic ideas in a particular nation as they were affected by political history, the growth of institutions and the general history of ideas. It is natural in the case of Germany to include Austria and the German speaking part of Switzerland, when speaking about modern and early modern times, and the borders get less well defined if one goes further back to the Middle Ages. Language then is not a clear criterion either, since important early works were written not only in German, but also in Latin and French, and, relatively recently, in English.

Cameralists already provided surveys of each others writings in the 18th century. The first important German book on the history of economic thought was that by Julius Kautz (1860). Theory, history and the history of economic ideas were much more closely related than today during the era of the Historical School in the 19th century. The advance of pure theory around the time of the first world war and the simultaneous emergence of a new historicism in Weber, Sombart and Spiethoff, see Schefold (1994), resulted in a separation of the history of economic thought as history of economic analysis (Schumpeter 1924) and history of economic ideas (Salin 1923; see also Morgenstern and Schams 1933). The Historical School had disappeared completely by about 1960. According to the recollections of older colleagues, the history of economic thought was not in high esteem at that time, since it was not regarded as indispensable anymore for providing the economist with a general orientation in his subject. On the other hand, it had not yet become a discipline for special research. Investigations by Backhaus show, however, that the form, volume and intensity of teaching in the history of economic thought did not change much throughout the entire second half of the 20th century. The history of economic thought is being taught in most departments of economics, mostly by colleagues who are employed for teaching and research in some other, special field but who like the subject and provide an overview in a one-semester-course of two hours per week (for details,

see Backhaus 1981 and 1997). Of course, there have also been some more extensive courses, some special seminars, special lectures, etc.

Specialisation within the history of economic thought increased around 1980, when the *Dogmenhistorische Ausschuss* of the *Verein für Socialpolitik* was founded. This is a commission for the history of economic thought within the German economic association. Access is not open but granted only to members of the association who are elected for the task. There are annual meetings which last for two days, and a distinguishing feature is that the papers presented are not limited in length; they are circulated in advance and each usually is discussed at the meeting for two hours. Revised versions are published in the annual journal of the *Ausschuss*, with sometimes extensive footnotes referring to the discussions.

Chairs exclusively dedicated to the history of economic thought are exceptional, and most colleagues in Germany doubt whether a full professionalisation of this subject would really be to its advantage, but increased concentration on the history of economic thought has created a need for new associations, with open access for all scholars interested in the field, especially the young ones, and for new journals. This need is being fulfilled mainly by international institutions.

2. Research and teaching in the history of economic thought in Germany: some special aspects

I have already had the opportunity to describe the working of the *Dogmenhistorische Ausschuss* for HOPE in 1994 (Schefold 1994), and I wrote a sequel to this for the Gide-Society in 1998 (Schefold 2001); only a few points shall be repeated. In particular, it should be stressed again that important work is being done also outside the *Dogmenhistorische Ausschuss*. The East should not be omitted. There were fewer interesting economists in the former German Democratic Republic than in some other East European countries, like Hungary and Poland, but history of economic thought was being taught in the Marxist tradition and there resulted some editions of classical texts which continue to be useful, in particular the Marx-Engels-edition, editions of Physiocratic writings, of von Thünen and others. A number of textbooks and of special studies in the history of economic thought have appeared in Germany around the time of unification. An example of a textbook is that by Gerhard Kolb (1997). The special studies followed different orientations. Without concealing the subjectivity of my choice, I mention BÜrgin's (1995) remarkable treatise on the emergence of the concept of political economy. The book 'A History of

Economic Theory. Classic Contributions, 1720-1980' by Jürg Niehans (1990) was published in English, but the author is a Swiss economist. Niehans' book is analytical. At the other extreme, there were contributions linking the history of economic thought with cultural history. Several studies were concerned with Goethe: Bernd Mahl (1982) earlier had demonstrated that Goethe's economic knowledge was quite extensive; Hans Christoph Binswanger (1985) provided a highly original and stimulating interpretation of the Faust-drama in economic terms. Work in Ph.D. dissertations has ranged widely. For instance, Kraus (2000) wrote on the Stoa and its influence on Physiocracy and Adam Smith, Baloglou (1995) on early mathematical economics in Germany. There were projects: a group around Bombach (1976 and 1981) in Basle investigated the pre-Keynesians in Germany, Hagemann (1997) published on German emigration, and new attention has been given to national socialism (Janssen 1998). Jürgen Backhaus in Maastricht (now Erfurt) regularly has convened conferences on history of economic thought in Heilbronn, and conference volumes have appeared, e.g. dedicated to Schmoller and to Sombart. A very large project is that of the *Klassiker der Nationalökonomie* which I took over from Recktenwald in 1991. It will be completed in the middle of 2002, when 100 classical texts will have been reprinted, each as a bibliophile facsimile of the first edition and accompanied by a separate volume of commentaries. Many of the best known economists of the world have contributed with new essays (translated, if necessary, into German) on the classic text in question in the perspective of modern theoretical achievements. A complete edition of the comments on the classics, ranging from Xenophon to Samuelson, is in preparation. The attempt was made to represent all the important past schools and national currents of economics in the series, including a small number of texts which do not pertain to the European and American tradition (Ibn Khaldun, a Chinese and a Japanese classic), and it was natural, given the place of publication, that special emphasis was given to German texts.

The history of economic thought in Germany is, not surprisingly, to a considerable extent influenced by the wish to improve our understanding of German political history and to replace simplistic accounts of what led to the German catastrophe by a differentiated appraisal. A very significant contribution has been made by an American, Heath Pearson (1997). Pearson argues that the German Historical School was part of a European movement which was interesting not so much because history and economics were brought together, but because the foundations of modern institutional economics were laid. Erich Streißler (1990) has emphasised that the authors of the historical school, especially of the older historical school, were more theoretical than is commonly thought,

and that they prepared the ground for the neoclassical revolution, with Menger being indebted to Roscher. On the other hand, it seems clear to me that the '*Verstehende National_konomie*' (intuitive economics) of Weber, Sombart and Spiethoff, a later outgrowth of the Historical School, represented an attempt to describe the specificity of economic forms prevailing in a given period and area in terms of economic styles in order to overcome the idea of linear progress and of an incessant evolution towards 'higher' forms. Development was not denied, but the economic forms encountered in the past or on other continents were to be regarded not as primitive precursors of modern economy, backward in technique, rationality and institutions, but as specific formations, to be characterised in positive terms, by showing how prevailing mentalities, economic organisation, methods of production and the social and cultural life fitted together. Thus, there has been a revival also in Weber as an economist (Nau 1997). The embeddedness of the economy in society has been compared in the conceptions of the historical, the neo-historicist and the Austrian school (Peukert 1998), the concept of the economic style has been re-introduced into economics in order to analyse actual problems such as that of European unification (Klump 1996). The interdisciplinary character of the Historical School has been taken seriously and two conferences have been organised, attended by representatives of law, economics, sociology and political sciences, in order to investigate how each of these disciplines changed internally and in relation to the others in consequence of the first and the second world war which are, with the associated political movements, regarded as intellectual turning points. If a simplifying account is permitted: it was demonstrated that the delusion associated with the defeat of the first world war helped the move towards neo-historicism on the part of a small, but interesting group of German economists who promoted the idea of '*Verstehende National_konomie*' (intuitive economics), while the second world war led to a break with specific German traditions and the instalment of a new paradigm of progress around 1960, associated with the rise of Keynesianism, econometrics and the program of controlling growth and the cycle by means of fiscal and monetary policy (N_rr, Schefold, Tenbruck, eds, 1994; Acham, N_rr, Schefold, eds, 1998; Schefold 1999).

Much more could be done, especially if one takes earlier periods into account. The Cameralist literature in Germany is vast. Most of it may be unexciting from a modern theoretical point of view, but the texts should be re-read in the perspective of a new generation nevertheless, asking new questions regarding trends in the development of ideas, international cross-connections, etc. Economics was established as an academic discipline in Germany relatively early, which adds to the weight of material to be considered. Roscher's '*History of Economics in Germany*'

(1874) has still not been surpassed as a guide to the rich literature on economics in Germany prior to the Thirty-years-war. In particular, the time of the Reformation should be reconsidered, when a period of prosperity led to remarkable reflections such as those of Peutingger in Augsburg on monopoly and competition (around 1530) and Fronsperger's praise of self-interest of 1565, printed in Frankfurt, 150 years prior to Mandeville and much in the same spirit (Schefold 2000).

3. The European Society for the History of Economic Thought

The history of economic thought at the European level will have to mediate between two opposed tendencies. On the one hand, English is becoming the international language of economists and the knowledge of other foreign languages is diminishing so that even historians of economic thought concentrate more on research in English sources. On the other hand, it is increasingly becoming clear that economics had been more diverse at least up to the first world war and that it would be misleading to speak of a dominance of English economics up to that period. National schools of economics developed almost everywhere between Mercantilism and Historism, beginning in the 16th and 17th centuries which continued to exert their influence even after the emergence of a more cosmopolitan political economy and of economics in the 18th and 19th centuries. The links which existed between those earlier schools, for instance between Spanish Mercantilism and Austrian Cameralism (in that case mediated by the Habsburg administration), have begun to be uncovered only recently and thanks to specialised studies which require a high degree of dedication to the subject (see Ernest Lluch 1996). There was perhaps not more international communication among scholars in the 19th century than earlier, but it is more easily traced. New tasks for the historian for economic thought emerge in this perspective; they require a multilingual and interdisciplinary approach.

Meanwhile, a European Society for the History of Economic Thought (ESHET) has been founded in December 1995, in Nice, the initiative having been taken by Richard Arena. It has since grown rapidly to more than 500 members. Five annual conferences have been held in Marseilles, Bologna, Valencia, Graz and Darmstadt. Three conference volumes have been edited by Pasinetti and Schefold (1999), by Porta, Scazzieri and Skinner (2001), and by B_hm, Gehrke, Kurz and Sturn (2001). An annual Newsletter is being published. For details on these organisational points, the Newsletters may be consulted and a site in the internet (<http://www.eshet-web.org/>).

The Constitution states, among other things, that the Society shall promote teaching and research in the history of economic thought in Europe, taking account of different traditions and languages. In fact, informal groups have arisen within the Society which help to achieve that goal, and they get together at the conferences in special sessions, either because the conference organisers are aware of the links or because the groups organise special sessions themselves. There are, e.g., those with a special interest in Physiocracy, in Adam Smith or in the economics of antiquity. A significant number of participants at each conference took the conference theme seriously and contributed to it from the point of view of their national traditions. In this way, I have learned that Keynesian ideas had been anticipated not only in Germany, but also in Italy and in countries to which I might not have looked, like Spain and Portugal. Only gradually, more communication grows between East and West Europeans on the history of economic thought. West Europeans know in principle that intense debates took place in Russia from the 18th century onwards on all kinds of economic questions, with all the significant schools being represented there (classical and liberal economics, Historical School, Marxists of different varieties, etc.), but very little is known in the West about details. In one of the sessions at the 2001 Darmstadt conference we had a very lively discussion on whether it is legitimate to speak of a Russian school of economics, in spite of all the foreign influences, and if so, on what basis it formed, and hypotheses ranged from the thesis that they were all similar because of a certain tradition of state interventionism to the idea that they had certain traits of thinking in common because of the Orthodox religious tradition.

Complaints have arisen and been discussed at Round Tables that the history of economic thought is becoming less important in some European countries, especially in Great Britain, that only relatively senior colleagues participate, that younger ones are prevented from doing so because there is pressure on them to publish theoretical and empirical articles in refereed journals, but not to engage in history. While the complaints, no doubt, have a basis in reality, it is difficult to be pessimistic as long as the Society continues in its spectacular growth. At any rate, there are many colleagues with a genuine interest to approach economic problems in a historical perspective and there is the desire on the part of students to improve their orientation and general knowledge on the basis of a historical overview. Both sides feel that many ideas are best understood by tracing their historical origin.

4. Some personal observations and conclusions

I have some messages to offer for a critical discussion.

The first regards the history of analytical economics (which has here been neglected a little because the theme forced me to focus on national traditions): precisely the best known modern theorists who participated in the work for the 'Klassiker der National_konomie' as commentators proved amazingly competent and knowledgeable in the history of the subdiscipline in which they are active themselves. This is known for Samuelson, but I can testify that it is also true for Arrow, Malinvaud and others who have read authors like Ricardo, Walras or Pareto carefully in order to promote their own ideas. The immediate prehistory to a problem is usually best known to the person who recently has done most to solve it. This is obvious, and the historian of economic thought therefore usually retreats to earlier periods. But good theorists extend the prehistory they feel they ought to know. Hence, the good modern monetary economist knows the great 19th century debates about monetary economics. It is important to convey this to those young colleagues who erroneously believe that it pays not to know history.

It is possible for the present day economist to pursue economics without knowing any language other than English. It is impossible to study the broad past of economics without knowing other languages, and it may occasionally become necessary to learn a foreign language at least to the point of being able to read it only in order to approach one important specific problem in the history of economic thought. Karl Marx and Max Weber had this in common that they both learned Russian at a relatively advanced age: Marx in order to study the Russian peasantry, Weber in order to study the Russian revolution. They did this although they had already spent considerable amounts of time in order to learn other foreign languages in earlier phases of their lives. Many 19th century economists knew Latin and Greek and three or four modern languages at least to the extent of being able to read texts and to write letters. The decline in language skills is possibly the worst threat to the general history of economic thought. It is also deplorable from a cultural point of view, but this is not my concern here. We shall have to do more in order to make texts of different national traditions accessible in other languages, in particular in English, but there are clearly limits to what one can do by way of translation, and serious research on any author will always presuppose that one learns the language in which he expressed himself. I am inclined to say this even in the case of Marx, although almost everything he ever wrote has been translated into English at the expense of Russian and East German workers. An easy

way of impressing the public with the importance of going back to the original formulations would be this: journals should make it their policy to encourage authors to publish quotations in the original language and to provide translations or summaries of translations in the language of the journal only in footnotes.

The national traditions which remain to be discovered for an international audience are many. Given the theme of this Round Table, I have mainly emphasised Eastern Europe. It is clear that we also know very little about India, China, Korea, Japan and other countries whose traditions will continue to influence the course of world development. We should encourage students from distant countries to broaden our knowledge by writing theses on some subject taken from the history of economic thought of their countries.

I believe that it is good if the history of economic thought remains a hobby of many economists and a speciality only for a few. Every reader with a good general culture and with the required special knowledge in the field can participate in the research aimed at providing better interpretations of given texts, but it is perhaps the main task of specialists to make texts accessible by providing critical editions, publishing manuscripts and making translations available. I am sorry that German historians of economic thought have not done as much as might perhaps be expected, given older German traditions in philology. Editions are published but only as reprints, only selections of the correspondence of authors even of the rank of Schumpeter have been edited, and translations of key works by authors like Schmoller (whether one likes him or not: he was of historical importance) are available only in small selections.

I believe that courses in the history of economic thought should primarily address second or third year students, not beginners or Ph.D. students. Seminars on special topics on the history of economic thought can be profitable for Ph.D. students, however. We have also had seminars in which Ph.D. students of any orientation within economics were encouraged to present research on the prehistory of the problem of the theses on which they were working. The level of historical knowledge and the ability to present historical materials turned out to be very modest in the case of the average student, without a special historical orientation - to that extent, they lacked a good general culture -, but I believe that the endeavour was worthwhile nevertheless. The European Society for the History of Economic Thought offers special Ph.D. seminars at the beginning of each conference, where the Ph.D. students are given more time to present their papers than in ordinary sessions and where several senior colleagues provide comments. These students (who write

theses in the history of economic thought) were grateful for the opportunity provided.

The tasks in the history of economic thought are many and the interest for the subject is widespread among students; the difficulty, at least in Germany, concerns the colleagues who are under pressure to sacrifice chairs of economists which are to be transformed into posts for business administrators. Most faculties of economics are therefore reluctant to offer chairs to young scholars who, by writing their theses or books for the Habilitation, on a historical subject, became specialised in the history of economic thought. In order to obtain a chair, the historian of economic thought in Germany must, with very few exceptions, be able to demonstrate that he or she is as competent as any rival in some other speciality, e.g. economic theory. It is demanding to meet this requirement (although it is not formal - some have done it). Setting aside this worry (which is a serious one), the outlook is not bad.

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