

# Preface

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*The 'influence of political developments on the evolution of economic thought'* – the theme presents a challenge. It is intellectual, primarily at the methodological level, for it is problematic to admit that economics as a scientific discipline should be affected by currents and events. Economists like to target theories of universal validity, but they often discover that the elements of the theories are historically contingent. The Historical School thought that different economic theories had to be formulated for each stage of economic evolution. A weaker form of essentially the same idea appears in the modern recognition that somewhat different models must be used to describe different economic systems, encountered in different countries and periods. It is obvious that political developments lead to new social and economic problems which one tries to solve by means of new or more refined theories. The political history and prevailing mentality in a country exerts a profound influence on national traditions of formulating and interpreting economic doctrines. Conversely, the views expressed by economic thinkers are the foundation on which politicians base strategies of economic development.

Mercantilism and cameralism present early examples – my favourite is that of Philipp Wilhelm von Hörnigk who wrote a book with the title *Österreich über alles, wenn es nur will* (Austria above everything, if only she wants). The book was the most popular textbook in economics in the German-speaking area in the eighteenth century, and the title, modified, became the first line of the German national anthem. The historical background to this disquieting connection is this: Hörnigk was a low-level diplomat of the Habsburgs. He had been employed to work in Brandenburg towards a treaty for common defence against the threat of the existing alliance between Louis XIV and the Turks. The armies of Louis XIV had conquered Strasbourg and the Alsace between 1680 and 1684, the Turks were besieging Vienna, Brandenburg stood aside and Austria had to be saved by the Poles. Hörnigk understood that the Habsburg countries would eventually have to go it alone. To this end, the Habsburg provinces had to be integrated economically, and Hörnigk groped towards a theory of economic integration. His book was published within a year of the siege. He was innovative: a programme of this type was in fact realised three generations later in the epoch of Maria Theresia, and the Habsburg monarchy

became in some ways a model of Europe and of its problems of unification. Political events had helped to trigger the formulation of new economic conceptions which in turn influenced future economic development.

The European Society for the History of Economic Thought (ESHET) held its 5th Annual Conference on this theme. It was located in Darmstadt, Germany, 22–25 February 2001, and organized by Ingo Barens and Volker Caspari. I should like to thank them for the efficacy with which they hosted a conference with about 90 presentations. Apart from the plenary lectures by David Laidler, Otmar Issing, Jean Cartelier and Marcello de Cecco (included in this volume), there were special events. A memorial session with additional short papers was dedicated to Ernest Lluch, one of the most distinguished historians of economic thought, a former minister of Spain and rector of his University, who had become the victim of a political assassination on 21 November 2000. The memorial session recalled his academic achievements and discussed themes in the history of economic thought which had been of special interest to him, such as links between the continental schools of mercantilism and cameralism. The Jérôme-Adolphe Blanqui lecture was given by Daniele Besomi; it is printed in Part VI of this volume. A variety of social events, including excursions to the medieval monastery of Eberbach and to the Nouveaux Arts treasures of Darmstadt, helped to make this conference a memorable event.

This book contains the plenary lectures, the Blanqui lecture and a selection of other papers presented at the conference which related to the general theme, together with a concluding Round Table discussion on ‘The effects of political events on economic ideas’. It was easy to group these contributions according to five general themes which have turned out to attract particular attention by the participants. This volume also contains a paper by Kurt W. Rothschild on ‘The end of an era: the Austrian *Zeitschrift für Nationalökonomie* in the interwar period’ which has been inserted in Part III. It was written as an invited paper for the Valencia conference of ESHET, the proceedings of which have not been published in English so the paper has been included here because it fits in well with the general theme of the Darmstadt conference.

For the first time (Part I), five papers have been chosen which are representative of the actual interest in monetary systems as devices to foster economic integration at the time of the introduction of the Euro. The material of history by definition stems from the past but the questions asked derive from the present. A second group of papers deals with physiocracy, therefore with the beginning of rigorous analytical thinking in economics, associated with the endeavour to master the political, social and economic crisis of late French absolutism. The co-evolution of political ideas and economic thought has been observed in many countries and periods, starting

from classical antiquity to discussions of liberalism and socialism (Part III). A special session – of which two papers are included in Part IV of this volume – dealt with Russian economic thought which at first may appear as a reflection of the various Western economic schools (classical and Marxian, historical and neoclassical), but which nevertheless presents some distinctive traits linked to special religious and intellectual traditions and to a long-standing practice of state interventionism. Part V of the book deals with attempted economic solutions to the problems posed by the Great Depression and the associated political transformation.

The following Introduction summarizes the papers in more detail. I should like to thank Ingo Barens and Volker Caspari for having done most of the work associated with the editing of this book.

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(2000–2002)

