Introduction

The first part mainly covers topics of monetary theory and policy. In recent history, the quantity theory of money is linked to the politics of the right. However, a century before the monetarist controversy the quantity theory was an important theoretical tool of the political left. Does the shift of 'political company' reflect an influence of politics on economic analysis? David Laidler explores this shift in his paper 'From bimetallism to monetarism: the shifting political affiliation of the quantity theory' by discussing inter alia the role of the quantity theory in the monetarist controversy and its role in the debate about bimetallism. As Laidler points out, it was the development of economic thought that influenced politics rather than the other way round.

Economic integration has succeeded in bringing European countries closer together. In 'Economic and Monetary Union in Europe: political priority versus economic integration?' Otmar Issing expounds his views on the relationship between political, economic and monetary integration in Europe, or to put it differently, the links between the state, the market and the currency. He reviews the track record of economic integration, considers monetary union in the context of the high degree of economic integration already achieved and surveys how the Euro area fares in terms of the optimum currency area theory. He also reviews the political side of the integration and considers some of the challenges that Europe is facing today.

The analysis of the monetary phenomenon solely by means of economic methodology which is constrained to the analysis of maximising agents is 'folly' because, as Marcello de Cecco stresses in 'The political element in monetary theory' it neglects the fact that money is a 'creature of law and the state'. The legal concept of money can be traced back to old scholars who placed the phenomenon of money in the realm of *jus civile* and distributive justice. As de Cecco expounds it was the metallist concept which replaced the principles of *jus civile* with those of *jus gentium*, which itself came under serious attack after the abandonment of the gold standard. De Cecco further applies the Aristotelian categories of distributive and commutative justice to the monetary theories of Keynes, von Hayek and von Mises respectively.

The economic eruptions caused by World War I triggered the suspension of the convertibility of the European currencies and preluded episodes of high inflation and instability. Economists were challenged to reflect on the causes of these disturbances in order to seek remedies. Great Britain returned to the gold standard as Keynes did not succeed in convincing Churchill that the reinstatement of the gold standard would have severe consequences. France adopted a different solution strategy because French economists succeeded in convincing the policymakers to engage in a stabilisation process. The paper of Cécile Dangel-Hagnauer and Alain Raybaut 'Monetary reform in France: the French economists and the stabilization of the franc in the 1920s' shows that the process of convincing officials at the Banque de France was a long and tedious one.

The preconditions for monetary reform after World War II were far from perfect. In fact, after 1945 in Germany there were no central agencies, no government, no administration, no monetary authority. Karl Häuser's contribution 'Consequences of a monetary system: German monetary reform, 1948 – the birth of the DM and of a new central bank system and their political and economic implications' describes the monetary chaos and the desolate state of the planned economy that prevailed after the collapse of the 'Drittes Reich' and the difficult process of decision-making which started in 1946. He further describes how the change-over from the old to the new currency happened as a 'big bang' and argues that the decision for monetary reform had a much wider impact than is registered by money and prices.

The second part is almost completely dedicated to the economic crisis in France in the eighteenth century and the accompanying emergence of the physiocratic school in political economy. Walter Eltis deals with the creation of the different editions of the 'Tableau économique' which he describes as Quesnay's response to the financial and economic difficulties his country faced.

Quesnay's political project was making France strong enough to compete successfully with England in economic and in military affairs. Taking into account these political aims, Jean Cartelier investigates how far the economics of the 'Tableau économique' supports Quesnay's views on politics. In order to do this Cartelier transforms the 'Tableau économique' into an input–output model which allows him to shed some light on the fundamental relations of the production of wealth. The third paper on Quesnay by Gianni Vaggi focuses on the modernisation of agriculture as a decisive factor in the production of wealth and therefore an important element in the power of a nation.

The fourth paper on physiocracy by Rainer Klump is an excellent little study on the international transfer of economic ideas in early modern times. The tale of 'The kingdom of Ponthiamas' is part of the book 'Voyages d'un philosophe' written and published by Pierre Poivre (1719–86), a French agronomist and missionary who had visited east and southeast Asia for several times in the first half of the eighteenth century. Klump shows that the economic ideas which Poivre pronounced in his book are both inspired by Chinese and physiocratic traditions where the latter seem to have been influenced by the former via the writings of Jesuits who had travelled to China.

The themes of the third part of this collection are heterogeneous as far as time and space are concerned. Christos P. Baloglou gives a brief portrayal of the political and economic reforms of Cleomenes III, a king of Sparta (235–222 BC) and shows how these reforms have been influenced by Cercidas of Megalopolis' (ca. 290–217 BC) ideas on the equal distribution of wealth. The next step is bigger in time than in space. Jean Cartelier uses the French Enlightenment in order to exemplify his point that economic theory has never developed in a political vacuum. Herbert Pruns gives a fine account of economic policy reforms in Italy (mainly in Tuscany) advocated by different Italian economists at the end of the eighteenth and the beginning of the nineteenth century. Daniela Parisi compares two liberal economists – the Italian Francesco Ferrara and the American Henry C. Carey – concerning their justification of governmental interventions and Kurt W. Rothschild shows how the themes and topics of the articles published in the Austrian *Zeitschrift für Nationalökonomie* have undergone a significant change during the interwar period. Though being heterogeneous in time and space, the papers in this part of the book exemplify the co-evolution of political and economic thinking in different countries and periods in Europe.

Continuities and discontinuities in Russian economic thought have begun to attract the attention of economists all over the world who try to understand the peculiarities of the economies which have emerged in the process of transformation after the downfall of the Soviet empire. Joachim Zweynert follows Karl Pribram in the assumption that traditions of thought influence the economic organisation of the society in question. Now it is clear that important patterns of Russian thinking can be traced back to the legacy of the Russian Orthodox view of the world which Zweynert characterises as a combination of holism and anthropocentrism. The Slavophiles felt that the emergence of a special economic sphere in social life represented a disintegration. The atheistic intelligentsia returned to the anthropocentrism of the Russian Orthodox church. It led to a vision of progress as increased differentiation of the individual and diminished heterogeneity of the members of society. Of course, there were also dissenters, but this holistic of social life view facilitated the identification with the programme of a planned economy. Russia in transition now appeals to the social market economy where holistic views are reconciled with a liberal economic policy in authors like Walter Eucken and Alfred Müller-Armack.

Vladimir Avtonomov uses Joseph Schumpeter's distinction between professional economic analysis and 'lay' economic thought in order to discuss when and to what extent serious economic analysis played some role in the formation of economic policy in Russia, for lay economic thinking, of course, always permeated it. He first observes that the revolutionaries used very little economic theory, while earlier reforms like the abolition of serfdom had been hotly debated, and economists had often been at personal risk when they voiced their opinion. The stabilisation reforms by Count Witte after 1860 involved professional economists to a greater extent; Witte himself was acquainted with Friedrich List's national system of political economy. After the revolution, Lenin's new economic policy was mainly pragmatic. Stalin's turn to industrialisation and collectivisation caused intense discussion among Soviet economists and politicians and inspired some of them to work towards new economic tools, like input–output analysis (Leontiev) and the growth model by Feldman. Liberalisation later also led to specific developments in economic thought, in particular to the turn to mathematical economics (Kantorovich). Gorbachev actually employed a professional economist in a leading government post (Abalkin as vice prime minister), but his moderate reform was not carried out. During the transition, Gaidar under Yeltsin represented a younger generation of economists, but his pronounced liberalism did not survive either. In the light of these experiences, the specificity of Russian economic thought is mainly to be attributed a political tradition.

In September 1929 Irving Fisher was still convinced that share prices were not overvalued. As Giovanni Pavanelli writes in 'The Great Depression in Irving Fisher's thought' Fisher remained optimistic even in 1930 and 1931 and only after the Depression worsened did he became convinced that the crisis could not be simply interpreted as a downturn in the business cycle, however severe. New theoretical explanations were needed. Pavanelli describes Fisher's debt–deflation theory and his policy recommendations, namely a monetary expansion that could in principle stop the downward spiral. Although the Depression did not undermine Fisher's faith in the fundamental capacity of market economies for stability, Fisher acknowledged the need for a reform of the monetary system.

As the defeat of fascism became more likely after 1943, increasing attention began to be paid to the question of postwar reconstruction. Both Nicholas Kaldor and Joan Robinson published a 'series of brief and punchy polemics on various aspects of economic policies'. J.E. King documents in his contribution 'Planning for abundance: Nicholas Kaldor and Joan Robinson on the socialist reconstruction of Britain, 1942–45' the various proposals that were put forth by Kaldor and Robinson. As King argues, their writings, radical in tone and content, did not only revisit unresolved arguments from the interwar debate on the economics of socialism but dealt with important issues that were not addressed by prewar socialists before.

The Round Table discussion showed once more the breadth and variety of the mutual influence of politics on economics and of economics on politics. Walter Eltis delivers a concise, detailed and learned account of how economic factors limited a further extension of French political and military power in the middle of the eighteenth century, and how the reorientation towards neglected French agriculture led to a new view of production and circulation in physiocracy. Quesnay's achievement is here interpreted as the discovery of a coherent and logical framework for the analysis of the economy's disposable surplus as the key to the understanding of economic growth or decline.

Progress, however, is not linear, and Erich Streissler argues that the economic history of the world between the First World War and the 1980s can be seen as a regression from the internationalisation of capital markets which had been possible under the gold standard in the nineteenth century. The new economy has helped to accelerate capital movements recently, but the advances provided by the internet are not substantial compared to the advances once provided by the telegraph and the telephone 100 years earlier, and even if international capital now is very mobile, the world monetary system still lacks a stable anchor comparable to gold. The message implied by these observations is a contribution to the discussions held at the conference, for the political events and the consequent economic transformations which led to the downfall of the gold standard have not led to economic precepts which could compensate for the loss of the gold standard as an institution.

Bertram Schefold also describes a regression. The time after the First World War was a period of exceptional intellectual activity in Germany in which both the sciences and the humanities flourished and diverse innovative currents evolved in economics, among them a strand of the youngest Historical School which prepared for future discussions of economic systems. After the Second World War, the comparison of economic systems became an important subject in the Western world, but the discussions about the links between the cultural environment and the working of an economy which had been investigated after the First World War were largely ignored after the Second, with the consequence that, when the Soviet Union fell, the importance of intellectual traditions, mental attitudes and institutions for the process of a successful transition to a modern capitalist economy were neglected.

Christian Schmidt examines the impact of the world wars on economic thinking in a more direct sense. The First World War is seen as a large-scale laboratory in which planning and new ways of financing the activity of the state were experimented with. The Second World War actually led to the development of new planning techniques like linear programming, and international rivalry later to a new understanding of international conflicts in terms of evolutionary games. The potential for disarmament was explored by means of game theory during the Cold War, and the link between wars and changes in the structure of an economy has been investigated in refined analyses of long waves. Thus wars can be productive of ideas.

David Laidler looks at the opposite influence which runs from the spread of economic ideas to political action. Keynes believed practical men to be 'the slaves of some defunct economist' unawares. The perseverance of economists in making mistakes, like advocating minimum wage laws, demonstrate that they do not easily learn from events but try to increase their prestige, even at the price of neglecting the sound basis of their science. The mutual interaction between politics and economic ideas is itself part of economic life and must be studied by economists.

Marcello de Cecco's short opening remarks are also sceptical. He is concerned with the two varieties of capitalism which often were compared in the 1970s and 1980s: 'Euro-Continental' and 'Anglo-American'. De Cecco believes that the decline of the former and the rise of the latter correspond to a political and ideological shift which also affected economics and became a basis for the economic policies of the international economic agencies. The final exchange between the participants in this Round Table discussion was not recorded but the conclusion prevailed that the political element in economic doctrines deserves more attention than it usually receives.