
General introduction

The past is never dead. It's not even past. (William Faulkner)

The aim of this *Handbook on the History of Economic Analysis* is to provide a succinct overview of the development of economics since its systematic inception up until today. The *Handbook* has three volumes. Volume I deals with *Great Economists since Petty and Boisguilbert*. It provides short essays in biography of some of the most important economists in what is known as the “Western World”. Volume II deals with *Schools of Thought in Economics*. A school is defined in terms of the analytical method(s) used, the approach chosen in tackling the problem(s) at hand, the results derived and the policy conclusions inferred. Volume III contains summary accounts of *Developments in Major Fields of Economics* reflecting the division of labour within the discipline.

There are different ways of approaching the history of economic thought. The focus of these volumes is on economic theories: their formation, including their philosophical and historical underpinnings, their conclusiveness and place within the field, and their possible use in formulating economic policies. We draw attention to those economists and their doctrines that we regard as especially significant. It hardly needs to be said that our choice unavoidably reflects a subjective element. We would have liked to include the portraits of several more important thinkers, but space constraints prevented us from doing so. The same applies *cum grano salis* to the schools of thought and developments in major fields covered.

Let us however acknowledge, at the outset, some of the important gaps in coverage. The focus is on European intellectual traditions and their continuation in the so-called Western World, but of course it is a fact that all advanced civilizations can point to notable achievements in the exploration of economic life – think of countries such as China or Japan, for example, or civilizations following philosophical or religious traditions such as Buddhism or Islam. In addition to geographic gaps, there are also some gaps in subjects covered, such as the omission of business administration and management theories.

Arthur Cecil Pigou once remarked that the history of economic thought is a history of the “wrong ideas of dead men”. Certainly, it is partly also that, but not only, and moreover there is always much to learn from the alleged “errors”. While there is progress in economics, there is also occasional regress. This should not come as a surprise: in a discipline dealing with as complex a subject matter as economics, it would be naive not to expect some intellectual “bubbles” that sooner or later burst, necessitating a fundamental re-orientation in the area of investigation under consideration. In the parlance of economists: the market for economic ideas is not a perfectly functioning selection mechanism that preserves all that is correct and valuable and discards whatever is wrong and useless.

This may also contribute to explaining the remarkable fact that certain ideas and concepts in economics, cherished at one time, get submerged and are forgotten afterwards, only to re-emerge in a new garb and liberated of their teething troubles at a later

time. As Dennis Robertson once remarked with regard to the history of economics: “If you stand in the same place long enough, the hunted hare comes round again.” Or, as Alfred Marshall put it: “We continually meet with old friends in new dresses.” One of the most knowledgeable historians of economic thought ever, Joseph Alois Schumpeter, expressed the same view as follows: “Old friends come disguised to the party.”

Modern economists frequently seem to believe that it not only suffices to know just the most recent economic doctrines and theories; they even seem to think, echoing Pigou’s statement above, that it is detrimental to their intellectual development to expose themselves to the ideas and thoughts of earlier generations of economists. Since by assumption these must be partly or wholly wrong, or at least imperfect, it is not only a waste of time to study the “old masters”, it may even be harmful to do so, because it may confuse readers and prompt them to deviate from the correct path to truth and wisdom. This position is a version of what the literary critic Norman Foerster called “provincialism of time”, that is, “the measure of past literature by the ideas and moods of a narrow present”. It is, among other things, based on the false presumption that it is the privilege of living economists to articulate only correct views.

Even a casual look at the history of economics, its various schools of thought and doctrines, shows that economics always lacked and still lacks a *unité de doctrine*, and that there is no reason to presume that this state of affairs will end any time soon. If economics were characterized by a relentless march towards ever-higher levels of knowledge and truthfulness, this fact would be difficult to explain.

There can be little doubt that the ideas of economists are important. John Maynard Keynes even insisted: “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.” If this happens to be so, it is important to know the ideas of economists, especially when they are wrong. The history of economic analysis is not only a treasure trove of such ideas, it also informs about when and why certain ideas were challenged and some of them eventually rejected, at least in the form in which they were available at the time. Knowing the history of the discipline should help you to resist superstition, hysteria and exuberance in economic and social questions. And it should immunize you against falling victim to the ideas of some “defunct economist” (Keynes) all too easily.

The gestation period of the *Handbook on the History of Economic Analysis* was long – a great deal longer than originally planned. There are many factors that contribute to explaining the delays to the project. With some 140 authors, the probability was high that some of them could not deliver, for various respectable reasons, and had to be replaced. In some cases we had to act as writers of last resort. We also insisted that the three volumes should come out together, which necessitated the completion of them at roughly the same time. Bad health at different periods of time for each of the editors did not exactly help in propelling the project forward. Confronted with these and other difficulties, we are all the more pleased to be able to present the *Handbook on the History of Economic Analysis* to the scientific community. We take this opportunity to thank all of the contributors for their fine work. We are particularly grateful to those who delivered their entries in good time and for their patience thereafter. We also thank the referees we involved in assessing the different versions of the entries and for their useful comments, which helped to improve them.

May this *Handbook on the History of Economic Analysis* contribute to a better understanding of the path economics took over time up until today and substantiate William Faulkner's claim that "History is not was, it is".

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A note on the cross-references sections: the volume in which the cross-references appear is listed as follows:

- (I) *Handbook on the History of Economic Analysis Volume I: Great Economists since Petty and Boisguilbert;*
- (II) *Handbook on the History of Economic Analysis Volume II: Schools of Thought in Economics;*
- (III) *Handbook on the History of Economic Analysis Volume III: Developments in Major Fields of Economics.*

