That Disputatious Pair: Economic History and the History of Economics[1]

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I

My title derives, indirectly at least, from a comment by Donald Coleman on the troubled relationship between history and economics which he later documented at greater length.[2] Here it is modified to fit the relationship between those whose main task is to understand the economic past and those, like myself, whose chief concern is with the history of earlier efforts by economists to understand their own economic past, present, and future. The modification suits my immediate purpose in seeking to provoke further conversations, possibly disputatious ones, between economic historians and historians of economics. It also signals that I shall not be directly concerned with that running methodological theme within economic history, the extent to which its narratives and analyses could or should rely, partially or wholly, on tools developed by economists to explain the economic present. Such disputes are internal to the economic history community, and it seems impertinent for someone who is simply a consumer of its products to propose improved methods of production. To this self-denying ordinance should be added another. It centres on the ways in which some influential English economic historians during the last quarter of the nineteenth century found it necessary to criticise economists, past and present, for their failures to comprehend the Industrial Revolution (the capital letters were then obligatory) and the nature of modern economic life more generally. Fortunately, we now have a number of studies of this episode -- a crucial one in any attempt to understand the origins and early development of economic history as an academic entity in this country.[3] My two self-denying ordinances are, in fact, a mirror image of

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[1] This paper was written to provoke discussion during one of the sessions at the Economic History Society Conference, University of Sussex, April 6, 1997. I am grateful to the following for suggestions as to how some of the many gaps in the paper could be filled: M. Berg, R. D. C. Black, M. Blaug, P. F. Clarke, I. Gazeley, S. K. Howson, D. P. O'Brien, P. K. O'Brien, G. N. von Tunzelmann, and E. A. Wrigley.

[2] See *The Economy of England, 1470-1700*, Oxford, 1977, p. 197; and his *History and the Economic Past; An Account of the Rise and Decline of Economic History in Britain,* Oxford, 1987.

[3] See S. Collini, 'Particular Polities: Political Economy and the Historical Method' in S. Collini, D. Winch, and J. Burrow, *That Noble Science of Politics,* Cambridge, 1983; J. Maloney, *Marshall, Orthodoxy, and the Professionalization of Economics*, Cambridge, 1985; G. Koot, *English Historical Economics, 1870-1926,* Cambridge, 1987; A. Kadish, *Historians, Economists, and Economic History*, London, 1987;and D. Coleman, *History and the Economic Past*. Koot has extended the coverage in

one another: the first puts economics in the position of prescribing the methods that economic historians should employ, while the second relates to a period when economic historians were attempting to do the same to economists. Although this is a reminder that the intellectual traditions represented by economics and economic history in this country have often merited Coleman's judgement, on this occasion I want to make a positive claim. Economists and economic historians, even when they have been in dispute with one another, have played a significant part in British political and intellectual life by setting the terms of cultural debate on the peculiarities of British historical experience. Those who practice the history of economics in one or other of its current forms ought therefore to be able to collaborate with economic historians in an effort to reconstruct the nature of that debate.

II

The prima facie case for collaboration seems obvious: what economic historians now take as their primary goal was prefigured in the work of those who contributed to the development of economics as a discipline. At the very least, then, these self-appointed expert commentators on earlier economic conditions ought to provide a contemporary viewpoint capable of supplementing that achievable by means of hindsight and historical reconstruction. That these economists may also have advanced theories claiming general application could even entitle them to privileged attention, though this might take the form of target practice, with the force of the criticism being proportioned to the size of the original pretensions. Whether or not we should exercise charity in such matters is considered towards the end of this paper.

It hardly needs to be said that Adam Smith has adequate credentials for being regarded as the founder of both enterprises. His authority was invoked by economic historians during the nineteenth century as a counter to Ricardian deductivism, and ample evidence of his continuing prominence in their imagination can be found in the professorial inaugural addresses collected by N. B. Harte, where admiration is not confined to those, such as George Unwin, J. H. Clapham, and T. S. Ashton, who might be predisposed in Smith's favour on other grounds.[4] Were it not for some

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'Historians and Economists: The Study of Economic History in Britain ca 1920-1950', *History of Political Economy*, 25, 1993, 641-75.

[4] See N. B. Harte (ed), *The Study of Economic History; Collected Inaugural Lectures, 1893-1970*, London, 1971.

noisier claimants to Smith's politico-economic mantle that have emerged during the last quarter of the twentieth century, a good case could be made for giving higher priority to Smith's contributions to history, where these include economic history but are not exhausted by it. This is largely because the changes that have occurred in economics since Smith's death in 1790, whether in the hands of the Ricardians or later as a result of the marginal and Keynesian revolutions, have resulted in a narrower interpretation of the central problems of the discipline. It may be worth adding that unlike modern economic theorists, Smith, for all his reputation as a *conjectural* historian, confronts 'real' time over longer periods and with more conviction than his successors.[5] Smith's psychological assumptions too -- the propensities and passions employed for explanatory purposes in the *Wealth of Nations* -- are not confined to that later fictional character, rational economic man.[6] This ought to commend itself to historians who do not enjoy the luxury of being able to confine themselves to such fictions when dealing with 'real' outcomes.

The headline policy conclusions of the orthodox tradition in economic thinking in this country from Smith onward still seem highly relevant to an appreciation of the peculiarities of British experience. A bare list might read as follows: free trade within the newly-united kingdom of England, Scotland, and Ireland, and within an expanding empire; the abolition of the Corn Laws and the acceptance that Britain's economic future would be based increasingly on urban manufacturing activities in an open economy; 'sound' public finance, with all that that connoted for debt and taxation policies; the maintenance of the gold standard and stable domestic banking conditions; and a presumption that state intervention in the economic sphere should be limited for political as well as economic reasons. There is now a large and varied body of literature on the relationship between economics and policy formation which goes beyond the naive forms of 'influence' study.[7] Whether

[5] What has come to be thought of as conjectural history centres on the 'theory of the four stages' and can mostly be found in the new student notes on the *Lectures on Jurisprudence*, edited by R. L. Meek, D. D. Raphael, and P. G. Stein, Oxford, 1978. Book III of the *Wealth of Nations* deals with the final two stages, feudalism and commercial society, but is better described as *actual* history organised around a conjecture concerning what would have been the 'natural' course of development.

[6] For defence of this interpretation see my 'Adam Smith's Problems and Ours', *Scottish Journal of Political Economy*, 44, (4), 1997, 384-402.

[7] On domestic policy see L. Brown, *The Board of Trade and the Free Trade Movement*, Oxford, 1958; A. W. Coats (ed), *The Classical Economists and Economic Policy*, London, 1971 and in several essays by Coats reprinted in *On the History of Economic Thought*, London, 1992; B. J. Gordon, *Political Economy in Parliament, 1819-1823*, London, 1976; A. J. B. Hilton, *Corn, Cash, Commerce; The*

the headlines continue to support an interesting text in the light of revisionist writing by both kinds of historians seems worthy of further inquiry. Even if the conclusions on some issues now seem obvious to *aficionados* there is still a case for making them available to a larger audience within what Coleman rightly described as 'a history-conscious society'.[8] Moreover, the major episodes that punctuate the history of British economic thinking continue to provide categories, agenda items, and hypotheses for joint cultivation. Consider the following list of obvious topics: the attack on mercantilism and its later revival, partly under the influence of the German and English Historical Schools, partly as a result of Keynes's revisionist suggestions in the *General Theory*; the articulation of the Marxian alternative to orthodox classical political economy against a British background; the transition from classical to neoclassical economics and the related shift in policy interests at the end of the nineteenth century; and the Keynesian challenge to orthodoxy during the inter-war period, followed by its subsequent demise during the past couple of decades.[9] Do these topics still seem capable of generating interesting research or essays in reconsideration that could usefully stand side by side?

Economic historians have consistently employed the work of past economists as sign-posts or emblems, positive or negative. Bypassing Engels and Marx, one could begin near the very beginning of the British enterprise with Arnold Toynbee's *Lectures on the Industrial Revolution of the Eighteenth Century in England* given in

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Economic Policies of the Tory Governments, 1815-1830, Oxford, 1977; B. J. Gordon, *Economic Doctrine and Tory Liberalism, 1824-1868*, London, 1979; and D. Winch, 'Economic Knowledge and Government in Britain' in M. O. Furner and B. Supple (eds), *The State and Economic Knowledge*, Cambridge, 1990. On Ireland and India see references in notes 31, 33, and 35 below. Less has been written on the policy implications of neoclassical economics; see, however, T. W. Hutchison, 'The Jevonian Revolution and Economic Policy in Britain' in his *The Uses and Abuses of Economics*, London, 1994. The economics of Chamberlain's tariff reform campaign has also generated studies by historians of economics; see the two studies on this in A. W. Coats, *On the History of Economics*, London, 1992, volume I, pp. 268-337. See also R. C. O. Matthews 'Marshall and the Labour Market' in J. K. Whitaker (ed), *Centenary Essays on Alfred* Marshall, Cambridge, 1990, 14-43. Scope for more studies of policy involvement has increased with the publication of John Whitaker's edition of *The Correspondence of Alfred Marshall*, Cambridge, 1996. For references to the large literature on Keynes and Keynesianism see note 9 below.

[8] *History and the Economic Past*, p. 146.

[9] The literature on this not only shows what can be done when the two tribes collaborate but has burgeoned since relaxation of the PRO rules for access, the completion of the Royal Economic Society's edition of Keyne's collected writings, and the appearance of two major biographies of Keynes by Robert Skidelsky and Donald Moggridge respectively. Surveys of the literature by knowledgeable commentators can be found in P. K. O'Brien, 'Britain's Economy Between the Wars: A Survey of a Counter-Revolution in Economic History, *Past and Present*, 115, 1987, 107-30; M. Blaug, 'Second Thoughts on the Keynesian Revolution', *History of Political Economy*, 23, 1991, 171-92; and P. Clarke, 'Keynes in History', *History of Political Economy*, 26, 1994, 117-35.

the early 1880s. Toynbee may not have been responsible for coining the potent term to which he gave capital letters, but he did succeed in transmitting a particular view of that revolution to influential late-nineteenth-century sympathisers, notably to W. J. Ashley and Beatrice Webb. Although his announcement that the bitter dispute between economists and human beings had finally been settled in favour of the human beings does not sound particularly neutral, Toynbee's interest in political economy was not of the kind epitomized by its romantic and socialist critics. Toynbee had learned from and devoted a great deal of attention to the four leading figures in classical political economy: Smith, Malthus, Ricardo, and Mill. Indeed, these four versions of the classical gospel provided the pegs on which he hung his account of the different phases of the industrial revolution, with Smith representing the immediate pre-industrial, or anti-mercantile phase; Malthus's *Essay* being a product of the revolution at its height, focussing on poverty rather than wealth; Ricardo adding the laws of distribution of wealth; and Mill heralding the fourth stage by showing that the laws of production and distribution under a competitive system could be separated from one another.

Nor was there any doubt in Toynbee's mind as to who was the captivating villain of the piece. Not only had Ricardo 'revolutionized' parliamentary opinion on economic subjects, achieving thereby an influence over legislation greater than that of Smith, he was responsible for 'two great text-books of Socialism', *Das Kapital* and Henry George's *Progress and Poverty*, while at the same time doing more than 'any other author to justify in the eyes of men the existing state of society'.[10] Hence Toynbee's extraordinary lament -- one that was to be echoed fifty years later, in his own terms, by Keynes. Toynbee regarded the failure by those whom he most admired among the later generation of political economists, notably Mill, to emancipate themselves from the influence of Ricardo as a significant tragedy. If they had been able to do so, he said, 'the history of Political Economy in England would have been a very different one. Endless misunderstanding and hatred would have been avoided, and some great problems would be much nearer their solution.'[11] As in the case of Keynes's equivalent lament ('If only Malthus, instead of Ricardo, had been the parent

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[10] *Lectures on the Industrial Revolution of the Eighteenth Century in England*, London, 1923, pp. 109-10.
[11] *Ibid*., p. 146.

stem from which nineteenth-century economics proceeded, what a much wiser and richer place the world would be today!') the underlying belief in the importance of economic theory and its influence now seems as remarkable as the criticism. This may not be surprising in Keynes's case, but there is something odd about the strength of Toynbee's faith in economic theory -- properly supplemented by historical research, of course -- and about his own inability to escape the sinister attractions of Ricardo. A history-conscious society, it seems, presupposes a theory-conscious society.

To say that Marx had little use for Malthus would be a massive understatement, though whether he and Engels actually succeeded in bypassing the despised population dilemma has been questioned.[12] Marx may have been too conscious of John Stuart Mill as a rival to pay him much regard, but he was as fascinated by Ricardo as Toynbee, Keynes, and other historians of economics have proved to be. Marx not only became one of the leading scholars of economic thought (his three-volume *Theories of Surplus Value* is ample proof of this), but when he completed that powerful mixture of economic theory and history in *Capital*, Ricardo's theorems on the labour theory of value under conditions of varying capital-labour ratios was to prove essential to the iron laws of capitalist evolution he constructed. More to the point, perhaps, Marx also believed that the laws he propounded could be vindicated by an appeal to the blue book evidence which provided the bedrock of his lengthy excursions into economic history. That there is still scope for reappraisal of Marx as economist-cum-economic historian contributing to British history can be seen in the work of those who have been most concerned to explain the role of machinery and fixed capital in the process of industrialization.[13]

III

The number of recent studies that make a consistent and self-conscious attempt to bring the conclusions of the history of economics and economic history into fruitful relationship with one another over a wider front is more limited. Before mentioning

[12] See J. M. Sherwood, 'Engels, Marx, Malthus, and the Machine', *American Historical Review*, 90, 1985, 837-65.

[13] See for example N. Rosenberg, *Inside the Black Box; Technology and Economics*, Cambridge, 1983, pp. 34-51; and G. N. von Tunzelmann, *Technology and Industrial Progress; Foundations of Economic Growth*, Aldershot, 1995, Chapter 2.

some notable exceptions and possible lines of inquiry it may be useful to speculate about the reasons for this state of affairs. Within the history of economics, possibly as a result of Joseph Schumpeter's emphasis on the autonomy of the history of economic *analysis*, the form of history of most interest to modern economic theorists, questions requiring knowledge of economic history have been downgraded.[14] This reflects another shift in the education of economists: the opportunity costs attached to *any* form of history, doctrinal or economic, as a curriculum component have risen as the technical requirements of modern economics have increased. Symmetrically, one could argue that cliometrics -- the application of modern forms of statistical and macroeconomic analysis to history -- has made resort to the earlier and *ipso facto* more primitive models produced by economists seem otiose. The emphasis on measurement and measurability makes the views of past economists, perhaps all non-numerate sources of contemporary opinion, just that: mere opinion.[15] This tendency receives support from an interpretation of earlier economists which maintains that the relationship between theory and fact in their writings was often tenuous at best, non-existent at worst. Facts were either evaded or treated as merely illustrative and confirmatory: they were rarely interrogated with the kind of rigour expected by modern economists and economic historians. Mark Blaug has consistently advanced this position with respect to Ricardo and other classical authors, provoking a defence from Neil de Marchi.[16] What gives weight to Blaug's charges is his willingness, to an extent that is rare among historians of economics, to carry out the empirical and historical tests that he maintains Ricardo and Malthus failed to do.[17] In this manner Blaug has brought the two fields together by asking what is essentially a Popperian (Lakatosian?) question designed to test the adequacy of past economic theorising.

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[14] A point made by R. D. C. Black when commenting on an earlier draft of this paper. As he also pointed out, however, Schumpeter himself indicated that if he was beginning his career anew he would have favoured the study of economic history over that of statistics or theory; see *History of Economic Analysis*, London, 1963, p. 12.

[15] But symmetry could be misleading here. The comments on an earlier draft by Denis O'Brien and Nick von Tunzelmann, historians who have used econometric techniques, suggest a different story. Those who use such techniques are only too aware of their limitations when applied to the data to hand, which means that they are keen to supplement them with the theoretical conjectures of well-informed contemporaries.

[16] See M. Blaug, *Ricardian Economics*, New Haven, 1958, pp. 163-8 and N. de Marchi, 'The Empirical Content and Longevity of Ricardian Economics', *Economica*, 37, 1970. 257-76.

[17] See his *Economic History and the History of Economics*, Brighton, Harvester Press, 1986. He has also indicated how he would apply the same perspective to neoclassical and Keynesian economics in *The Methodology of Economics; Or How Economists Explain*, Cambridge, 1980.

There is also an implicit criticism aimed at fellow historians of economics: just as past economists were deficient in their critical use of evidence for the purposes of testing theory, so historians of economic thought can also be convicted of not asking the vital question: do the past theories which they expound and interpret have any explanatory or predictive value? If not, why not?

Behind such arguments lurks a fundamental historiographic issue concerning the legitimacy of applying present-minded philosophies of science and criteria for judging success or failure to past theorising. Blaug's position has many other distinguished exponents within economics, including Schumpeter, George Stigler, Paul Samuelson, and Terence Hutchison. In several of his writings Hutchison has attempted to assess the gains and losses associated with the various revolutions through which economics has gone.[18] The result has been some sharp judgements on past economists, notably Ricardo and Keynes, where perhaps one should say that it is their modern hagiographers that Hutchison chiefly has in mind: why are we being asked to admire something that was patently wrong-headed? Gains and losses imply a present standard of judgement on the conduct of economic inquiry, and it can hardly be better expressed than by Hutchison himself, speaking about his work on *Before Adam Smith*: 'Primarily, I was concerned with interpreting the writers from Petty to Smith in terms of their contributions to what have been identified as theories serviceable in explaining and predicting the more important real-world economic processes of the twentieth century'.[19] Although Blaug and Hutchison are correct in thinking that registering such judgements is no longer a prominent (or is it merely explicit?) feature of the work of most historians of economics, the underlying Whig historiography that licenses the use of present-minded criteria has remained remarkably resilient in the history of economics.

Apart from Blaug's work on economic history, it is noticeable that the traffic has tended to flow in one direction: economic historians make more use of the history of economics than vice-versa.[20] A prominent example can be found in E. A. Wrigley's writings on Malthus considered as demographer and his extensive use of

[18] See *On Revolutions and Progress in Economic Knowledge*, Cambridge, 1978; *Before Adam Smith*, London, 1988; and *The Uses and Abuses of Economics*, London, 1994.
[19] *The Uses and Abuses of Economics*, p.22.
[20] A partial exception can be found in a recent textbook by Roger Backhouse, *Economists and the Economy*, London, 1988.

the classical economists as part of his interpretation of the contrast between pre- and post-industrial societies.[21] Attention is focussed on population pressure and overcoming the agrarian bottleneck to rising living standards in a way that clearly reflects a dominant feature of classical thinking. I have some doubts as to whether Smith, Malthus, and Ricardo can be treated as speaking quite as univocally or as unequivocally on the limits to growth as the Wrigley interpretation suggests, but this does not blunt my appreciation of the fruitfulness of the basic line of questioning. It is also noticeable that Wrigley adopts a more sympathetic position towards the empirical and observational shortcomings of classical economists than Blaug, Hutchison, and Samuelson have been willing to do, though he does not overlook various failures to draw different inferences from the information then available. Thus instead of joining Samuelson in pointing out that the technological pessimism implied by the law of diminishing returns in agriculture entailed an inability to appreciate what was going on outside their windows, Wrigley has posed a fertile counter-factual question by examining the grounds for such pessimism: 'The very fact that expectation and the event differed so markedly is itself an important clue to the nature of the changes which constituted the industrial revolution.'[22]

Other economic historians have also employed the classical economists as a means of providing an initial framework or set of questions to be pursued.[23] Judging from Patrick O'Brien's work, suggesting that the agrarian bottleneck was not as easily overcome as Wrigley's position requires, there is still scope for positive assessments of the basic Malthus-Ricardo position.[24] Another focus derives from the current debate on the relative emphasis to be placed on supply- or demand-side explanations

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[21] See for example his introduction to *The Works of Thomas Robert Malthus* edited by E. A. Wrigley and D. Souden, 8 vols, London, 1986; 'Elegance and Experience: Malthus at the Bar of History' in D. Coleman and R. Schofield (eds), *The State of Population Theory*, Oxford, 1986, pp. 46-64; 'The Classical Economists and the Industrial Revolution' in *People, Cities and Wealth*, Oxford, 1987; and *Continuity, Chance, and Change*, Cambridge, 1988.

[22] *People, Cities, and Wealth*, p. 35. For Samuelson's verdict see his 'The Canonical Classical Model of Political Economy', *Journal of Economic Literature*, 16, 1415-34.

[23] See for example M. Berg, *The Machinery Question and the Making of Political Economy, 1815-1848*, Cambridge, 1980; M. J. Daunton, *Progress and Poverty; An Economic and Social History of Britain, 1700-1850*, Oxford, 1995; and G. N. von Tunzelmann, *Technology and Industrial Progress*, Chapter 2, with the following chapter being devoted to neoclassical approaches.

[24] 'Agriculture and the Home Market for English Industry, 1660-1820', *English Historical Review*, 1985, 773-99.

for the industrial revolution.[25] Most historians of the classical period will recognize the relevance of this to the disputes between Malthus and Ricardo. If the supply-siders are correct, one could argue, contrary to Keynes, that the Ricardian victory and the consequent status accorded to Say's Law was a case, to invert Jevons's famous charge, of Ricardo shunting the car of economic science onto the right tracks. On the other hand, demand-side evidence favours those parts of Smith that turn on changes in consumption patterns (the classic case being that of feudal landowners in Book III of the *Wealth of Nations*), and a great deal of Malthus on 'effectual demand' and the significance of the distribution of income between different classes of consumer.[26] Whatever verdict is registered on the Malthusian emphasis on demand as a factor in long-term growth, could it still make a come-back as an under-explored way of analysing the differential effects of tax and debt policies on demand, particularly during the immediate post-Napoleonic war period? A related set of issues arises from the Ricardian doctrine of comparative advantage as a guide to the gains made by Britain from foreign trade. Hla Myint's attempt to revive Smith's crude, possibly even quasi-mercantilist doctrine, of the 'vent for surplus' as a more dynamic alternative when dealing with modern economic development now has its counterpart in the debate on the role of foreign trade in Britain's industrial revolution.[27]

How swings and cycles of economic activity were brought within the classical frame of reference, and the extent to which they were, could well be an issue ripe for reconsideration. It brings the history of monetary thought and practice to the fore, where more work has been done on inflation and unemployment against a neoclassical background, chiefly because this was the immediate focus for Keynes's

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[25] See for example J. Mokyr, 'Demand versus Supply in the Industrial Revolution' in J. Mokyr (ed), *The Economics of the Industrial Revolution*, Totawa, 1985; and, for demand-side explanations before the industrial revolution see J. de Vries, 'The Industrial Revolution and the Industrious Revolution', *Journal of Economic History*, 54, 1994. 249-70;

[26] Maxine Berg has drawn attention to this aspect of Malthus in support of her case for using the evidence on product innovation to bridge the gap between the history of technology and the history of consumerism; see 'Inventors of the World of Goods', conference paper.

[27] See H. Myint, 'Adam Smith's Theory of International Trade in the Perspective of Economic Development', *Economica*, 44, 1977, 231-48. Myint first drew attention to the special features of Smith's theory in 'The "Classical Theory" of International Trade and the Underdeveloped Countries', Economic Journal, 68, 1958, 317-37. For the economic history debate see R. P. Thomas and D. N. McCloskey, 'Overseas Trade and Empire, 1700-1860' in R. Floud and D. McCloskey (eds), The Economic History of Britain Since 1700¸ Cambridge, 1981, vol. I, pp. 36-65; K. Harley, 'Foreign Trade: Comparative Advantage and Performance' in R. Floud and D. McCloskey (eds), *The Economic History of Britain Since 1700*, 2nd ed., 1994, pp. 300-31; and P. K. O'Brien and S. L. Engerman

attacks on his own upbringing and the subject of the anti-Keynesian monetarist revival. The Keynesian diagnosis of a dichotomy between 'real' and 'monetary' variables could still help to explain the way in which money and banking were subject to separate treatment in the orthodox tradition. Keynes was also responsible for licensing a search for less orthodox thinkers who could serve as harbingers of his point of view, though this often led to interpretations that were biased by their proto-Keynesian expectations.[28] There used to be an examination question -- obviously belonging to the days when economic history was an integral part of the training of economists -- which read as follows: 'There have been three occasions in British history (1695, 1819-21, and 1925) on which economists (Locke, Ricardo, and Pigou) advised stricter monetary policies based on a return to an earlier parity with gold. On each occasion it was the wrong decision. Discuss.' It is still not a bad question even when simplified to cover only the Bullion Report of 1810 and the Cunliffe and Bradbury Committee Reports of 1919 and 1925. Together, the victors in the Bullionist controversy (1797-1819) and its sequel, the Currency and Banking controversy surrounding the Bank Charter Act of 1844, laid remarkably solid foundations for British monetary thinking and policy that have provoked a number of classic studies over the years.[29] The richness of the literature derives from the importance of the institutions and policies involved, the number of major and minor contributors to the debate, and their willingness to combine theory with everyday knowledge of banking, commerce, and industry. We also now have major biographical and other studies on three key figures, two of them provided by Denis O'Brien in his edition of *The Correspondence of Lord Overstone* (3 volumes, Cambridge, 1971) and, more recently, in his study of *Thomas Joplin and Classical Macroeconomics* (Aldershot, 1993), with the third being devoted to Francis Horner, the Chairman of the Bullion Committee, who has often been ignored in favour of

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'Exports and the Growth of the British Economy from the Glorious Revolution to the Peace of Amiens' in B. Solow (ed), *Slavery and the Rise of the Atlantic System*, Cambridge, 1991, pp. 177-209.

[28] For some earlier studies see R. G. Link, *English Theories of Economic Fluctuations, 1815-1848*, London, 1959; B. A. Corry, *Money, Saving and Investment in English Economics, 1800-1850*, London, 1962; and R. D. C. Black, 'Parson Malthus, The General, and the Captain', *Economic Journal*, 77, 1967, 59-74..

[29] J. Viner, *Studies in the Theory of International Trade*, New York, 1937; T. S. Ashton and R. S. Sayers (eds), *Papers in English Monetary History*, Oxford, 1953; and F. W. Fetter, *The Development of British Monetary Orthodoxy, 1795-1875*, Cambridge, Mass, 1965.

Ricardo.[30] Denis O'Brien's shift of attention from a metropolitan victor in 1844 (Overstone) to a non-metropolitan and largely vanquished figure (Joplin) has led him to reappraise the entire episode, doing so in a manner that practices what this paper is merely preaching, namely by combining economic history with the history of economics. In brief, what he has done is to follow a Popperian procedure (which also has the historical merit of being Joplin's own) by subjecting Joplin's 'neo-Keynesian' model of the banking system to econometric test, employing the data available to Joplin himself. Monetary historians will certainly now have to pay attention to O'Brien's neo-physiocratic and agricultural-protectionist Joplin if they are concerned with the origins of joint stock banking and seek to explain the 1825 crisis and subsequent bank failures, including the policy adopted by the Bank of England during the first of these.

The agrarian bias of much classical thinking on population and subsistence questions has an equally important bearing on Anglo-Irish issues before and after the Great Famine. In this case we have one notable contribution to the debate by an historian of economics, namely R. D. C. Black's pioneering study of *Economic Thought and the Irish Question, 1817-1870*, supplemented by his other studies of the Irish dimension to the history of economics and British economic history.[31] One of Black's main conclusions centred on the inapplicability of English assumptions to Irish conditions, with many of the assumptions being supplied by classical economists -- before Mill revamped the classical position on Ireland and peasant-style agriculture generally. Similar issues emerge from Patrick O'Brien's comparative studies of French and English patterns of development.[32] 'Englishness' has received a good deal of attention by cultural and other historians in recent years, and this may be one way of exploring the question within an economic context. The Irish famine has been the focus of a good deal of recent research by economic historians, and we now have

[30] See K. Bourne and W. B. Taylor (eds),. *The Horner Papers; Selections from the Letters and Miscellaneous Writings of Francis Horner, M. P., 1795-1817*, Edinburgh, 1994.

[31] See R. D. C. Black, *Economic Thought and the Irish Question, 1817-1870*, Cambridge, 1960; *idem*, 'The Irish Experience in Relation to the Theory and Policy of Economic Development' in A. J. Youngson (ed), *Economic Development in the Long Run*, London, 1972; and the essays published in Part I of *Economic Theory and Policy in Context*, Aldershot, 1995.

[32] See P. K. O'Brien and C. Keyder, *Economic Growth in Britain and France: Two Paths to the Twentieth Century*, 1978; and more recently P. K. O'Brien, 'Path Dependency, or Why Britain Became an Industrialized and Urbanized Economy Long Before France', *Economic History Review*, 99, 1996. 213-249.

a clearer idea of the part played by English and Irish economists.[33] Other features of the Anglo-Irish problem might benefit from similar treatment. Adam Smith had high hopes that the political and economic benefits of union that he attributed to the Anglo-Scottish case could be extended to Ireland: could there be an opportunity here to compare the hopes associated with free trade and membership of the larger British political entity with the outcome in both Scotland and Ireland? Smith was what might be described as a realistic cosmopolite on matters of foreign trade, though lacking the religious zeal that Cobden brought to the case. He was an equally fervent supporter of the opening up British trade with Europe, believing that the commitment to the colonial trade, protected by the Navigation Acts, had led Britain to sacrifice important trading opportunities in Europe and with the countries bordering the Mediterranean.[34]

Another valuable insight can be found in Black's comparison of the governance of Ireland with that of India, an equally famine-prone British responsibility that has long been the subject of work by historians of economics.[35] Revisionist studies of the economic foundations and cost-benefit implications of empire by economic historians have always had a large component of high theory of one kind or another.[36] There is an older literature within the history of economics on this subject, concentrating on 'liberal' anti-imperialism and free trade imperialism, but it has yet to be revamped in the light of new economic histories of the consequences

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[33] See J. Mokyr, *Why Ireland Starved: A Quantitative and Analytical History of the Irish Economy, 1800-1845*, London, 1983, revised ed. 1985; C. O'Grada, *The Great Irish Famine*, London, 1989, Cambridge, 1995; and A. Murphy (ed), *Economists and the Irish Economy from the Eighteenth Century to the Present Day*, Dublin, 1983.

[34] *Wealth of Nations*, IV.vii.c.19-38. I am grateful to Nick von Tunzelmann for reminding me of this aspect of Smith's thinking, and for the further reflection that Smith's pro-European sympathies might not commend themselves to the Adam Smith Institute.

[35] See R. D. C. Black, 'Economic policy in Ireland and India in theTime of J. S. Mill' in *Economic Theory and Policy in Context*, pp. 18-33. On India see E. Stokes, *The English Utilitarians and India*, Oxford, 1959; W. J. Barber, *British Economic Thought and India, 1650-1858*, Oxford, 1975; and S. J. Ambirajan, *Classical Political Economy and British Economic Policy in India*, Cambridge, 1978.

[36] See L. E. Davis and R. Huttenback, *Mammon and the Pursuit of Empire*, Cambridge, 1986; P. K. O'Brien, 'The Costs and Benefits of British Imperialism, 1846-1914, *Past and Present*, 120, 1988, 163-200; and more recently P. J. Cain and A. G. Hopkins, *British Imperialism; Innovation and Expansion, 1688-1914* and *British Imperialism: Crisis and Deconstrucation, 1914-1990*, London, 1993.

of imperial expansion.[37] Were the 'little Englanders' and the critics of empire from Smith to Cobden and up to Hobson right after all?[38]

Empire is also central to the burgeoning literature on the fiscal-military state, where the work of Patrick O'Brien, initially in combination with Peter Mathias, continues to play a major role.[39] What is clear, however, is that his work poses a considerable challenge to the 'liberal' historiography, sometimes associated explicitly with the name of Smith, on the role of the state and its finances in altering the 'natural' outcome of processes based on the free play of markets and private economic calculation. The older issues connecting power and prosperity in the mercantilist fashion rather than via the orthodox free trade, sound finance, and laissez-faire route are being revived in a manner that parallels the political thrust of some nineteenth-century economic historians and Keynes's provocative remarks on mercantilism in the 1930s. Here too Blaug made an early attempt to pose the conceptual issues facing historians of economics and economic historians, but there have as yet been few recent responses from either tribe.[40] Blaug's question still seems the most crucial one: are there ways in which it would be possible to decide whether, say, eighteenth-century England experienced 'Keynesian' or 'structural' forms of underemployment? The debate on the burden of empire also entails assumptions of this kind. Unless we can answer this question, the verdict on the effect of public expenditure and debt finance on the economy is likely to hang in the balance. We are in much the same position as those who make counter-factual assessments of the likely employment effects of Keynesian fiscal policies in the interwar period. Like

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[37] See K. Knorr, *British Colonial Theories, 1570*-1850, Toronto, 1944; D. Winch, *Classical Political Economy and Colonies, London*, 1965; B. Semmel, *The Rise of Free Trade Imperialism*, Cambridge, 1970; and J. C. Wood, *British Economists and Empire*, London, 1983.

[38] See P. J. Cain, 'J. A. Hobson, Cobdenism and the Radical Theory of Imperialism, 1898-1914', *Economic History Review*, 31, 1978, 565-84; idem, 'Capitalism, War and Internationalism in the Thought of Richard Cobden, *British Journal of International Studies*, 5, 1979, 229-47. For a survey of the radical critique over a longer period see M. Taylor, 'Imperium et Libertas? Rethinking the Radical Critique of Imperialism during the Nineteenth Century', *Journal of Imperial and Commonwealth History*, 1991, 1-23.

[39] See P. Mathias and P. K. O'Brien, 'Taxation in Great Britain and France, 1715-1810; A Comparison of the Social and Economic Incidence of Taxes Collected for the Central Governments', *Journal of European Economic History*, 5, 1976, 601-50; P. K. O'Brien, 'The Political Economy of British Taxation, 1660-1815', *Economic History Review*, 41, 1988, 1-32; 'Public Finance in the Wars with France, 1793-1815' in H. T. Dickinson (ed), *Britain and the French Revolution, 1789-1815*, London, 1989, pp. 164-87; and 'Central Government and the Economy, 1688-1815', in R. Floud and D. McCloskey (eds), *The Economic History of Britain*, 2nd edn., Cambridge, 1994, pp. 205-41..

[40] See M. Blaug, 'Economic Theory and Economic History in Great Britain, 1650-1776', *Past and Present*, 28, 1964, 111-16.

the related case of tax incidence during the Hanoverian period and later, is such knowledge indispensable yet unattainable?

The consensus forming around the contribution of the Hanoverian fiscal-military state to British economic development also poses problems for our understanding of the nineteenth-century transition to Gladstonian standards of public finance and 'good government' along laissez-faire lines. Patrick O'Brien has extended his research into the nineteenth and twentieth centuries, and while historians with an interest in the politics of the transition have begun to respond, historians of economics are only beginning to do so.[41] Given that 'sound finance' as well as new principles of taxation were fields in which nineteenth-century economists had considerable expertise and possibly influence, this too seems a promising field for joint exploration.[42]

IV

So much for the case for collaboration. It has been based on a backward-leaning approach, an attempt to accommodate views on how the history of economics should be written that do not correspond with my own. Let me now drop the pose of even-handed survey to suggest why collaboration could be difficult for reasons that go beyond the fact that most of us are not clever enough to do both kinds of history well. Historians of economics who approach their task from the point of view I espouse may in the end be obliged to write their own economic history. The modern versions are not only subject to permanent revision, but may not provide insight into what past economists thought they were doing, or into the contemporary evidence and arguments they considered relevant to their task. By definition, they could not know what we know, and this means that it can only have indirect relevance to our understanding of why they thought as they did. It is perhaps unnecessary to add that the economic history of a period is by no means the only kind of history that is

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41 See P. K. O'Brien, 'The Security of the Realm and the Growth of the Economy, 1688-1914' to appear in P. Clarke and C. Trebilcock, *Understanding Decline: Essays in Honour of Barry Supple*, Cambridge, 1997; and P. Harling and P. Mandler, 'From "Fiscal-Military" State to Laissez-Faire State, 1760-1850', *Journal of British Studies*, 32, 1993, 44-70; and P. Harling, *The Waning of "Old Corruption"; the Politics of Economical Reform in Britain, 1779-1846*, Oxford, 1996. See too J. Maloney (ed), *Debt and Deficits; An Historical Perspective*, Edward Elgar, 1998.

42 For a study that does not seem to have been replicated or revised see F. Shehab, *Progressive Taxation*¸ London, 1953; and for a thorough survey of classical ideas on public finance see D. P. O'Brien, *The Classical Economists*, Oxford, 1975, Chapter 9.

relevant to the intellectual historian, defined here simply as someone who is not content to confine him/herself to the history of economic doctrines and analysis, or to remain within the confines of present disciplinary boundaries. Whatever virtues may be attached to the modern academic division of labour, we ought not to expect previous generations, without its benefits *and* drawbacks, to observe current trade union demarcation lines. How those lines have been drawn and redrawn ought to be one of the inquiries undertaken. A beginning has been made by those who have studied the 'professionalisation' of economics and economic history during the last quarter of the nineteenth century.[43] But there still seems room for studies which relate these academic developments to the larger cultural setting within which intellectual professionalisation was taking place in Britain, for an approach that pays more attention to religion, politics, and what might be called the intellectual aesthetics of the period.[44] As the work of Boyd Hilton in particular has shown, religion and politics cannot be treated as though they were irrelevant to economic diagnosis, and they were indispensable to those who sought to advance policies within a political culture that differed from our own.[45]

There is too another basic difficulty: we cannot have an economic history that complements the history of economics until we have settled various issues within the history of economics. For example, is it to be an economic history that fits Piero Sraffa's Ricardo or Terry Peach's Ricardo?[46] Economic historians can hardly be blamed for employing convenient abridgments when they find historians of economics in sharp disagreement as to how their protagonists should be interpreted. Such interpretations are the basic building blocks from which other kinds of history can be constructed. If past economists were indeed attempting to contribute to something that has genuinely reached fruition in modern economics, present-minded

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[43] In addition to the literature cited in n. 3 above see A. W. Coats, 'Sociological Aspects of British Economic Thought', *Journal of Political Economy*, 75. 1967, 706-29; and J. Hey and D. Winch (eds), *A Century of Economics*, London, 1990.

[44] We need to find links with such studies as those by T. W. Heyck, *The Transformation of Intellectual Life in Victorian England*, London, 1982; and H. Perkin, *The Rise of Professional Society: England since 1880*, London, 1989. More specifically, we need works of the quality represented by Stefan Collini's *Public Moralists; Political Thought and Intellectual Life in Britain, 1850-1930*, Oxford, 1991.

[45] See B. Hilton, *Corn, Cash, Commerce*; and *The Age of Atonement; The Influence of Evagelicalism on Social and Economic Thought, 1795-1852*, Oxford, 1988.

[46] Peach's being the latest of a long series of studies, and one of the most thorough attempts to resituate Ricardo in his own historical context; see T. Peach, *Interpreting Ricardo*, Cambridge, 1993.

perspectives may be justified. But when the case goes by default there is a risk of falsifying the historical record. That the intellectual past may indeed have been a foreign country to modern economists is less easily digested by the 'absolutist' position of Blaug and Hutchison, to whom such interpretations must often appear as evasive forms of relativism, tainted by irrelevancies that ought to be swept aside if the 'filiation' of economic ideas is to be properly adjudicated.[47] There may be no easy way of resolving difficulties that are ultimately ones of taste and chosen audience. Nevertheless, acting in a Popperian spirit, there may still be grounds for hoping that collaboration is possible: presentist perspectives can be treated as hypotheses, as long as the null result is acknowledged to be possible.

Donald Coleman made similar points when writing on mercantilism and on the myth and reality of the industrial revolution. It was also part of his answer to the cliometricians and contained a warning against ignoring contemporary opinion and testimony. Although I said at the outset that I would not join the internal debate on the merits of econometric history, I should now come clean by admitting that Coleman's position is my own: a history based solely on what can be measured in retrospect risks ceasing to be history, and it does not address itself to how myths are created and sustained in a history-conscious society.[48] Coleman did much to unravel this, so far as the industrial revolution is concerned, by tracing the journey from social catastrophe to heritage business. Having broached some of the mythical elements amidst the realities of the long-standing rift in English cultural debate between political economists and their romantic critics during the nineteenth century, I am conscious of how much more could be said about the way in which the rift has been kept open by twentieth-century literary commentators from F. R. Leavis to Raymond Williams and beyond.[49] A history of economics that is addressed solely to modern economists may be incapable of explaining why some past economists were ignored,

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[47] The attribution of an absolutist position to Blaug does injustice to his later views; see 'On the Historiography of Economics', *Journal of the History of Economic Thought*, 12, 1990, 27-37.

[48] 'What contemporaries thought themselves to be doing or believed they were witnessing, feeling, enjoying or suffering is surely an essential component of any sort of history. And it is doubly so when the object of historical study is something which has acquired the quality of myth. Subsequnt actions and convictions rest upon the potency of that myth.' *Myth, History, and the Industrial Revolution*, p. 39.

[49] In *Riches and Poverty; An Intellectual History of Political Economy in Britain, 1750-1834,* Cambridge, 1996; and later in 'Mr Gradgrind and Jerusalem' in S. Collini, R. Whatmore, and B. Young (eds), *Economy, Polity and Society; British Intellectual History 1750-1950,* Cambridge, 2000, pp. 243-66.

demonised, or held in much higher regard than the current estimation of their contribution to modern economics may warrant. Revaluing the contributions of the Thomas Joplins of this world will continue to be necessary, but so then will be appreciations of the likes of Thomas Chalmers and even less well-known minor characters, including the truly outlandish ones. Popular economic argument and belief should be as much a part of our concern as it is of cultural history. Cultural historians may not do justice to its connections with more rarefied (some of them would say élitist) forms of theorising. Jevons was right to argue that 'in commerce bygones are always bygones', and some modern economists either take the Henry Ford view of history or think it is a case of allowing the dead to bury the dead. Yet the same slogans could never be endorsed by either of the tribes with whom I have been concerned in this paper: path dependency may apply as much to the history of economic argumentation as it does to the economic history of Britain.