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The Economic Society of Australia warmly welcomes you to the Gold Coast, Queensland, Australia for the 37th Australian Conference of Economists.

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**The ‘History Wars’:
The Near Death Experience of the History of Economic
Thought in Australia**

by

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The 'History Wars'

The Near Death Experience of the History of Economic Thought in Australia

by

Steven Kates and Alex Millmow

This time last year the study of the history of economic thought and economic history within the Australian universities system found themselves in the midst of a battle for their very survival. On the surface it was no more than a banal, administrative issue dealing with the classification of various academic disciplines and their constituent groupings. But because within this reclassification the aim was to relocate HET out of the economics discipline into a catch-all social sciences grouping far removed from economics, the study of the history of economics in Australia was faced with almost immediate extinction. And while for the time being, HET remains within the economics classification, the entire episode should provide an important warning not only to us in Australia, but also to our colleagues overseas about the dire position that the study of HET now finds itself in.

In 2007 the Australian Bureau of Statistics (ABS) undertook a revision of its research classifications, in particular, the Australian Standard Research Classification. The key proposal, effective from 2008, was to remove from the Economics research classification the fields History of Economic Thought and Economic History. These two subjects were to be 'relocated' into a new category labelled as 'History, Archaeology, Religion and Philosophy'. It was also plainly indicated that this change was merely a half-way house, and that in any future revision History of Economic Thought and Economic History might be entirely eliminated.

The consequences of this reclassification would have been quite dire for anyone with a research interest in HET. Under the new classification, research in HET (and Economic History) would no longer have been recognised as *economic* research by the ABS and other government departments. Rather all such studies would have been recorded as research activity in 'History, Archaeology Religion, and Philosophy' which, in Australia, is usually found in the Faculty of Arts where HET scholars are seldom employed.

In some sense it should not matter which category one might place a piece of research into. But because universities and other government departments, including those bodies which fund academic research, do in fact place close attention to the official research codes the result would have been that the history of economic thought would have been effectively removed from economics departments, their natural home. Like everywhere else it is on the basis of publications, of course, that conference funding, promotion and, indeed, job openings depend. It would therefore have meant that HET scholars working in economics departments would either have had to change their research orientation to save themselves from retrenchment or attempt to transfer to the Arts faculty where their research quantum would be both enumerated and valued.

But it was more than just the question of the relocation of a number of scholars that was and is at stake. Behind the classification superstructure lay an underlying disregard for the entire history of economics and economic history subject areas. It is this that is of general interest to the whole of the HET community, because it is undoubtedly an attitude

that would be found within large swathes of the economics discipline throughout the world.

Indeed, this was more than just a decision by the ABS. The proposed research reclassifications had been exposed to academic peak bodies, the Australian Academy of Social Sciences and the Australian Academy of Humanities. Remarkably, the former had approved of the revision of the research codes even though the Academy has several eminent economic historians and historians of economics serving as Fellows of the Academy. Although there is evidence that the consultation process had been ineffective with there having been problems in the transmission of the ABS proposal to the Fellows, the concern remained that those who ought to have been within the decision-making process were excluded. Indeed, it should be noted that the ABS argued that in making the revisions it was putting the Australian classification system into conformity with the new international standard. This may well have been the first of a series of such reclassifications by statistical agencies across the world.

In the end it was only by chance, and during a mere three week period, that a major national and international effort was undertaken at the end of which the original decision was satisfactorily revised. The outcome was that HET is now to be classified as a sub-discipline within Economic Theory while economic history is to be included as part of Applied Economics.

Rationales for the Reclassification

To a large extent, the problem for HET was that it was not seen as an essential element of the study of economics either within economics or outside. But in providing its rationales for the decisions taken, two issues were predominant.

The first basis of the reclassification of research activity related to research funding or R&D expenditures. It was argued that HET scholars rarely seek large amounts of public money to fund their research. The ABS was revising research classification for public policy purposes and as an accounting device. Basically, HET was not seen to be attracting enough public funding to bother with maintaining an entire line in their classification scheme. The ABS metric inherently contained no explicit valuation of the researchers' specialised and unique knowledge and expertise, acquired over a career-long involvement within their discipline nor did it provide any evaluation of their insight, ingenuity and inventiveness.

While R&D expenditure might be a reasonable proxy in the physical sciences it has serious limitations when applied to the social sciences. In the physical sciences one needs the external funds to set up a laboratory, or hire the research students to run the experiments and hence publish the results.

In HET, as in other fields, academics can generate high quality research output without extensive research grants. Many HET scholars would rather not apply for research grants because the money they seek would be so trifling compared with the sciences yet the

application costs disproportionately high. While R&D grants are easier to quantify and compare there were other indicators of research like, for instance, PhD completions and scholarly publications. By only considering R&D expenditures an incomplete and misleading indicator of research activity was conveyed. Moreover, the use of R&D dollars by the ABS as a ‘measure’ of importance indicated an alarming mindset in evaluating all non-directly ‘commercial’ research. Although the social value of research is not measured by the amount of public funds expended, this was all the ABS had to go on. HET was therefore to be omitted because the totals were too paltry in comparison with other fields even within the discipline of economics.

The second rationale for the relocation of HET into a minor, non-economics category was to assert that the History of Economics did not employ the “processes” of economic theory but rather the processes it involved were primarily historical and philosophic. This was the only issue raised that actually dealt with the nature of the History of Economic Thought as a subject area. The aim behind the relocation, according to the ABS, was to achieve “classification consistency with regards to the use of *processes* as the key driver of classification location” [italics added]. Underpinning this was a judgment made at some level on what it is that economists do, and based on that judgment, some assessment of the techniques and processes used by such economists in undertaking their tasks.

In presenting this argument, it became evident that those behind the reclassification knew little about economics. Amongst economists it is clear enough that economics cannot be identified as a process but should be understood as a subject area. There are no specific processes that are universally used by economists to study economic issues. Economists use the widest variety of techniques to answer questions about the world. To try to identify an abstract approach to economic questions that delimits one’s work as that of an economist is close impossible.

The core question raised by the ABS was thus whether historians of economics are economists first and historians second, or are, instead, historians, or perhaps even philosophers, first and then economists second, assuming that they are even economists at all.

The question was not whether one might have studied economic theory in undertaking one’s research into some area in the history of economics, but whether even an economist, in turning to HET, is any longer participating in the study and advancement of economic theory or is involved in the application of economic processes and techniques in answering some economically relevant question.

Major Considerations

In many ways, those who made the decision to relocate HET did so without really much serious reflection. It was largely an administrative procedure, more an after-thought than

a genuinely considered decision. It was seen by those who made the recommendation as little more than a tidying up exercise. But it is for that very reason that the issue is of such significance. If even our fellow social scientists on such decision-making bodies, which in this case included senior academics whose specialty area lies in economics, do not find such a relocation problematical, then the problem for historians of economics, and economic history, has reached a very high level.

The core issue raised was what exactly it means to be an economist. Without having much thought about it, virtually all HET specialists would have identified themselves as economists, as indeed would most, perhaps a bit grudgingly, of their colleagues. The tradition of teaching and learning in the history of economic theory had always been undertaken by economists within schools of economics. The subject matter, aside from some largely biographical work on a few exceptionally well known economists – especially amongst those whose work extends beyond the scope of traditional economic theory – was entirely within the province of schools of economics. Non-economists might have an interest in Adam Smith or John Stuart Mill for their work on moral or political philosophy, or be attracted to John Maynard Keynes because of his larger social role, but even then, interest in the more technical side of their economic work would have been almost entirely confined to economists alone.

Thus, the ABS in making its determination that historians of economics were not economists because they did not use the processes of economics put the issue squarely on the table. What is it that makes one an economist and the work one does economics? Although the ABS did not specify just what it was that economists do, it was clear to it, and indeed to many others, that specialists in HET did not qualify.

But even if HET did manage to survive the initial threshold question as to whether specialists in the history of economics were, in actual fact, economists, the question really being raised was whether HET is, for all that, such a small, insignificant calling that even if in some technical sense an area of economics and can be defended as such it is one that ought to have no standing amongst the serious parts of economic theory and practice. A survey of Australian economic professors undertaken in 1992 showed that they ranked HET as their ninth preference in what should constitute the regimen for the ideal economics degree. A unit in economic history was ranked eighth in preference (Anderson and Blandy, 1992, 28).

To put the issue at its starkest: no one specifically looks for someone with an expertise in the history of economic thought to answer any particular question in applied economics. When, for instance, was a position in HET last advertised anywhere at an Australian University? From monetary policy to international trade, the skill set needed to devise policy is seldom seen to reside in individuals who have made the history of economic theory their specialist study. Yet it will be argued in the remainder of this paper that just such an expertise is often amongst the most useful forms of knowledge for framing such policies and that supplementing one's technical abilities with an understanding of the history of the theory in the relevant area deepens ones analytical skills and contributes to a more penetrating investigation of the topic under review.

Economics is what Economists do?

As far as the ABS was concerned, economics is not the allocation of scarce resources amongst competing ends, nor is it a study of mankind in the ordinary business of life, nor is it an inquiry into the nature and causes of the wealth of nations. Economics is, instead, a series of ahistorical technical approaches for handling particular sets of social questions that economists are asked to solve. It sought a definition of economics so that one might look from above, as a statistical agency is wont to do, and determine without a great deal of effort whether the specific work or research being undertaken fit into the parameters it had devised for its statistical classification scheme. It then made the sensible observation that when economists went about doing whatever it was they did, none of it involved looking at what economists one hundred years ago had been saying about the same subject. And, in reaching this conclusion, the ABS could not have been more wrong.

In looking at these issues it should be borne in mind that economics is a policy science. Its role is not just to develop a set of abstract theoretical tools but is for the most part an attempt to provide a workable understanding of the nature and structure of the economy with the aim of framing economic policies. The vast majority of those with economics degrees will ultimately make their way in the world by applying the tools of the trade they learn in an attempt to resolve actual real world social puzzles. It is therefore too narrow to explain the role of HET in terms of economics as an academic study, but should be cast wider to provide explicitly recognise the value of studying the history of economics as a means to learn and apply economic theory.

The issues that will be discussed in defence of HET will be grouped under a number of general headings, but all of these headings really only have a single purpose. They all attempt to demonstrate that a knowledge of the history of the relevant economic theories often provide added and useful depth to whatever theoretical or empirical studies are being made. The ideas that lie behind the following summaries have been taken from the flood of submissions, both nationally and international, that descended upon the ABS when its decision became known.

One cannot deny that it is possible to undertake an economic investigation without any knowledge whatsoever of the history of the relevant theory. It is clear enough that this is what occurs on a daily basis across the vast expanse of economics. It is also clear enough as well that there are trade-offs in time and effort involved in determining just which forms of knowledge one should gather and apply to the issue under review. But what should also be clear is that a better understanding of the history of the theory being studied or applied adds to the weight of useful knowledge available. The remainder of this paper will attempt to demonstrate just how much this is the case and will be aimed at demonstrating the validity of the following propositions:

- ∞ HET is a pathway to understanding economic theory and its application

- ∞ HET provides a perspective on existing theory that provides orientation for its future development
- ∞ HET is a conversation with the economists of the past on contemporary questions
- ∞ HET is a storehouse of theoretical approaches for dealing with economic issues
- ∞ HET is a means of deepening one's understanding of contemporary theory
- ∞ HET provides a literary approach to dealing with economic issues different from but as valid as mathematical and statistical approaches, and, most especially
- ∞ HET is a means for training applied economists.

None of this is to suggest that there are not great scholarly reasons for studying the history of economics for the pure academic rewards that such knowledge provides. There are indeed such pleasures and many who focus on HET do so for its own intrinsic interest. HET is a valuable study in its own right apart from any practical role it might play. But what will be argued below is that the study of the history of theory also provides a foundation for both economic research and applied economics that is ignored in ways that threaten to limit the value of economics and deplete the analytical ability of economists to handle the various questions they are asked to answer. Each of these issues is discussed only in brief as that is all that a paper of this kind can be expected to do. But the larger point, that an economist without background in HET is less well equipped than one who does have such knowledge for dealing with straightforwardly economic questions, is the central contention of the remainder of the present paper.

HET as a Pathway to Understanding Economic Theory and its Application

The history of economic thought has had a long history as a teaching tool. Economists have almost from the start looked backwards to earlier times to find contrasting approaches to dealing with economic questions.

Adam Smith in *The Wealth of Nations* contrasted his view of the conditions under which economies would best perform with the mercantile doctrines of his predecessors. Another long-time staple of the classroom has been the story of the Keynesian Revolution in which “classical” economic theory is shown to have been superseded by the new economics of 1936. Students, in similar fashion, are taught the Marginal Revolution, where a comparison between the concept of total utility employed by earlier theorists gave way to an analysis that concerned itself with the addition to value of the last item bought. Marshall in his *Principles* repeatedly referred to economists of an earlier time in discussing various topics.¹ What these represent are examples of HET as a means of explaining modern theory by comparing it with the theories of the past.

The reason for such an approach is fairly straightforward. Putting two (or more) theories side by side for comparison provides a background frame of reference. One of the theories is considered better, more complete, more encompassing while the other is seen as inferior, less complete, not as useful. In understanding the difference between the two, the features of the later, favoured theory are clarified and brought into focus.

This is in many ways the traditional use for HET. It is to employ the “mistaken” theories of the past as a background against which to understand modern theory. Mark Blaug in his path-breaking *Economic Theory in Retrospect* makes that point in the very first sentence of his preface:

“This book is a study of the logical coherence and explanatory value of what has come to be known as orthodox economic theory. The history of this body of received doctrine goes back at least as far as Adam Smith. I am not concerned, however, with historical antecedents for their own sake. My purpose is to teach contemporary economic theory.” (Blaug 1968: ix)

There is nothing in any of this that denies that even the most modern up-to-date theory will not itself one day be held up as an example of some woebegone half-truth, mistruth or outright error. It is merely a device for allowing those being taught in the here and now to appreciate in finer detail what is modern by seeing it against what has been rejected. In seeing the differences, a learning process takes place. By holding up for examination what are considered mistaken theoretical approaches for dealing with particular economic issues, the various aspects of what should be avoided are brought to light.

Although this may seem a form of intellectual arrogance, it is not. None of us believe that any of what we write and say provides the last word. We are just the most recent culmination of a long process of theoretical development. We merely use the theories of the past as a framework in which to highlight the features of the new.

The singular utility of HET as a means to understand economic theory is tacitly acknowledged in the literature reviews almost invariably included as part of the doctrinal thesis. In answering the question whether the candidate has absorbed everything of consequence written in the field, there is a tacit appreciation of the value of the knowledge gained in undertaking this part of the research. We therefore implicitly make

it clear that this is how economists learn to be economists. We learn from watching how others had grappled with similar problems in the past. We recognise that before one can make a fresh contribution of our own, it is imperative to have understood what contributions others have already made.

HET as Orientation for the Development of Theory

Dissatisfaction with whatever happens to be the mainstream theory of the time has been a perennial issue for as long as economies have been studied. But theory is never just a settled body of conclusions. It is always and everywhere the conclusions themselves along with the process of having reached those conclusions. The history of the development of the theory is itself an important ingredient in understanding what those theories mean in practice, as well as being part of the typical methodology in advancing beyond whatever conclusions are the reigning paradigm of the moment.

Economists regularly use theories of the past to frame issues for the future. Undoubtedly the most famous instance is Keynes's discussion of classical economic analysis in paving the way for the introduction of his own theoretical approach. A more recent and instructive example of the role of the history of economics in the development of economic theory is provided in the Presidential Address to the American Economics Association that was delivered in January 2007. The outgoing AEA President, George Akerlof, a Nobel Prize winning economist, spoke on "The Missing Motivation in Macroeconomics".

What follows below is the Introduction to Akerlof's address. His intention was to push macroeconomics in a new direction, but the approach adopted in trying to convince his fellow economists of the need for change was to review the relevant developments in macroeconomic theory over the previous forty years. The entire address did no more than amplify the following introductory statement which is included at length since it demonstrates paragraph after paragraph how singularly important the historical narrative is:

"Macroeconomics changed between the early 1960's and the late 1970's. The macroeconomics of the early 1960's was avowedly Keynesian. This was manifested in the textbooks of the time, which showed a remarkable unity from the introductory through the graduate levels. John Maynard Keynes appeared, posthumously, on the cover of Time Magazine. Even Milton Friedman was famously—although perhaps misleadingly—quoted, 'We are all Keynesians now.' A little more than a decade later Robert Lucas and Thomas Sargent (1979) had published 'After Keynesian Macroeconomics.' The love-fest was over.

"The decline of the old-style Keynesian economics was due in part to the simultaneous rise in inflation and unemployment in the late 1960's and early 1970's. That occurrence was impossible to reconcile with the simple non-accelerationist Phillips Curves of the time.

“But Keynesian economics also declined because of a change in economic methodology. The Keynesians had emphasized the dependence of consumption on disposable income, and similarly, of investment on current profits and current cash flow. They posited a Phillips Curve, where nominal—rather than real—wage inflation depended upon the unemployment rate, which was used as an indication of the looseness of the labor market. They based these functions on their own introspection regarding how the various actors in the economy would behave. They also brought some discipline into their judgments by estimating statistical relations.

“But a new school of thought, based on classical economics, objected to the casual ways of these folks. New Classical critics of Keynesian economics insisted instead that these relations be derived from fundamentals. They said that macroeconomic relationships should be derived from profit-maximizing by firms and from utility-maximizing by consumers with economic arguments in their utility functions.

“The new methodology had a profound effect on macroeconomics. Five separate neutrality results overturned aspects of macroeconomics that Keynesians had previously considered incontestable. These five neutralities are: the independence of consumption and current income (the life-cycle permanent income hypothesis); the irrelevance of current profits to investment spending (the Modigliani-Miller theorem); the long-run independence of inflation and unemployment (natural rate theory); the inability of monetary policy to stabilize output (the Rational Expectations hypothesis); and the irrelevance of taxes and budget deficits to consumption (Ricardian equivalence). These results fly in the face of Keynesian economics. They undermine its conclusions about the behavior of the economy and the impact of stabilization policy.

“The discovery of these five neutrality propositions surprised macroeconomists. They had not suspected that radically anti-Keynesian conclusions were the logical outcome of such seemingly-innocuous maximizing assumptions.”

This is economics as it is practised at the very highest levels. This is the development of a new theoretical direction whose arguments are founded on a review of the previous theories. No one listening to this speech would describe it as nothing more than an excursion into the history of economics and therefore irrelevant to economics itself. Instead, his speech has been widely reproduced and discussed because of what it says about the direction that economics must take. Whether it succeeds in changing the direction of the practice of economics is, of course, a different matter. But what is crystal clear is that the methodology applied is to review the relevant history of thought and then to draw conclusions on the direction that economic theory should follow.

Without the background history such an approach cannot be adopted. Without knowing the history oneself, a listener cannot gauge the accuracy of what is being said. A familiarity with the history of economics should therefore be recognised as an intrinsic

part of the necessary knowledge base for anyone thinking about theoretical issues.

HET as a Conversation with Economists of the Past

The shallow and sterile formalism of so much of modern economics, an outcome driven in part by the nature of the publication formats of the modern journal, has tended to flatten debate and removed much of the passion that was a feature of earlier days. Economies are not so different today from how they were in the past. Economists from what some may consider bygone eras have something to say to us, and in saying it can contribute to our understanding.

By focusing only on the writers of the present, or the near-present, we deny ourselves the opportunity to listen to the views of economists from earlier times who had much to say about the economies of their own time that have application in the economies of our own. An interesting reminder that this was once well understood amongst the economics profession may be seen in the introduction to a 1915 reprint of Walter Bagehot's *Lombard Street: a Description of the Money Market* which was initially written in 1873. Some forty-two years later, this is how Professor Hartley Withers, a monetary economist of high repute himself in his own time, describes the value of this book in a frontispiece to the volume:

“The English credit system is a living thing, that has grown out of its past and is growing into its future. Past, present, and future are thus one continuing process, and no one can hope to understand its present, still less to peer into its future, unless he knows something of the past that is part of them. Bagehot's ‘Lombard Street’ lights up, with the fire of its author's genius, the road that we have travelled, and helps us see where we are and to wonder whither we are going.”
(Withers in Bagehot [1873] 1915: iii)

The nesting of Bagehot within Withers, who both have something to say to us all these years later about the management of the financial system, is a reminder that valuable insights are there to be had by those who bother to look. But an **autistic** approach to economics that sees no value in becoming acquainted with the perspectives of the past, from economists of genius who were dealing with phenomena intrinsically little different from the ones we deal with now, cut themselves off from valuable insights into the operation of economies.

That, too, is the role of HET. It is to bring into the conversation the views of economists of the past. We too, as modern and up-to-date as we think ourselves as being, will one day be as long gone as Bagehot or Withers. It would be extraordinarily sad indeed, to believe that nothing any of us write, say or do will have any enduring value other than through its being absorbed via a process of osmosis into the general economic ideas of some future time. We will want to be part of the economic conversations of the future in the same way that we should welcome our own economic ancestors into our own conversations today. Not because we are being polite to the elderly, but because they

have something useful to tell us that speak to our own present concerns.

HET as a Storehouse of Theoretical Approaches

Textbook theory provides a compendium of the theoretical approaches that have gained currency at some particular point in time. But for every theory accepted there are others that were the close competitors in their time, some of which would now be seen as utterly beyond the pale while others still remain highly suggestive. The social sciences are very different from the natural sciences in this respect. Often a theory merely finds its way into the textbooks because the issues it addressed had currency at the time. As other economic problems become more prominent, other theories that were overlooked can have something important to contribute.

Indeed, the very way in which the losing sides in so many of these controversies continue to contest the field provides an important part of the ongoing debate within economics. The following statement from John Stuart Mill is an interesting and instructive example of the value of returning to re-examine even the most settled of economic questions. In touching on one such issue, Mill wrote:

“These general principles are now well understood by almost all who profess to have studied the subject, and are disputed by few except those who ostentatiously proclaim their contempt for such studies. We touch upon the question, not in the hope of rendering these fundamental truths clearer than they already are, but to perform a task, so useful and needful, that it is to be wished it were oftener deemed part of the business of those who direct their assaults against ancient prejudices, — *that of seeing that no scattered particles of important truth are buried and lost in the ruins of exploded error.*” (Mill [1874] 1974: para II 6 – italics added)

As it happens, the “general principles [which] are now well understood” are what is today known under the heading of Say’s Law. At the time Mill wrote, the virtually unanimous view within the economics profession was that Say’s Law is true. As Mill points out, virtually no one amongst his contemporaries then opposed Say’s Law. A century later, and indeed up to this very day, that particular principle is almost universally rejected. There is more or less agreement across the profession that Say’s Law is false. But whether any particular theory is valid or not, it is only through the “useful and needful” task of re-examination that discarded theories can be re-assessed, re-interpreted and where it is thought appropriate, re-introduced into the mainstream to ensure “that no scattered particles of important truth are buried and lost”.

Indeed, this is precisely what Keynes did himself in combing through Malthus’s writings in coming to a conclusion that has been generally accepted throughout the economics mainstream, that there had indeed been a valid form of economic understanding that lay unappreciated in the works of this early nineteenth century economist. From these roots a revolution in economic theory arose. The economists of the past remain a repository of

theories and observations with relevance and application today.

HET as a Literary Approach to Economic Issues

The ebbing role of the history of economic thought within economics generally is in many respects a reflection of the ascendancy of mathematical and statistical approaches. As those with an historical perspective on economics well understand, there has been a long on-going debate over the proper role for numbers, equations and time series within the overall structure of economic theorising and practice. But much of that had been within a tradition that had placed great value on a literate economics community. Marshall famously discussed the role of mathematics in the preface to the first edition of his *Principles* where he had famously left the mathematics to the appendix. Of this decision, he wrote:

“The chief use of pure mathematics in economic questions seems to be in helping a person to write down quickly, shortly and exactly, some of his thoughts for his own use: and to make sure that he has enough, and only enough, premisses for his conclusions (i.e. that his equations are neither more nor less in number than his unknowns). But when a great many symbols have to be used, they become very laborious to any one but the writer himself. . . . It seems doubtful whether any one spends his time well in reading lengthy translations of economic doctrines into mathematics, that have not been made by themselves.” (Marshall [1920] 1947: x-xi)

Similarly, Keynes in the *General Theory* wrote that,

“Too large a proportion of recent ‘mathematical’ economics are merely concoctions, as imprecise as the initial assumptions they rest on, which allow the author to lose sight of the complexities and interdependencies of the real world in a maze of pretentious and unhelpful symbols.” (Keynes [1936] 1973: 297)

For some, perhaps, quoting such authorities on the dangerous role of highly mathematical techniques and requirements in economic theory may do no more than make a virtue of necessity where the requisite skills are in limited supply. But the reality is that economists must communicate with others where the common language is the normal discourse in words.

Perhaps, even more importantly, much of what drives an economy cannot be reduced to only those sorts of considerations that can be expressed numerically. Issues must often be conceptualised in ways that bring in subtle shades of meaning. This is an ability that can only be developed through practice and craft.

HET causes economists to study some of the finest writers in the history of our subject. Their rhetorical abilities are, in many ways, the reason that it is their work that has influenced later generations. Those who can establish their points most clearly are best

able to carry others along with them. The ability to write well has had an undoubtedly important influence on the direction that economics has taken. Many of the great economists were also recognised as great writers: Adam Smith, John Stuart Mill, Karl Marx, Alfred Marshall, John Maynard Keynes, Friedrich Hayek. Each was a writer of genius whose ability to write persuasively played a large part in their ability to influence others.

Studying the great economists of the past and writing on the history of economic thought develops one's writing skills. But more than this, it develops one's skills in writing about economics. HET specialists typically handle theoretical questions but in doing so learn to explain in words and concepts, an extremely important skill too often downplayed within economics generally.

HET as a Training Ground for Applied Economists

So much of the discussion of the role of HET revolves around its uses within the academic world as if teaching and research are the sole and final ends of economics itself. In reality, economics is also an applied policy science whose ultimate role is to provide a sufficiently deep theoretical understanding of the structure of economies to allow for the making of sound economic decisions. To underestimate the powerful role of studying the history of economic thought in the training of economists whose work is in government or the private sector is to misunderstand the way in which economists can and do become economists.

Students of HET have in most cases focused on some branch of economic theory. Upon graduation, many are employed as economists and often have a deeper understanding of economic theory as well as the limits of such theory. A graduate of economics with a specialization in HET is capable of undertaking work in any area that requires an economist.

All economists today learn modern macroeconomic and microeconomic theory. Virtually every serious student of economics also studies mathematical and statistical techniques often to a very high standard. History of economics isn't a substitute for the study of economics; it is a sub-branch within the overall discipline and in this sense should be understood as one of the pathways towards becoming an economist and learning the tools of the trade.

It is entirely possible that HET has been taught inappropriately given the ways it can be made more useful as a contribution to economics as a practical art. But we have gone from teaching HET to virtually every economist to now teaching it to virtually none and, in that change, a very important part in the education of an economist has disappeared. It is, of course, the case that no practising economist has ever been asked to settle a question in the history of theory but they are often asked to come up with useable answers to often very difficult real world problems. The contention here is that those who have studied the history of theory are able to access a wider range of answers and are better able to think outside the more narrow confines of whatever the reigning paradigm

of the present moment happens to be.

Concluding Comment

The Australian experience has been something of an alert to the entire community of scholars within the history of economic thought. The growing disregard within the academic world for history of all kinds is well known as is the still increasing role of mathematical approaches to economic issues. The result was that it was completely unnoticed outside of the HET community when an administrative decision was taken which would for all practical purposes have been the death sentence for the study of both the history of economics and economic history in Australia. Luckily for us here, after an enormous effort by both professions, that decision turned out to be merely provisional and was ultimately overturned. But what has been made clear even now is that the present decision is itself merely provisional and will be reviewed each time the ABS looks to revise its classification scheme.

It should not, however, be thought that either HET or Economic history are friendless and alone. From the Australian experience, it was evident that many amongst those in senior economic positions in Australia believed that HET (and Economic History) properly belonged within economics. But those at senior positions are typically those who took their degrees in the 1960 and 1970s when HET was almost universally taught. As time goes by, this will be less and less the case. HET will henceforward need to show how and why it ought to hold its place in the side. This article merely hopes to commence a discussion on this issue in which we hope to have provided some tentative answers to questions that are likely to become more insistent over the coming years.

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¹ See, for example, his chapter 3 of Book I on “Gradations of Consumers’ Demand” where he refers to the work of Ricardo, Gossen, John Stuart Mill, Cairnes, Cournot and Dupuit (Marshall [1920] 1947: 92-101).