Political Economy and the 'Modern View’ as reflected in the History of Economic Thought

Mário Graça Moura\textsuperscript{1,2}, António Almodovar\textsuperscript{1,2}

\textsuperscript{1} FEP-UP, School of Economics and Management, University of Porto
\textsuperscript{2} CEF.UP, Research Center in Economics and Finance, University of Porto
POLITICAL ECONOMY AND THE ‘MODERN VIEW’
AS REFLECTED IN THE HISTORY OF ECONOMIC THOUGHT*

Mário Graça Moura¹, António Almodovar²

Abstract:
This paper focuses on the gradual decomposition of classical political economy and its transformation into ‘economics’, a process which was to culminate in the conception of ‘theory’ as a mere engine of analysis. Why exactly did modern ‘economics’ become accepted? What was meant to be achieved – and was it? And why did some writers reject both old political economy and modern economics? We intend to contribute to an understanding of these issues by analysing a set of representative histories of economic ideas from this period: those by Luigi Cossa (1880), John Kells Ingram (1915, originally published in 1888), and Charles Gide and Charles Rist (1915).

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¹ Faculty of Economics, University of Porto, and CEF.UP. CEF.UP is financially supported by FCT (Fundação para a Ciência e a Tecnologia). Corresponding author: please email to mgm@fep.up.pt or address to Rua Dr Roberto Frias, 4200-464, Porto, Portugal.

² Faculty of Economics, University of Porto, and CEF.UP
Economics has been in a state of crisis for some time now, and several diagnoses of the causes of this crisis, the nature of mainstream economics and the transformational possibilities of the discipline have appeared in recent years. Tony Lawson (2006) proposes that the orthodox project in economics is characterized by an insistence on mathematical-deductivist methods, even though their ontological presuppositions do not always match the nature of the social world; whereas heterodoxy means, first and foremost, a concern with ontology. John Davis (2008), from a different viewpoint, argues that in contemporary economics the mainstream encompasses both neoclassical and heterodox approaches, and goes on to investigate how this ‘mainstream heterodoxy’ could displace neoclassicism and become a new orthodoxy.

The present paper is also concerned with economics and its nature, but we approach this topic from the reverse angle. We are interested in the process that led to the emergence of the current mainstream – or of its orthodox core, in Davis’ (2008) expression – and in the way in which this process was understood and interpreted by more or less contemporaneous writers. In other words, we focus on the gradual decomposition of political economy and its transformation into ‘economics’, a process which culminates in the conception of ‘theory’ as a mere engine of analysis. As Joseph Schumpeter (1954: 1141) puts it, “there was a time when… there was a ‘liberal’ or ‘socialist’ or ‘mercantilist’ theory, and all those theories more or less meant political doctrines or at least practical recommendations. This is not the modern view. The modern economist considers theory simply as an instrument of research”.

But how exactly did this ‘modern view’ become accepted in the first place? What was meant to be achieved – and was it? And why did some writers reject both old ‘political economy’ and the ‘modern view’? We intend to contribute to an understanding of these issues by focusing on a set of representative histories of economic ideas (written in, or translated into, English) from this period – those by Luigi Cossa (1880), John Kells Ingram (1915, originally published in 1888), and Charles Gide and Charles Rist (1915) – and scrutinizing their assessment of the status of economics and its evolution.

The paper is structured as follows. Section 2 offers a brief overview of the intellectual context that we are interested in, explaining our views on consensus and dissent in classical ‘political economy’ and on how this relates to the evolution that leads both to the ‘modern
view’ and to the historical schools. Section 3 focuses on the above mentioned works by Cossa, Ingram, and Gide and Rist, beginning with a brief explanation of why these particular histories of economic thought have been selected. Their accounts of the process that leads to ‘the modern view’ are then recovered and critically assessed. Concluding comments appear in Section 4.

CONSENSUS AND DISSENT IN CLASSICAL POLITICAL ECONOMY

Social, political, or religious dissent from economists has been conspicuous throughout history, and the 19th century is certainly no exception3. Even if that had not been the case, the history of economics is always a history of disputes among economists. As it happens, however, there was a considerable degree of consensus among political economists for a while, a consensus strong enough to allow for the identification of political economy with classical economics. In a sense there was a single school – dissent from which was largely exogenous to the discipline – and therefore a widespread sense of secure foundations on which an increasingly imposing edifice was being erected. Indeed, in 1848 John Stuart Mill felt confident enough to speak “from the vantage ground of definitely established truth” (Schumpeter (1954: 530))4.

3 This dissent often constitutes what William Coleman calls ‘anti-economics’: an heterogeneous and evolving set of radical objections to the doctrine, the practice, and the subject of political economy, based on the belief that “there is no value to be salvaged from economics in its present state. It contains no rudiment of insight; it is ‘dead’, ‘bankrupt’, ‘collapsed’. And this is necessarily so: economics is a bad seed, a misgrowth which can never progress. The anti-economist, therefore, is not a mender or reformer of learning, but a revolutionary. To the anti-economist the only way to discover economic truth is to throw out all economics and start all over again” (Coleman (2002: 7)).

4 “Happily, there is nothing in the laws of value which remains for the present or any future writer to clear up; the theory of the subject is complete: the only difficulty to be overcome is that of so stating it as to solve by anticipation the chief perplexities which occur in applying it …” (Mill (1909: 313-314)).
At the core of this classical consensus is the generalized acceptance – or perhaps, partly, ‘entrenchment’ (see ibid.: 581) – of basic theoretical propositions, which are summarized in Nassau Senior’s four postulates. As Schumpeter (ibid.: 575) puts it, these postulates provide an axiomatic basis for “that little analytical apparatus called economic theory”.

At the meta-theoretical level, however, consensus among classical economists was perhaps more fragile. There was, of course, a degree of agreement at this level, too. Classical economists stress the scientific status of political economy. Following in the footsteps of Adam Smith, or believing that they were doing so, they propose to develop a set of principles – a ‘science’ – which would help to ground the ‘art’ of policy (even if in practice they – especially Ricardo and Say – do not really separate the ‘science’ and the ‘art’ (see Hutchison (1964: 25-26)). They share the belief that political economy is a socially and politically relevant science, providing the foundations for sounder advice than the conventional rules hitherto followed.

Beneath the surface, however, there were ambiguities which help us to understand future developments. To begin with, there is an obvious if prima facie not critical difference between English and continental writers on the scope of political economy. As is well known, English writers – like Senior (1854: 6), who notes that the subject treated by political economy “is not Happiness, but Wealth” – have a narrower view of their subject than Continental writers like Jean-Baptiste Say (see, e.g., Say (1840: 1); Cairnes (1888: 28, 30-31)). As Mill puts it:

“The science of social economy embraces every part of man’s nature, in so far as influencing the conduct or condition of man in society; and therefore may it be termed speculative politics, as being the scientific foundation of practical politics, or the art of

As is well known, political economists and their systems were divided by Adam Smith into two main groups: those, like the Mercantilists, who belonged to the ‘proved recipes’ species – for Smith, the Mercantilist system was an assembly of piecemeal businessman know-how and political regulations and guidelines; and those, like the Physiocrats and Smith himself, who belonged to the ‘natural laws’ variety – the Physiocrats conveying a first, albeit partially wrong, insight into the correct scientific approach.
government, of which the art of legislation is a part. It is to this important division of the field of science that one of the writers who have most correctly conceived and copiously illustrated its nature and limits, — we mean M. Say, — has chosen to give the name Political Economy. And, indeed, this large extension of the significations of that term is countenanced by its etymology. But the words “political economy” have long ceased to have so large a meaning … What is now commonly understood by the term “Political Economy” is not the science of speculative politics, but a branch of that science. It does not treat of the whole of man’s nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging of the comparative efficacy of means for obtaining that end” (Mill (1844: 284)).

“In so far as the economical condition of nations turns upon the state of physical knowledge, it is a subject for the physical sciences, and the arts founded on them. But in so far as the causes are moral or psychological, dependent on institutions and social relations, or on the principles of human nature, their investigation belongs not to physical, but to moral and social science, and is the object of what is called Political Economy. The production of wealth; the extraction of the instruments of human subsistence and enjoyment from the materials of the globe, is evidently not an arbitrary thing. It has its necessary conditions. Of these, some are physical, depending on the properties of matter, and on the amount of knowledge of those properties possessed at the particular place and time. These Political Economy does not investigate, but assumes; referring for the grounds, to physical science or common experience. Combining with these facts of outward nature other truths relating to human nature, it attempts to trace the secondary or derivative laws, by which the production of wealth is determined; in which must lie the explanation of the diversities of riches and poverty in the present and past, and the ground of whatever increase in wealth is reserved for the future. Unlike the laws of Production, those of Distribution are partly of human institution: since the manner in which wealth is distributed in any given society, depends on the statutes or usages therein obtaining. But though governments or nations have the power of deciding what institutions shall exist, they cannot arbitrarily determine how those institutions shall work. The conditions on which the power they possess over the distribution of wealth is dependent, and the manner in which the distribution is effected by the various modes of conduct which society may think fit to adopt, are as much a subject for scientific enquiry as any of the physical laws of nature. The laws of Production and Distribution, and some of the
practical consequences deducible from them, are the subject of the following treatise”. (Mill (1909: 44-45))

If the differences regarding the scope of political economy are perhaps not critical – no one disagreed that “there are matters of importance which are not included within the range of Political Economy” (Cairnes (1888: 26)) – this is hardly true where differences concern the kind of science that political economy is supposed to be. How does it compare to other sciences? What is the status of its principles or ‘laws’? Even if abstract comments on the connection between ‘theory’ and facts, or on deduction vs. induction, do not show irreconcilable differences\(^6\), it is apparent that authors do not quite agree on the nature of political economy. Malthus, for instance, remarks that political economy is closer to morals and politics than to mathematics:

“It has been said, and perhaps with truth, that the conclusions of Political Economy partake more of the certainty of the stricter sciences than those of most of the other branches of human knowledge. Yet we should fall into a serious error if we were to suppose that any

\(^6\) Senior (1854: 7) writes: “We are constantly told that [Political Economy] is a Science of facts and experiment, a Science avide de faits. The practical applications of it, like the practical applications of every other Science, without doubt, require the collection and examination of facts to an almost indefinite extent. … but the facts on which the general principles of the Science rest may be stated in a very few sentences, and indeed in a very few words.” Mill (1844) takes much the same stance, and so does Say (1855: 18): "Political economy, … whenever the principles which constitute its basis are the rigorous deductions of undeniable general facts, rests upon an immoveable foundation. General facts undoubtedly are founded upon the observation of particular facts; but upon such particular facts as have been selected from those most carefully observed, best established, and witnessed by ourselves. When the results of these facts have uniformly been the same, the cause of their having been so satisfactorily demonstrated, and the exceptions to them even confirming other principles equally well established, we are authorized to give them as ultimate general facts, and to submit them with confidence to the examination of all competent inquirers, who may be again desirous of subjecting them to experiment“.
propositions, the practical results of which depend upon the agency of so variable a being as man, and the qualities of so variable a compound as the soil, can ever admit of the same kinds of proof, or lead to the same certain conclusions, as those which relate to figure and number. There are indeed in political economy great general principles, to which exceptions are of the most rare occurrence, and prominent land-marks which may almost always be depended upon as safe guides; but even these, when examined, will be found to resemble in most particulars the great general rules in morals and politics founded upon the known passions and propensities of human nature: and whether we advert to the qualities of man, or of the earth he is destined to cultivate, we shall be compelled to acknowledge, that the science of political economy bears a nearer resemblance to the science of morals and politics than to that of mathematics”. (Malthus (1836: 1))

Say, however, writes that, in the physical as in the moral and political sciences, a fact is always caused by other facts, and the same cause always produces the same effect (see Say 1840: 5). And Mill, as the following passages illustrate, repeatedly relies on analogies with physics and mathematics:

“Science is a collection of truths; art, a body of rules, or directions for conduct. The language of science is, This is, or, This is not; This does, or does not, happen. The language of art is, Do this; Avoid that. Science takes cognizance of a phenomenon, and endeavours to discover its law; art proposes to itself an end, and looks out for means to effect it. If, therefore, Political Economy be a science, it cannot be a collection of practical rules; though, unless it be altogether a useless science, practical rules must be capable of being founded upon it. The science of mechanics, a branch of natural philosophy, lays down the laws of motion, and the properties of what are called the mechanical powers. The art of practical mechanics teaches how we may avail ourselves of those laws and properties, to increase our command over external nature”. (Mill (1844: 278)).

“The science then proceeds to investigate the laws which govern these several operations, under the supposition that man is a being who is determined, by the necessity of his nature, to prefer a greater portion of wealth to a smaller in all cases, without any other exception than that constituted by the two counter-motives already specified. Not that any political economist was ever so absurd as to suppose that mankind are really thus constituted,
but because this is the mode in which science must necessarily proceed. When an effect depends upon a concurrence of causes, those causes must be studied one at a time, and their laws separately investigated, if we wish, through the causes, to obtain the power of either predicting or controlling the effect; since the law of the effect is compounded of the laws of all the causes which determine it. The law of the centripetal and that of the tangential force must have been known before the motions of the earth and planets could be explained, or many of them predicted. The same is the case with the conduct of man in society” (Mill (1844: 285)).

“By the method à priori we mean (what has commonly been meant) reasoning from an assumed hypothesis; which is not a practice confined to mathematics, but is of the essence of all science which admits of general reasoning at all. […] In the definition which we have attempted to frame of the science of Political Economy, we have characterized it as essentially an abstract science, and its method as the method à priori. Such is undoubtedly its character as it has been understood and taught by all its most distinguished teachers. It reasons, and, as we contend, must necessarily reason, from assumptions, not from facts. It is built upon hypotheses, strictly analogous to those which, under the name of definitions, are the foundation of the other abstract sciences. Geometry presupposes an arbitrary definition of a line, “that which has length but not breadth.” Just in the same manner does Political Economy presuppose an arbitrary definition of man …” (Mill (1844: 287-288))

Of course, the existence of these different viewpoints does not mean that the classical period was marked by a sort of Methodenstreit. As Schumpeter (1954: 540) observes, methodological peace substantially prevailed, although it is during the classical era that economists “develop an interest, not untinged with anxiety, in problems of scope and method and in logical fundamentals generally” (ibid.: 534). The decomposition of classical political economy was not directly or principally caused by methodological disputes, even if they did exist. Much more important was the widespread disenchantment with the liberal policies advocated by the classics and the ‘surrender’ of their representatives⁷. However, at the root of

⁷ See, e.g., Henry Sidgwick’s (1887: 4-7) account: “In 1871, however, these halcyon days of Political Economy had passed away. Their termination was of course not abrupt; but so far as any date can be fixed for it, I should place it at the appearance of Mill's notice of
disputes on policy matters, or theoretical controversies, is the ambiguity or fragility of the

Thornton's book On Labour in the Fortnightly Review of March, 1869. [...] ... the facility with which [Mill] resigned a doctrine (the old 'Wages-Fund Theory') which he had taught for years caused [his disciples] an unexpected shock; thus they were naturally led to give a more respectful attention not only to Thornton's assaults, but also to other utterances of dissent from economic orthodoxy to which they had hitherto turned a deaf ear. A second shock was given in 1871 by the publication of Jevons' Theory of Political Economy; which took up in reference to the received mode of treating the subject an attitude almost similar to that which each new metaphysical system has hitherto adopted towards its predecessors. Again, in 1874, Cairnes' Leading Principles of Political Economy, though written by a disciple of Mill and in fundamental agreement with his doctrines, still contributed to impair the unique prestige which Mill's exposition had enjoyed for nearly half a generation. [...] Meanwhile the strife between Labour and Capital had come to occupy more and more of the attention of cultivated society; and the conviction had gradually gained ground that "the attempt to solve great industrial questions" on the hypothesis ... that men are governed by self-interest only ... "is to confuse rather than to elucidate the problems which it behoves us to investigate." [...] ... Cliffe Leslie ... in an article on the Political Economy of Adam Smith, began that attack on the 'Ricardian' or 'a priori' method which he continued in several subsequent articles ... One part of Cliffe Leslie's work consisted in drawing the attention of English economists to the movement in opposition to their method which had for some time been carried on in Germany, and which, during the last twenty years, has continually gained strength. The leaders of this movement, however widely they also differ among themselves, are generally agreed in repudiating as "Manchesterthum" – or even "Smithianismus" – the view of Political Economy mainly adopted in England; and their influence constitutes an additional force under which the disputes as to particular doctrines among the English Economists tend to broaden into more fundamental controversy as to the general method of dealing with economic questions. [...] While, finally, the great practical success of Free Trade – which ... contributed largely to the prestige enjoyed by Political Economy during its halcyon days in the third quarter of this century – has recently been called in question by an apparently growing party of practical men; and is certainly rendered dubious through the signal disappointment of Cobden's confident expectations that the example of England would be speedily followed by the whole civilised world."
classical position on the nature and scope of political economy and its relation to social, political and moral values. From the 1870’s, a much more severe and comprehensive divide among economists had materialized, and both the marginalist and the historical school can be traced back to classical meta-theory on the scope and status of economics.

A glance at the above quoted passages by Mill makes it clear that he is not distant from later orthodoxy. For him, political economy is limited in its scope, in that it is concerned with mankind from one viewpoint only. It is assumed that it is meaningful to separate this economic dimension from other dimensions recognised to be present in human action. The ‘laws’ of political economy are regarded as having the same methodological status as the ‘laws’ of physics, in as much as both are understood as ‘statements of tendencies’ or as regularities which are not, as a rule, empirically manifest.

From a methodological viewpoint, then, the marginalist revolution is hardly a revolution but rather an elaboration along these lines, aiming at truly general, and indeed ideologically ‘neutral’ knowledge, as any other ‘pure’ science. The conception that “the logical scheme of economic rationality commonly known as ‘pure theory’ … can never yield any ‘laws’ but only serve in an instrumental capacity” (Schumpeter (1954: 824, fn.25)) – the ‘modern view’ of theory as a mere instrument – is only a small step away. In fact, while the exact natural sciences may have been the original inspiration, mathematical formalism eventually leads to an understanding of ‘pure theory’ as a branch of mathematics (mathematics being viewed as a mere language).

The historical school, in turn, has the opposite conception of the scope of political economy, which follows from its understanding of social life as an organic whole. In Schumpeter’s (1954: 812) words, “the school professed to study all the facets of an economic phenomenon, hence all the facets of economic behavior and not merely the economic logic of it; hence the whole of human motivations as historically displayed, the specifically economic ones not more than the rest for which the term ‘ethical’ was made to serve”. The consequence of this outlook is, of course, a rejection of the alleged a priori approach of the classics, seen

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8 This can be shown to involve an inadequate understanding of ‘laws’ in natural science. For if these laws are regularities, and such regularities are guaranteed to occur under experimental conditions only, the implication must be that ‘laws of nature’ depend on human intervention - which is, of course, absurd (see Lawson (1997)).
as a reflection of a particular philosophical and political outlook, and its replacement with an ‘ethical’ standpoint and with detailed empirical/historical investigation – which in turn would, eventually, lead to ‘laws’ in a somewhat different sense.

The ‘modern view’ eventually prevailed, even if the path to its present dominance was hardly straightforward. The historians of economics that we want to focus on write in this period of turmoil, and we now turn our attention to what they have to say. Their aim, of course, is to make sense of the past and present of their science, and perhaps to offer some glimpses of its future, and their audience was quite considerable.

THREE HISTORIES OF POLITICAL ECONOMY

Preliminary comments

Historical remarks on, and the elaboration of bibliographies of, political economy are as old as the discipline itself. But they are different – in content and spirit – from the specialist, 19th-century histories of economic thought. There are several reasons for the emergence of these histories. Pedagogical purposes are certainly relevant: several histories are written by people who teach courses in political economy. There is also a desire to reach a wider, lay public. Craufurd Goodwin (2008) considers that these histories are closely related to “cartography and doctrinal cleansing” strategies seeking to secure the science by separating expert and amateur economists. François Etner (2006: 2-3) believes that, until the 1870’s, histories – or historical considerations – are part of a promotional strategy of political economists; and that they subsequently become critical weapons against classical orthodoxy. Indeed, the specialized field of the history of political economy is itself a battlefield in which methodological issues like those mentioned in the previous section are discussed.

9 But, paradoxically, not that different. Schmoller accepts an empiricist conception of economic laws as regularities, a conception which is formally equivalent to the ‘Ricardian’ conception that he rejects. So do most authors of the historical school.

10 The latter are more inclusive regarding their timeline and the nationality of the authors and they aim to rationalize the evolution of economic ideas. See Richard Howey’s (1982) study of all sorts of historical studies on political economy – articles in encyclopaedias, book chapters, and self-contained studies.
Summing up, we may say that histories of thought are a new type of literature, supposed to offer both an overview of the context and an introduction to the discipline – a guide to its nature, essential results, evolution, and likely prospects – that could guide, and perhaps appease some of the misgivings of, both students and the lay public.

In the 1870’s, histories of this kind were certainly easier to find in continental Europe than in Britain, where J. R. McCulloch’s (1824, 1845) essays and Trevor Twiss’ (1847) book were clearly outdated. This is why William Stanley Jevons decided to sponsor the translation of the second (1878) edition of the (1876) book by Luigi Cossa, a renowned professor of political economy in Pavia. In the second edition of his *Theory of Political Economy*, Jevons writes that “Signor Cossa’s excellent *Guida allo Studio dell’ Economia Politica*, a concise but judiciously written text-book, is well qualified to open our eyes as to the insular narrowness of our economic learning. It is a book of a kind much needed by our students of Economics, and I wish that it could be published in an English dress.” (Jevons (1879: xlvi)). The argument is reiterated in the preface to the 1880 translation of Cossa, where Jevons states that

> “[t]o a reader fairly acquainted with the English Literature of Political Economy it will be evident why this translation of an Italian text-book has been undertaken. The sufficient reason is that no introduction to the study of Economics at all approaching in character to Professor Cossa’s *Guida allo Studio dell’ Economia Politica* is to be found in the English tongue. This work presents, in a compendious form, not only a general view of the bounds, divisions, and relations of the science, marked by great impartiality and breadth of treatment,

11 Mosca (2005) and Collison Black (1992) note the strategic exchange of translations between Jevons and Cossa, who translated Jevons’ *Theory of Political Economy* into Italian. The success of the *Guida* led Cossa to rewrite and expand it. In 1892 he published *Introduzione allo studio dell’economia politica* which, being more than twice the length of the *Guida*, cannot really be regarded as the same book, and which was (see Howey (1982)) translated into Spanish (1892), English (1893) and French (1899). We have decided to privilege the *Guida*’s translation in this paper, because the argument in the *Introduzione*, though vastly expanded, is in the main similar (though there are many changes regarding details and, of course, an update of the literature); and because it is less clear than in the *Guida*, certainly in its English translation (see fn.15 below).
but it also furnishes us with an historical sketch of the science, such as must be wholly new to
English readers. [...] The survey of the foreign literature of the subject given in this Guide will
enable the English student to fix the bearings of the point of knowledge which he has reached,
and to estimate the fraction of the ocean of economic literature which he has been able to
traverse (Cossa (1880: vii-viii)).

Later (1915) – and therefore in a different context – James Bonar and William Smart
sponsored the translation of the second (1913) edition of *Histoire des doctrines économiques
depuis les Physiocrates jusqu'à nos jours* (originally published in 1909), co-written by
Charles Gide, a renowned professor of social economy and of the history of political economy
in Bordeaux (from 1874), Montpellier (from 1880), and Paris (from 1898), and Charles Rist,
Gide’s successor in Montpellier. By then, there existed up to date English histories of the
evolution of political economy; yet some continued to believe that there was a need for
translations of histories more inclusive or less insular than English authors like L. L. Price
(1891) or Edwin Cannan (1893) had produced. Gide and Rist's book was widely praised for
its balanced and wide-ranging perspective.

12 Bonar (1911: 309) pleads for a translation of Gide and Rist by arguing that
“Ingram's was partisan and is already obsolete; Mr. L. L. Price, Professor Ashley and Dr.
Cannan do not profess to cover the whole ground. Besides, much of the scientific
achievement has been English and American, and a foreign historian may well be thought to
see the whole more easily in perspective than one of our own people”. See also the prefatory
note, by R. Richards, to Gide and Rist (1915: v).

13 “Our authors have found something of value in practically every important trend of
thought from the time of the Physiocrats to our own day. And this they have succeeded in
doing, not through the vulgar method of excluding the bad doctrine and overemphasizing the
good, but through a study sufficiently painstaking and sympathetic to disclose the essentials
of each writer's system. The impression left upon the reader is that of a steady progress in the
direction of sanity and clearness of thought, a progress hampered by error, it is true, but all the
more significant because of the errors overcome. In the opinion of the reviewer this is not
only the fairest book in its field, but the most readable and instructive as well.” (Johnson
(1911: 243)). See also, e.g., Price (1909).
Cossa (1880) and Gide and Rist (1915), in short, are histories that were judged important enough to deserve an English translation sponsored by eminent economists. To join them as a representative of this period in the British intellectual scene, we have chosen John Kells Ingram’s 1888 *A History of Political Economy*, in its 1915 edition (which includes a supplementary chapter by William A. Scott). This history is an outgrowth of an entry written for the *Encyclopaedia Britannica* (1885), for which Ingram’s choice was sponsored by the evidently very active William Stanley Jevons. Our choice is due to the fact that Ingram’s book has a much wider scope than rival English language books. Ingram was a distinguished professor – of oratory, English literature, and Greek, but not of political economy – in Trinity College, Dublin (see Barrett (1999)).

Moreover, the three chosen books represent *prima facie* very different perspectives on the discipline. Cossa is often argued to waver between historicism and the marginalist school (see, e.g., Faucci (1984); Mosca (2005)), and his *Guida* was written at a time where the latter school had barely emerged. Ingram’s volume is a self-consciously Comtean, both ‘partisan’ and ‘exogenous’ approach to the history of political economy – a book which, Schumpeter (1954: 823, fn.23) argues, “is conclusive proof both of [Ingram’s] wide philosophical … and historical erudition and his inadequate command of technical economics”. And Gide – widely

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14 Apparently, no translation of a German history was commissioned. In the USA, however, Gustav Cohn’s 1885 essay – the third chapter of the first volume of his *System der Nationalökonomie* – was translated in 1894. In the foreword to this translation, Edmund J. James writes that “the field [is] still fairly open to the scholar who will undertake to give us a comprehensive treatise on the subject, and English literature is still far behind the German, for example, in this respect. […] A German historian of political economy, therefore, will be nearly sure to give to German thinkers at least their due” (Cohn (1894: 5-6)).

15 Of course, all these authors are important beyond this context. According to Howey (1982), Cossa’s *Guida* was also translated into Spanish (1878, 1884), and German (1880). Gide and Rist’s *Histoire* was translated into German (1913, 1921, 1923), Russian (1914), Czechoslovak (1920), Polish (1920), Yugoslav (1921), Romanian (1926), Portuguese (1938), Japanese (1943), Israeli (1951-52), Spanish (in Argentina, 1949), and Chinese (1956-58). Ingram’s history was translated into German (1890, 1905), Russian (1891, 1897), Polish (1891), Italian (1892), Swedish (1892), French (1893, 1907), Spanish (1895), Czechoslovak (1895), Japanese (1896), Yugoslav (1901), Indian (1932) and Chinese (1932).
taken as the leading partner in his book with Rist: see, e.g., Price (1909) – is a supporter of the French co-operative movement and a harbinger of ‘solidarism’\textsuperscript{16}.

**Luigi Cossa**

Luigi Cossa’s *Guida* is very sympathetic to the tradition of political economy and confident in its progress. He defines political economy as “the science of the social ordering of wealth, that which examines its general laws in order to derive from them guiding principles” (Cossa (1880: 2)) – a science said to represent a narrower field but also a particular mode of regarding the object which is in part common to all the social sciences (see ibid.: 4). This science comprehends two fields of inquiry: an economic science in the strict sense of the word, pure, rational or abstract political economy, the immediate aim of which is purely speculative (see ibid.: 11) and which includes “the explanation of economic phenomena and the examination of their causes and laws” (ibid.: 6); and an economic art, applied political economy, “which from the knowledge of those natural laws deduces guiding principles for practice.” (ibid.)\textsuperscript{17} ‘Natural laws’ are so described because they are not the

\textsuperscript{16} On the meaning of solidarism, Gide and Rist (1915: 592) write: “The doctrine of solidarity had the good fortune to appear just when people were becoming suspicious of individualist Liberalism, though unwilling to commit themselves either to collectivism or State Socialism. In France especially a new political party in process of formation was on the look-out for a cry. [...] It must repudiate laissez-faire equally with the socialisation of individual property; it must hold fast to the doctrine of the rights of man and the claims of the individual while recognising the wisdom of imposing restrictions upon the exercise of those rights in the interests of the whole community. This was the party which called itself Radical then, but now prefers to be known as the Radical-Socialist party. German State Socialism as expounded about the same time was closely akin to it.”

\textsuperscript{17} The distinction of two parts in political economy – pure (or reasoned, or theoretical) economics and applied (or practical) economics, the former a science in the strictest sense, the latter an art – remains in Cossa (1893). Here, however, the term ‘social economics’ is also introduced, and there is considerable confusion in the English translation. Consider the following passages: “Social economics is a science in the wider sense of the term…” (ibid.: 49); “The political economy which furnishes guiding principles to the legislator and to the administrator, and thus facilitates government, is not a social science like pure economics, but
result of human intervention – even if, unlike physical laws, they have a psychological character (see ibid.: 7).

When discussing the method of political economy, Cossa submits that the most important and difficult points of abstract political economy – like the theories of value, rent and population – “are without doubt discovered by the deductive method, starting from a few premises” (ibid.: 38). These premises – individual self-interest, for instance – are “certain, either because they are intuitive or because they may be directly and strictly proved” (ibid.: 40). And this, Cossa argues, renders political economy even more of a positive science than mathematics or physics. However, as in physics, premises are also “incomplete and insufficient with regard to actual phenomena” (ibid.): individual self-interest is not the only human motive. Accordingly, “[d]eductions lead us to conclusions which are scientifically true, and which assume the character of laws. These laws, however, have a hypothetical

is an art…” (ibid.: 54); “By this time it must be plain that social economics no less than political economy absolutely cries out for a sharp line of distinction, which absolutely must be drawn to separate them. They are formally opposed to each other, and have their respective and well-marked criteria. Political economy, being a science, must defend its universal character and maintain strictly its independence of any and every practical purpose, while its truths must once and for ever renounce all claims to immediate and universal application. Social economics being an art must preserve its connection with the various sciences that supply it with rules to work by; from these it must formulate precepts which shall be adapted to circumstances, and sufficiently elastic to suit varying cases. In maintaining, as I have, the need of a separation between political economy and social economics, no censure has been aimed at such men as Mill, Cairnes, and Jevons, to name the leaders only, who have discussed matters of economic legislation in writing of political economy.” (ibid.: 57) An examination of the original Italian text (see Cossa (1892: 66-67)) – or its French translation (see Cossa (1899: 66)) – will quickly show that the last quoted passage, in particular, is seriously mistranslated, effectively rendering Cossa’s argument incomprehensible.

18 In the Introduction…, Cossa (1893: 75) writes: “We rightly conclude that social economics is just as positive as many a physical science whose premisses are models of laborious induction, and just as exact as pure Mathematics with all its axioms and hypothetical definitions.”
character because they express the tendency of certain causes to produce given effects on condition of the absence of certain other causes (ibid.: 40-41)

While the status of abstract political economy is, in a sense, similar to that of physics – even if there is no analogue to experiments in political economy (see ibid.: 43) – Cossa writes that political economy “will never be an exact science in the sense of being able to present in all its departments subjects fitted for mathematical calculation” (ibid.: 44). Nevertheless, “within certain limits and in treating of exactly appreciable quantities, we may apply mathematics” (ibid.: 45) as a matter of convenience – even if mathematics has not led to the discovery of any important theory (see ibid.: 44-46)\(^{19}\).

Cossa (ibid.: 57) argues that an examination of the main objections to political economy shows “that they all lead to absurdities”. Against the objection that phenomena so variable as those with which political economy is concerned cannot have constant laws – so that political economy cannot exist as a science – he points to “the recurrence of certain effects on the repetition of certain causes” (ibid.: 58). He adds that “even the variations and perturbations of the economic organism succeed one another with a certain regularity and present … something normal which obeys constant laws” (ibid.). To the objection that political economy does not exist as a science but is instead marked by unsolved problems and unsettled disputes, e.g. on the merits of hypotheses or abstractions, he replies:

> “hypotheses, when they are not arbitrary, may be the instruments of most valuable scientific discoveries. Those that are wholly gratuitous and irrelevant will always be found to have originated with some incompetent exponent of the science. For the rest the history of the physical and mathematical sciences teaches us that, though they are truly called positive sciences, many of their theorems rest upon purely hypothetical bases, and many which were

\(^{19}\) This is one of the points on which Cossa changed his mind: “Nor does the mathematical method solely apply to deductive reasoning; it can also lead to discovery, as has indeed been frequently the case. The celebrated Professor Marshall in his theory of value offers a model instance of this, although he frequently suppresses, with a modesty which does him credit, the analytic processes which he has used, and even in the text itself of his great work abstains from the use of symbols, which are relegated to notes and appendices.” (Cossa (1893: 90-91))
once held to be axioms are now called in question. If we have no abstractions, no analyses, no formation of genera and species, but content ourselves with the mere verification of individual cases, we can have no science, but only a barren empiricism … Further, that reasoning is obviously absurd which would argue the non-existence of political economy from the fact of the interminable controversies of its students. It ought especially to be considered: 1. That such disputes refer for the most part not to the pure science but to its applications. This we shall see to be a natural and inevitable result of the hostility of those private and collective interests which political economy seeks to conciliate and bring into order; 2. That such disputes are more apparent than real, and touch more on form than on substance … ; 3. That these disputes are often about points of minor importance; 4. That we must not charge political economy with the unreasonableness of some incompetent writers who insist upon calling in question truths which have long since been clearly proved; 5. That it is scientific disputes and reasonable doubt, very different in their nature from systematic skepticism, which reanimate sciences and lead to the attainment of new and fertile discoveries”. (ibid.: 59-61).

The gist of the argument seems clear. There is a pure political economy which, when competently interpreted, ought to be uncontroversial. This is the common ground on which economists can and should agree. Many disputes between them are avoidable: they are the result of incompetence or they concern applications of the pure science and the economists’ different political views. There exists, in other words, an ongoing confusion between economic theory and economic policy which, however, does not imply the absence of a reliable science.

This means that the nature of pure political economy is often misunderstood. And it is this misunderstanding which lies at the origin of critiques like those of the German historical school. Thus, Wilhelm Roscher’s reasonable criticism of the “doctrinarians and idealists, who think that the results of their abstract speculations can be directly applied, without taking the circumstances of time and place into consideration” is easily overstated so as to mean “denying the existence of general economic laws, or at least underrating their importance” (ibid.: 193):
“These so-called professorial socialists had no difficulty in overcoming the arguments of certain weak economists who wished to reproduce in Germany the doctrines of Bastiat, and of liberalism at any price. Consequently, they deceived themselves as to the originality and importance of their discoveries. They confounded economics with morals and law, under pretext of better harmonizing their results. They did not distinguish theories, which are for the most part general, from applications, which are always contingent. They, and especially Brentano, exaggerated the importance of induction. For the gradual and peaceful evolution of political economy they wished to substitute a revolution, which they justified by an undeservedly severe condemnation of the defects and errors of the classical economists, and especially those of England and France. They started from the false supposition that the scientific progress of other nations at the present time is almost nothing in comparison with the acquisitions of the science in Germany”. (ibid.: 197-198)

To sum up, in Cossa’s estimation, and against the German professors, pure political economy is a science in the same sense as physics and with a similar structure of explanation. He notes that “[w]e cannot conceive of an economic science … without the idea of the existence of natural laws governing the phenomena of social wealth” (ibid.: 86). These natural laws are not, or not always, empirically manifest and yet they are not fictions. “Pure political economy does not invent but merely describes the action of economic laws and their causes.” (ibid.: 67); it “does not occupy itself with that which is nor with that which ought to be, but rather with that which is constant and necessary” (ibid.: 71) instead of contingent.

John Kells Ingram

Unlike Cossa’s book, Ingram’s A History of Political Economy is very critical of classical political economy which, in his view, has entered on a transition stage. As Richard T. Ely writes in the introduction to the 1915 edition, Ingram is “most in sympathy with the German historical school”, believing that “institutions must be judged in their proper setting of time and place” (Ingram (1915: vii)). He finds “an explanation of the apparent failure of political economy in its separation from other social sciences” (ibid.: viii) – for him, there is one Sociology, of which economics is a chapter – and in its “too abstract and deductive character” (ibid.: ix).
In his estimation, it is to the new or ‘historical’ school that the future belongs (see ibid.: 150); and, in England especially, there are reasons to expect that this school will more speedily and decisively displace its antagonist (see ibid.: 217). Classical political economy – the ‘old school’ – ought to be displaced, not because of its abstract character – indeed, “[a]ll science implies abstraction, seeking, as it does, for unity in variety” (ibid.: 207) – but because of “the abuse of abstraction” (ibid.). It rests on assumptions which are said to be unreal, unsound, one-sided or at best realized only within very narrow limits of time and space. The science built deductively on such assumptions is described as \textit{a priori} and purely hypothetical.

“Cairnes, notwithstanding some apparent vacillation of view and certain concessions more formal than real, maintains the utmost rigour of the deductive method; he distinctly affirms that in political economy there is no room for induction at all […] Cairnes holds that, as they ‘are not assertions respecting the character or sequence of phenomena’ (though what else can a scientific law be?), ‘[laws] can neither be established nor refuted by statistical or documentary evidence’. A proposition which affirms nothing respecting phenomena cannot be controlled by being confronted with phenomena […] whilst Ricardo had never doubted that in all his reasonings he was dealing with human beings as they actually exist, [Mill and Cairnes] showed that the science, as he conceived it, must be regarded as a purely hypothetical one. Its deductions are based on unreal, or at least one-sided assumptions” (ibid.: 151-152).

“[T]he traditional system of political economy … rested on certain fundamental assumptions, which, instead of being universally true in fact, were only realised within very narrow limits of time and space. […] Mill and Cairnes had already shown that the science they taught was a hypothetic one, in the sense that it dealt not with real but with imaginary men – ‘economic men’ who were conceived as ‘money-making animals’. But Bagehot went further: he showed … that the world in which these men were supposed to act is also ‘a very limited and peculiar world’. What marks off this special world … is the promptness of transfer of capital and labour from one employment to the other” (ibid.: 218-219)

“Deduction from hypothesis” is judged by Ingram “a useful occasional logical artifice”; but it should not be regarded as “the main form of method” (ibid.: 221). And the
application of mathematics to economics – sought by those, like Jevons, who understand by ‘theory’ the old *a priori* mode of proceeding – “must necessarily fail” and will produce nothing but “academic playthings” involving “the very real evil of restoring the ‘metaphysical ideas and expressions’ previously discarded” (ibid.: 227, 228). Discussing Cournot, Ingram adds:

“[T]he acceptance of unsound or one-sided abstract principles as the premises of argument does not depend on the use of mathematical forms, though it is possible that the employment of the latter may by association produce an illusion in favor of the certainty of those premises. But the great objection to the use of mathematics in economic reasoning is that it is necessarily sterile. If we examine the attempts which have been made to employ it, we shall find that the fundamental conceptions on which the deductions are made to rest are vague, indeed metaphysical, in their character. Units of animal or moral satisfaction, of utility, and the like, are as foreign to positive science as a unit of dormitive faculty would be; and a unit of value, unless we understand by value the quantity of one commodity exchangeable under given conditions for another, is an equally indefinite idea. Mathematics can indeed formulate ratios of exchange when they have once been observed; but it cannot by any process of its own determine those ratios, for quantitative conclusions imply quantitative premises, and these are wanting. There is then no future for this kind of study, and it is only waste of intellectual power to pursue it. But the importance of mathematics as an educational introduction to all the higher orders of research is not affected by this conclusion”. (ibid.: 177-178).

In lieu of the misguided approach of the classics, Ingram subscribes to Auguste Comte’s conception of a unified sociology, including a dynamical as well as a statical theory of society, of which political economy is a branch. This sociology is “pervaded by moral ideas, by notions of social duty, as opposed to the individual rights which were derived as corollaries from the jus naturae” (ibid.: 191). Ingram further notes that “no rational theory of the economic organs and functions of society can be constructed if they are considered as isolated from the rest” (ibid.: 194):
“In other words, a separate economic science is, strictly speaking, an impossibility, as representing only one portion of a complex organism, all whose parts and their actions are in a constant relation of correspondence and reciprocal modification. Hence, too, it will follow that, whatever useful indications may be derived from our general knowledge of individual human nature, the economic structure of society and its development cannot be deductively foreseen, but must be ascertained by direct historical investigation (ibid.). “[W]e must abandon the idea of an absolute system possessing universal validity”, Ingram (ibid.) adds, “and substitute that of a series of such systems, in which, however, their succession is not at all arbitrary, but is itself regulated by law” (ibid.). There are laws of social coexistence and laws of movement but “the project of deducing either species of laws … independently of direct observation is one which cannot be realised” (ibid.: 193).

Accordingly, it is an error to contrast the historical method with the theoretical and to attempt to preserve the a priori mode of reasoning alongside the historical, as Jevons does (see ibid.: 227). However, some members of the German historical school go too far when they appear, “in their anxiety to assert the relativity of the science, to fall into the error of denying economic laws altogether” (ibid.: 200):

“why the name of natural laws should be denied to such constant relations of coexistence and succession”, Ingram writes, “is not easy to see. These laws, being universal, admit of the construction of an abstract theory of economic development; whilst a part of the German historical school tends to substitute for such a theory a mere description” (ibid.). Deduction, to repeat, “is a legitimate process when it sets out, not from a priori assumptions, but from proved generalisations” (ibid.: 207).

In short, ‘the old school’ must be displaced because of the inadequacy of its practical advice – because of its ‘doctrinal’ failure – which in turn is a result of an inappropriate methodological approach. Its ‘doctrines’ have lost support and a more intervening and ethically engaged State is required. Discussing the Younger historical school (ibid.: 201-203), Ingram highlights “the necessity of accentuating the moral element in economic study” and the conception of “the State as an organ of the nation for all ends which cannot be adequately
effected by voluntary individual effort.” Indeed, the individual point of view must be subordinated to the social (see ibid.: 297).

Ingram is unwilling to isolate theory from ‘doctrine’. But he seems aware that a close relation between science and political practice “tends to give a real and positive character to theoretic inquiry; but it may also be expected to produce exaggerations in doctrine, to lend undue prominence to particular sides of the truth, and to make transitory situations or temporary expedients be regarded as universally normal conditions” (ibid.: 3).

Charles Gide and Charles Rist

Charles Gide and Charles Rist’s *A History of Economic Doctrines from the Time of the Physiocrats to the Present Day* offers a perspective on the history of political economy which underlines the (contemporaneous) emergence of a sort of consensus: the “discovery of some common ground upon which all economists, whatever their social and political aspirations, can meet. This common ground is the domain of economic science” (Gide and Rist (1915: 644)).

“Liberals, Communists, Interventionists, State and Christian Socialists continue to preach their differing ideals and to advocate different methods of procedure. On the question of the science itself, however, they are all united. The arguments upon which they base their contentions are largely borrowed from sources other than scientific. […] The earlier half of the nineteenth century witnessed the science of political economy making common cause with one particular doctrine, namely Liberalism. The alliance proved most unfortunate. The time when economic doctrines were expected to lend support to some given policy is for ever gone by. […] In the domain of practice the variety of economic ideals and the conflict between them is likely to continue (ibid.: 646-647).

In Gide and Rist’s account, then, the mid-19th century was marked by a widespread dissatisfaction with liberalism and bourgeois complacency, and indeed with the very
conception of a theoretical political economy. A renewal of classical economics was required, and it meant that “every connection with practical politics had to be removed” (ibid.: 378). As developed by the immediate successors of Ricardo and Say – McCulloch, Senior and others – “political economy thus consisted of a small number of quite obvious truths, having only the remotest connection with economic life” (ibid.: 379).

“The divergence between [classical] theory and reality might conceivably be narrowed in one of two ways. A more harmonious and a more comprehensive theory might be formulated, a task which Menger, Jevons, and Walras attempted about 1870. A still more radical suggestion was to get rid of all abstract theory altogether and to confine the science to a simple description of economic phenomena. This was the method of procedure that was attempted first, and it is the one followed by the Historical school” (ibid.: 380).

20 “But just when Liberalism seemed most triumphant and the principles of the science appeared definitely settled there sprang up a feeling of general dissatisfaction. Criticism, which had suffered a temporary check after 1848, now reasserted its claims… The reaction showed itself most prominently in Germany… The atmosphere of abstractions and generalisations … was altogether too stifling. [The Historical school] demanded new contact with life – with the life of the past no less than that of the present. It was weary of the empty framework of general terms. It was athirst for facts and the exercise of the powers of observation. With all the ardor of youth it was prepared to challenge all the traditional conclusions and to reformulate the science from its very base. […]. But there was one thing which was thought more objectionable than even the Classical doctrine itself, and that was the Liberal policy with which the science had foolishly become implicated… In addition to such critics as the above there are also the writers who drew their inspiration from Christianity… Intervention again, so tentatively proposed by Sismondi, makes a bold demand for wider scope in view of the pressure of social problems, and under the name of State Socialism becomes a definitely formulated doctrine. […] Marx’s Kapital, published in 1867, is the completest and most powerful exposition of socialism that we have. It is no longer a pious aspiration, but a new and a scientific doctrine” (ibid.: 377-378).
The historical school challenged the classics on natural economic laws and attacked abstraction, or at least the abuse of abstraction. They held an entirely different view concerning the scope and aim of economics (see ibid.: 398). In Gide and Rist’s view, however, their criticisms are flawed, when applied to the pure political economy of the marginalist authors but also in the case of Mill. It is true that economic laws are both provisional – “in the sense that the progress of history continually gives rise to new facts of which existing theories do not take sufficient account. Hence the economist finds himself obliged to modify the formulae with which he has hitherto been quite content” – and conditional – “in the sense that economic laws are only true so long as other circumstances do not hinder their action” (ibid.: 391). But relativity is not enough to separate the laws of economics from those of physics:

“Professor Marshall justly remarks that chemical and physical laws likewise undergo transformation whenever new facts render the old formulae inadequate. All these laws are provisional. They are also hypothetical in the sense that they are true only in the absence of any disturbing cause. Scientists no longer consider these laws as inherent in matter. They are the product of man’s thought and they advance with the development of his intelligence. They are nothing more or less than formulae which conveniently express the relation of dependence that exists between different phenomena” (ibid.).

Furthermore,

“[e]ven the Hedonists, whose economics rest upon a calculus of pleasure and pain, are careful to note that their hypothesis is just a useful simplification of concrete reality, and that such simplification is absolutely necessary in order to carry the analysis of economic phenomena as far as possible. It is an abstraction – imposed by necessity, which is its sole justification, but an abstraction nevertheless. […] To isolate a whole class of motives with a view to a separate examination of their effects is not to deny either the presence or the action of other motives, any more than a study of the effect of gravitation upon a solid involves the denial of the action of other forces upon it. In a science like political economy, where experiment is practically impossible, abstraction and analysis afford the only means of escape from those other influences which complicate the problems so much.” (ibid.: 395-396)
In Gide and Rist’s opinion, then, the marginalists employ the old methods but not in the same way as older writers did; and, moreover, “the mechanism of deduction itself has been perfected by a more rigid use of the ordinary logical forms, and by the adoption of mathematical phraseology” (ibid.: 397):

“To have given an irrefutable demonstration of theories that were formerly little better than vague intuitions or amorphous hypotheses is certainly something. We may laugh as much as we like at the homo oeconomicus, who is by this time little better than a skeleton, but it is the skeleton that has helped the science to stand upright and make progress. It has helped forward the process from the invertebrate to the vertebrate. […] Somebody has remarked that mathematics is a mere mill that grinds whatever is brought to it. The important question is, What is the corn like? In this case it consists of a mass of abstractions – a number of individuals actuated by the same selfish motives, alike in what they desire to get and are willing to give, the assumed ubiquity of capital and labour, facility for substitution, etc. It is possible enough that the flour coming from the mill may not prove very nutritious. When ground out the result would at any rate be as unlike reality as the new society outlined by Fourier, the Saint-Simonians, or the anarchists, and its realisation quite as improbable, unless we presuppose an equally miraculous revolution. The Hedonists frankly recognise this, and in this respect they show themselves superior to the Classical economists, who when they talk of free competition believe that it actually exists”. (ibid.: 543-544)

Gide and Rist acknowledge that concrete economic life can most certainly not be captured by a ‘mechanical view’ in search of “those universal and permanent phenomena amid which the homo oeconomicus most readily betray[s] its character” (ibid.: 399). History, they write, “has a perfect right to demand a place beside economic science (ibid.: 406). But it can never replace it:

“is it the aim of the science to present us with an exact, realistic picture of society, as the Historians loved to think? On the contrary, do we not find that a study can only aspire to the name of a science in proportion as its propositions become more general in their nature? There is no science without generalization, according to Aristotle, and concrete description,
however indispensable, is only a first step in the constitution of a science. A science must be explanatory rather than descriptive” (ibid.: 401).

**Critical comments**

As remarked earlier, the mid-19th century was marked by hostility towards, or at least disenchantment with, the policies associated with classical political economy. Ingram, a follower of Comte – whose views he perhaps too hastily approximates to those of the German historical school – is very obviously in disagreement with the theoretical framework on which, he thinks, those misguided policies are grounded. In his assessment, the ‘old school’ must be replaced by the new or historical school and the individual point of view must be subordinated to the social. Cossa, and Gide and Rist, on the other hand, seek to show that the science of political economy can, and ought to, be severed from liberalism (and indeed from any alternative to liberalism as well). The core of political economy is a ‘pure theory’ which has the same scientific standing as physics and has no connection either with practical policies or with the ethical or socio-philosophical positions of political economists. Significantly, Gide’s solidarist inclinations are unrelated to his defence of ‘pure theory’.

Writing a few decades earlier than Gide and Rist, and in a much more synthetic fashion, Cossa is occasionally more ambiguous. Gide and Rist are more melancholy in their recognition that, in the end, the world of ‘pure theory’ turns out to be ‘unlike reality’ and ‘improbable’ to attain. In the main, however, their arguments on the nature and status of economic laws coincide.

From a contemporary vantage point, the analysis of this nature and status – unsurprisingly in line with the proto-positivist philosophy of science of their time – is as unsatisfactory as it was in Mill. Experiment is considered practically impossible in the realm of economics. Therefore, laws are established by deduction from convenient assumptions and have a hypothetical character in the sense that they are scientifically true but not (or not always) manifest. Yet do they always operate, or are they at work only in the context which enables their identification? If the latter were true of the laws of physics, then, clearly, they could not possibly qualify as laws of nature.

Be that as it may, for Gide and Rist, in physics as in economics laws are regarded – exactly as in Schumpeter’s ‘modern view’ (see Schumpeter (1908; 1954)) – as “nothing more or less than formulae which conveniently express the relation of dependence that exists
between different phenomena” (Gide and Rist (1915: 391)). To be sure, political economy is more than this sort of pure theory: once again as in Schumpeter, there is a place for history, even if it is not quite clear how history and theory exactly relate to one another. But there is certainly no political economy, or economics, without pure theory.

The most disconcerting element of Ingram’s sometimes insightful criticisms of the tradition of political economy is that he does not really have an alternative to the a priori, ‘purely hypothetical’ mode of proceeding that he rejects. He holds the same view regarding the structure of a theoretical explanation as those he criticises. The only difference is that he is a radical empiricist, for whom natural laws are assertions regarding the character or sequence of phenomena, ‘constant relations of coexistence of succession’ at the empirical level. His point, in other words, is that deductive explanations are satisfactory only if they start from ‘proved generalisations’ and avoid ‘metaphysical ideas and expressions’. He seems oblivious of the fact that his opponents would not have engaged in the laborious process of constructing artificial settings where regularities obtain if empirical regularities were readily available.

On the other hand, Ingram seems more in line with contemporary opinion when he defends a new viewpoint, which accentuates the moral element and claims that individualism and liberalism are wrong, or at least outdated, instead of subscribing to a conception of pure theory as an ideologically neutral construct (as in Schumpeter (1949; 1954)). He is aware that his ‘moral’ viewpoint may lead to ‘exaggerations in doctrine’, but apparently that is the price to be paid for practical relevance.

To sum up, the three books fit quite well within the two broad streams that we have highlighted in Section 2. Moreover, an analysis of their arguments brings to the fore the paradoxical elements present in the decomposition of political economy and the emergence of the ‘modern view’. All three authors share, in the main, the same (inadequate: see Lawson (1997)) conception of the structure of scientific explanations; and all aim at an economic theory which is severed from liberalism. That such a state of affairs culminates in the prevalence of a deductivist, and supposedly ideologically neutral, purely instrumental, conception of theory is perhaps not overly surprising.
CONCLUDING COMMENTS

How did the ‘modern view’ become accepted? – we asked in the introduction. The previous section gives us an insight into this question based on a methodological analysis. However, we also want to understand how the writers of the history of political economy saw this process. We want to construct a specifically *historical* explanation for the emergence of the ‘modern view’, rather than to focus only on underlying meta-theoretical disputes and ambiguities as seen from the vantage point of the present. Histories of political economy are especially interesting for this purpose precisely because, as we have pointed out, they are supposed to offer an overview and classification of economic ideas, an explanation of dead ends and successes of the past, and an understanding of the present state of the discipline, of its roots, and of its future prospects. Largely meant for students, they are intended to provide a balanced, cosmopolitan rather than insular, assessment; and they were widely read, probably contributing to shaping the viewpoint of the new generations.

An analysis of the books by Cossa (1880), Ingram (1915), and Gide and Rist (1915) shows that only Ingram – who is not an economist and who is more openly partisan – favours a more or less comprehensive reconstruction of political economy. He regards classical orthodoxy as a mixture of an outdated ideology – liberalism – and unsound procedure. Cossa, and Gide and Rist, recognise that there existed, for a while, an inappropriate alliance of liberalism and political economy. And they are sensitive to some of the arguments of historicist critics on method. They repeatedly remark that there is a role for history in economics. But they do not think there is much to be gained from disputes on induction vs. deduction, in that both have their role. In Gide and Rist’s book, especially, the overwhelming impression is that the *Methodenstreit* and, more generally, methodological disputes, were ultimately a waste of time\(^\text{21}\) – an opinion which, once again, matches Schumpeter’s consistent view since 1908.

\[^{21}\text{“Happily the controversy as to the merits of the rival methods, which was first raised by the Historical school, has no very great interest at the present moment. Most eminent economists consider that both are equally necessary. There seems to be a general agreement among writers of different schools to consider the question of method of secondary
depth.” – Schumpeter (1908).}^\]
They argue that there must be a deductive core to political economy, in that there is no science without abstraction and generalisation. But there can be a degree of consensus on this core only if, on the one hand, every connection with politics and/or social philosophies is removed (not just with liberalism) – which paves the way for the notion of theory as a mere instrument; and if, on the other hand, economics is accepted as a wider field than ‘pure theory’, where historical methods, for instance, are acceptable for specific purposes (namely for the economic ‘art’, or for economic policy). Viewing the evolution of political economy from this perspective, Gide and Rist find a significant degree of continuity in the discipline, while stressing that the results obtained turn out to have a different meaning, and to be less impressive – not to mention less practically relevant – than they once had seemed.

In other words, in their view there is one political economy, with a scientific core that should be consensual; and a plethora of social philosophies and political ideologies, on which there can be no consensus. The turmoil that followed the decline of classical economics showed that the way to put an end to damaging divisions among political economists, and to restore public respect for the discipline, was to withdraw from some domains. As compared with the early 19th century, then, economics, or political economy, has much more modest aims and a smaller scope. But it is a science.

importance, and to forget the futile controversies from which the science has gained so little. […] "Discussion of method," says Pareto, "is a pure waste of time. The aim of the science is to discover economic uniformities, and it is always right to follow any path or to pursue any method that is likely to lead to that end." […] More remarkable still, perhaps, is the opinion of Bücher, an author to whom the Historical school is indebted for some of its most valuable contributions. "It is therefore a matter of great satisfaction that, after a period of diligent collection of material, the economic problems of modern commerce have in recent times been zealously taken up again and that an attempt is being made to correct and develop the old system in the same way in which it arose, with the aid, however, of a much larger store of facts. For the only method of investigation which will enable us to approach the complex causes of commercial phenomena is that of abstract isolation and logical deduction. The sole inductive process that can likewise be considered—namely, the statistical—is not sufficiently exact and penetrating for most of the problems that have to be handled here, and can be employed only to supplement or control."” (Gide and Rist (1915: 397-398))
A century later, the conception of an ideologically neutral pure theory seems much less credible. Nor is it entirely clear why so many accept that pure theory, however far from reality, provides the necessary foundation for a true economic science. Still, contemplating the historians’ rationalisations of the road to the ‘modern view’, however we may disagree with them, can be illuminating in the context of the present turmoil. If prevalence is connected with a degree of neutrality, or at least tolerance, as seems plausible, then it is a mistake (both substantively and strategically) to view the present (tentative) moves away from the ‘modern view’ as a replacement of liberal ideology with something else.

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