ECONOMIC HISTORY AND HISTORY OF ECONOMICS

Some Suggestions Regarding the Instructional Treatment of Their Interrelationship

By Franz H. Mueller

In his *History of Political Economy* (New York 1893) John K. Ingram wrote:

"The history of Political Economy must of course be distinguished from the economic history of mankind... The study of the succession of economic facts themselves is one thing; the study of the succession of theoretical ideas is another... But these two branches of research, though distinct, yet stand in closest relation to each other. The rise and the form of economic doctrines have been largely conditioned by the practical situation, needs, and tendencies of the corresponding epochs. With each important social change new economic questions have presented themselves; and the theories prevailing in each period have owed much of their influence to the fact that they seemed to offer solutions of the urgent problems of the age."

Are we to conclude that Ingram wanted to stress the distinctive subject matter and method of economic history on the one hand, and of the history of economics on the other? His — though qualified — sympathy with the German Historical School, his evolutionary viewpoint, his rejection of what he regarded the abstract, static and absolute approach of the Classical economists, show him to have been a firm believer in a dynamic and comparative approach, which, while distinguishing their respective "formal objects", stresses the interdependence of the two disciplines.

Did Ingram find adherents or even form a "school"? Disciples he has had, among them such outstanding men as Richard T. Ely and William A. Scott. But he, who was one of the first to present an historical account of the various schools of economic doctrine and ideology, left behind no school of his own. The so-called Institutionalists might be said to have adopted Ingram's situational and quasi-epistemo-socio-logical (wissenssoziologische) methodology, but they have never claimed him as their precursor or one of their own.

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Frederick C. Lane, one of America’s leading economic historians, and
his one-time collaborator Jelle C. Riemersma, are probably right when
they say that “the Anglo-Saxon tradition of economic historians has
kept theory and history apart, as separate disciplines,” while Arthur
Spiethoff and other German historical economists argued in favor of
a discipline in which theory and history interpenetrate. But what
Lane says of the economic historians can certainly be said also of the
economists in English-speaking countries. Economic history seems to
be foreign to most of them. Usually they have not been required to
study the subject and have, therefore, only a rather perfunctory knowl-
dge of past economic events — even of their own country. The
growing interest in economic development and in comparative eco-
nomic systems, though, may eventually prompt curricular changes and
stimulate interest in economic history beyond a mere survey of past
business cycles.

Alfred Kruse is undoubtedly right when he states that “die Geschichte
der volkswirtschaftlichen Lehren eingebettet (ist) in die Wirt-
schaftsgeschichte”. Mercantilist doctrine, he says, corresponds to the
economy of absolutism, the teaching of the Classical School to the
realities of the Industrial Revolution, Keynesian economics to the
problems of the world-economic crisis. The influx of precious metals
in the 16th century has, no doubt, given impetus to the quantity theory
of money. It is important, however, to keep in mind that factual cir-
cumstances do not of themselves determine human thinking or create
theoretical superstructures. Neither is thought alone capable of chang-
ing economic structures and institutions. Yet, there is a definite need
for correlating economic theory and economic history. Hermann Kel-
lenbenz is quite right in stressing that it is one of the most important
tasks of the economic historian to point out the reciprocal relations
that exist between economic history and economic theory. But he

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1 Introduction to Arthur Spiethoff, in: Frederic C. Lane and Jelle C. Rie-
mersma, Enterprise and Secular Change, Homewood, Ill., 1953, 432. Werner
Sombart, my esteemed teacher, went so far as to regard economic history as
the empirical division of economics; cf. Sombart, Die Drei Nationalökonomien,
Munich 1930, 313; Sombart, Economic Theory and Economic History, The

2 Economists like John K. Galbraith, Robert H. Heilbroner, Kenneth E.
Boulding and others, who, inspired by the liberal arts tradition, go beyond
standard economic theory, and present economics in its historical, behavioral
and institutional context, can hardly be looked upon as representative of pre-
vailing economic teaching with its continued emphasis on quantitative
analysis.

3 Kruse, Geschichte der volkswirtschaftlichen Theorien, Munich 1948, 8.

4 Ibid., 25.

5 Handwörterbuch der Sozialwissenschaften, vol. XII, Tübingen 1965, 133.