

advances in medicine and sanitation. It looked again as if people's habituation to higher living standards will lead them to lower the birth rate after a generation of enjoying the fruits of lower death rates. Population levels will, indeed, tend to adapt to maintain cherished standards of living. It looks as if Godwin was right that given freedom, individuals in society and the marketplace will tend to make the correct birth decisions.

17.4 Resistance and triumph in Germany

In contrast to Great Britain, the German-speaking countries were predictably highly resistant to the spread of Smithian views. They had been ruled, ever since the late sixteenth century, by cameralism. Cameralists, named after the German royal treasure chamber, the *Kammer*, propounded an extreme form of mercantilism, concentrating even more than their confrères in the West on building up state power, and subordinating all parts of the economy and polity to the state and its bureaucracy. Whereas mercantilist writers were generally pamphleteers scrambling for some particular form of state advantage, the cameralists were either bureaucrats in one of the 360 tyrannical German states, or else university professors advising the princes and their bureaucracy how best to maximize their revenue and power. As Albion Small put it: to the cameralists 'the object of all social theory was to show how the welfare of the state might be secured. They saw in the welfare of the state the source of all other welfare. Their key to the welfare of the state was revenue to supply the needs of the state. The whole social theory radiated from the central task of furnishing the state with ready means.'⁹

As professors, the cameralists wrote lengthy tomes cataloguing various parts of the economy and the plans the government should make for each of these parts. The cameralists lauded virtually all forms of government intervention, sometimes to the point of a collectivist welfare-warfare state. They could scarcely be called 'economists', since they had no notion of regular economic law that could reach beyond or nullify the plans of state power.

The first major cameralist was Georg von Obrecht (1547–1612), son of the mayor of Strasbourg, who went on to be a famous professor of law at the university in that town. His lectures were published posthumously (1617) by his son. In the next generation, one important cameralist was Christoph Besold (1577–1638), born in Tübingen, and later a highly influential law professor at the University of Tübingen. Besold wrote over 90 books, all in Latin, of which the *Synopsis politicae doctrinae* (1623) was the most relevant to economics. Another influential cameralist of the early seventeenth century was Jakob Bornitz (1570–1630), a Saxon who was the first systematizer of fiscal policy, and who urged close supervision of industry by the state. Another contemporary who, however, wrote later, in the middle of the seventeenth century, was Kasper Klock (1584–1655), who studied law at Marburg

and Cologne and later became a bureaucrat in Bremen, Minden, and finally in Stolberg. In 1651, Klock published the most famous cameralist work to that date, the *Tractus juridico-politico-polemico-historicus de aerario*.

The most towering figure of German cameralism came shortly thereafter. Veit Ludwig von Seckendorf (1626–92), who has been called the father of cameralism, was born in Erlangen, and educated in the University of Strasbourg. He went on to become a top bureaucrat for several German states beginning with Gotha, during which he wrote *Der Teutscher Furstenstaat* (1656). This book, a sophisticated apologia for the German absolutism of the day, went through eight editions, and continued to be read in German universities for over a century. Seckendorf ended his days as chancellor at the University of Halle.

During the late seventeenth century, cameralism took firm hold in Austria. Johann Joachim Becher (1635–82), born in Speyer and alchemist and court physician at Mainz, soon became economic adviser to Emperor Leopold I of Austria, and manager of various state-owned enterprises. Becher, who strongly influenced Austrian economic policy, called for state-regulated trading companies for foreign trade, and a state board of commerce to supervise all domestic economic affairs. A pre-Keynesian, he was deeply impressed by the 'income-flow' insight that one man's expenditure is by definition another man's income, and he called for inflationary measures to stimulate consumer demand. His well-known work was *Politischer Discurs* (1668). Schumpeter described Becher as 'brimming over with plans and projects', but some of these plans did not pan out, as Becher ended up fleeing from the wrath of his creditors. Apparently, his own 'consumer demand' had been stimulated to excess.¹⁰ Becher's brother-in-law, Philipp Wilhelm von Hornigk (1638–1712), was another Mainzer who became influential in Austria. He studied at Ingolstadt, practised law in Vienna, and then entered the government, his Austrian chauvinist tract, *Österreich über Alles, wann es nur will* (*Austria Over All, If She Only Will*) (1684) proving highly popular. Von Hornigk's central theme was the importance of making Austria self-sufficient, cut off from all trade. A third contemporary German cameralist in Austria was Wilhelm Freiherr von Schröder (1640–88). Born in Königsberg and a student of law at the University of Jena, Schröder also became influential as an adviser to Emperor Leopold I of Austria. Schröder managed a state factory, was court financial councillor in Hungary, and set forth his views in his *Fürstliche Schatz und Rentkammer* (1686). Schröder was an extreme advocate of the divine right of princes. His cameralism emphasized the importance of speeding the circulation of money, and of having a banking system that could expand the supply of notes and deposits.

The system of cameralism was set in concrete in Germany by the mid-eighteenth century work of Johann Heinrich Gottlieb von Justi (1717–71).

Justi was a Thuringian who studied law at several universities, and then taught at Vienna and at the University of Göttingen. He then went to Prussia to become director of mines, superintendent of factories, and finally administrator of mines in Berlin.

Justi's work was the culmination of cameralism, including and incorporating all its past tendencies, and emphasizing the importance of comprehensive planning for a welfare state. Characteristically, Justi emphasized the vital importance of 'freedom', but freedom turned out to be merely the opportunity to obey the edicts of the bureaucracy. Justi also stressed the alleged 'alienation' of the worker in a system of factories and an advanced division of labour. Among his numerous works, the most important were *Staatswirthschaft* (1755), the *System des Finanzwesens* (1766), and his two-volume *Die Grundfeste zu der Macht und Glückseligkeit der Staaten* (*The Groundwork of the Power and Welfare of States*) (1760–61). Justi, however, came a cropper on his own welfare in the welfare state and over his own unwillingness to obey the laws of the realm. Because of irregularities in his accounts as administrator of the Prussian mines, Justi was thrown into jail, where he died.

The other towering figure of eighteenth century German cameralism was a follower of Justi, Baron Joseph von Sonnenfels (1732–1817). Born in Moravia, the son of a rabbi, Sonnenfels emigrated to Vienna where he became the first professor of finance and cameralistics, and became a leading adviser to three successive Austro-Hungarian emperors. An absolutist, mercantilist, and welfare-state proponent, Sonnenfels's views were set forth in his *Grundsätze der Polizei, Handlung, und Finanzwissenschaft* (1765–67). His book, remarkably enough, remained the official textbook of the Austro-Hungarian monarchy until 1848.

In this atmosphere deeply permeated with cameralism it is no wonder that Smith's *Wealth of Nations* made little headway at first in Germany. However, Britain had an important foothold in Germany, for the electorate of Hanover was a continental possession of the British dynasty in the heart of Prussia, and therefore this land was under strong British cultural influence. Hence the first German review of the *Wealth of Nations* appeared in the official journal of the University of Göttingen, in Hanover. The University of Göttingen had developed the most respected department of philosophy, history, and social science in Germany, and by the 1790s it had become a flourishing nucleus of Smithianism in the otherwise hostile German climate.¹¹

Taking the lead in introducing Adam Smith into German thought was Friedrich Georg Sartorius, Freiherr von Waltershausen (1765–1828). Sartorius was born in Kassel and studied theology and history at the University of Göttingen. Soon Sartorius taught history at Göttingen, by the 1790s expanding his repertoire to courses in political science and economics. Sartorius

published selections of Adam Smith's works, and his *Handbuch der Staatswirthschaft* (Berlin, 1796), was explicitly an economic textbook summarizing the views of Adam Smith. An expanded summary of Smith's work appeared a decade later as the *Von den Elementen des National-Reichthums, und von der Staatswirthschaft, nach Adam Smith* (*Concerning the Elements of National Wealth and State Economy according to Adam Smith*) (1806).

In the same year, however, there appeared another volume which set forth Sartorius' own views, as well as where they differed from the master: *Abhandlungen, die Elemente des Nationalreichthums und die Staatswirthschaft* (*Essays on National Wealth and State Economy*) (1806). Sartorius differs from Smith's odd value theory, and affirms that the main source of value is its use in consumption. The value of labour, too, is determined by its usefulness, and therefore it cannot serve as an invariable measure of value, and neither can money, since money prices are also subject to the changing interplay of supply and demand. Sartorius therefore finds Smith's labour theory of value 'a strange and deceptive conclusion'. Unfortunately, Sartorius' other main deviation from Smith is a great weakening of Smith's already shaky devotion to *laissez-faire*. Sartorius advised frequent interventions by the state.

Sartorius was one of a great quartet of professors who propagated Smithian doctrine in Germany. Another was Christian Jakob Kraus (1753–1807), a distinguished philosopher who was born in East Prussia and studied under Immanuel Kant at the University of Königsberg, later becoming a close friend of Kant. Kraus took his doctorate at the University of Halle, but spent a formative year at Göttingen, where he imbibed a lasting interest in economics. After gaining his doctorate in 1780, Kraus became professor of practical philosophy and cameralia at the University of Königsberg, where he taught not only philosophy, but also the Greek classics, history, English literature and mathematics. By the early 1790s, however, Kraus's interests became entirely devoted to economics. Indeed, Kraus was one of the first persons in Germany to acclaim the *Wealth of Nations*, which he hailed as 'the only true, great, beautiful, just, and beneficial system'. Kraus greeted Adam Smith with none of the deviations or hesitations that had beset Sartorius; in fact, he trumpeted the *Wealth of Nations* as 'certainly one of the most important and beneficial books that have ever been written'. Kraus even dared to liken Smith's book to the New Testament: 'certainly since the times of the New Testament no writing has had more beneficial results than this will have...'.

Curiously enough, for a German academic Kraus published very little during his lifetime. He was, however, a highly influential teacher; his lectures at Königsberg were always crowded and he was considered the most important professor there with the exception of Kant. After his death, Kraus's friends published all his manuscript writings, the most important of which

was *Die Staatswirthschaft* (5 vols, Königsberg, 1808–11). The first four volumes of this work were essentially a paraphrase of Smith's *Wealth of Nations*, substituting Prussian for British examples.

The fifth volume of *Die Staatswirthschaft* was by far the most important, for there Kraus presented his own contribution to Smithian economics. Kraus addressed himself to Prussian economic policy, in lecture form. The volume was an incisive call for individualism, free markets, free trade, and a drastic reduction of government intervention. Kraus began with the fundamental insight that every individual wants to improve his lot. ('The desire and effort of each individual to improve his lot is the basis of all state economy, like the force of gravity in the universe.') But if men wish to improve their own lot, then government coercion, requiring certain actions or forbidding others, must necessarily cripple and distort such effort at improvement. For otherwise, why don't individuals do what government wants of their own accord, and without coercion? And since they don't wish to do so, they will seek means of evading the government mandates and prohibitions. In all these cases, and in stark contrast to the cameralists, Kraus puts himself in the point of view of the individuals in society subject to government edicts, and not in the point of view of the officials issuing the decrees.¹²

A charming memorial to Christian Kraus was set forth to a friend by the great statesman of reform, Baron Karl vom Stein (1757–1831). Stein said of his friend and adviser:

The whole province [Prussia] has gained in light and culture through him, his views forced their way into all parts of life, into the government and legislation. If he has set up no brilliant new ideas, he has at least been no glory-seeking sophist; to have presented the plain truth clearly and purely and correctly expressed, and to have communicated to thousands of auditors successfully, is a greater service than to arouse attention through chatter and paradoxes... Kraus had an unassuming but genial personality, which laid strong hold on its environment, he had flashes of new insight, and great applications, and often astonished us by his unexpected conclusions... Reading his writings, everything there is clear and simple, and at present you need nothing more.¹³

A third member of the Smithian professorial quadrumvirate in Germany was August Ferdinand Lueder (1760–1819). Lueder was also a product of the University of Göttingen, studying there, and becoming professor of philosophy. He was also a history professor and court councillor in Brunswick. Lueder had done a great deal of work in historical and geographical statistics, publishing the statistical compendia, *Historische Portefeuille* (*Historical Portfolio*) (1787–88), and *Repositorium für Geschichte, Staatskunde und Politik* (*Repository for History, Statistics and Policy*) (1802–5). But in the meantime, Lueder read Adam Smith and became an enthusiast, publishing a Smithian work in 1800–2 (*Über Nationalindustrie und Staatswirthschaft*) (*On*

National Industry and State Economy). In addition to a compendium of Smith's views, Lueder provides an impassioned defence of freedom in all its social and political aspects, as well as in the strictly economic sphere. As Lueder wrote in another work, 'I hazarded everything for freedom, truth and justice; for freedom of industry as well as of opinions, of hand as of spirit, of person as well as of property'.

A fascinating aspect of August Lueder is that he was driven both by Smithian methodology and by his devotion to freedom to repudiate his beloved life work, the investigation into national statistics. For not only would statistics mislead government policy makers, but government planners could scarcely hope to plan at all without a raft of statistics at their command. Statistics is not only misleading, therefore; it becomes a necessary condition for the very government intervention which must be repudiated. Lueder levelled his criticisms in two volumes on statistics, *Kritik der Statistik und Politik* (*Criticism of Statistics and State Policy*) (1812) and *Kritische Geschichte der Statistik* (*Critical History of Statistics*). In the preface to his *Kritik*, Lueder wrote movingly:

On the strongest pillars and the firmest foundation the structure of statistics and policy seemed to me to rest. I had devoted the happiest hours of my life and the greatest part of my time to statistics and policy;...everything in me could not but revolt at the convictions which pressed upon me. But the current of the times flowed too swiftly. Ideas, which had entered my very marrow, had to be reviewed and exchanged for others; one prejudice after another had to be recognized as prejudice; more and more indefensible appeared one rotten prop after another, one rent and tear after the other; finally, to my no small terror, the whole structure of statistics collapsed and with it policy, which can accomplish nothing without statistics. As my insight grew and my viewpoint cleared, the fruits of statistics and policy appeared more and more frightful; all those hindrances which both threw in the path of industry, whereby not only welfare but culture and humanity were hindered; all those hindrances to the natural course of things; all those sacrifices brought to an unknown idol, called the welfare of the state or the commonweal, and bought with ridicule of all principles of philosophy, religion and sound common sense, at the cost of morality and virtue.¹⁴

With such perceptive insight into the evils of statistics and 'policy', one shudders to think of Lueder's reaction to the current world, where statistics and policy, both then in their infancy, have spread and virtually conquered the earth.

The fourth influential German Smithian academic was Ludwig Heinrich von Jakob (1759–1827). Jakob studied at Halle, and then taught at the University of Kharkov in the Ukraine. As a result, Jakob became a consultant to several commissions at St Petersburg, and helped spread Smithian economics to Russia. But for most of his life Jakob taught political economy and philosophy at the University of Halle, where like Christian Kraus, he combined

Kant and Smith's individualism into an economic and philosophical whole. Like Kraus also, Jakob played an important advisory role in the liberal Stein–Hardenberg reforms in Prussia. His most important work was his *Grundsätze der Nationalökonomie (Principles of Economics)* (1805).

At any rate, under the influence of the quadrumvirate of Sartorius, Kraus, Lueder and Jakob, the Smithians rather rapidly took over one economics department after another from the older cameralists, who were pushed back where they more properly belonged, into the departments of law and administration. Smithian views also penetrated the civil service, and were responsible for the important failed liberal reforms, in the early nineteenth century, of Stein and Hardenberg in Prussia. Stein and Hardenberg, it should be added, had both studied at the University of Göttingen. In a little over a decade, Smithianism had triumphed over cameralism in Germany.

17.5 Smithianism in Russia

Smithianism also began to penetrate Russian political culture. Cultural and intellectual life had only begun to flower in that backward and despotic empire in the mid-eighteenth century. The University of Moscow, the first university in Russia, started at the late date of 1755. Enlightenment ideas spread in Russia, and we have seen that Catherine the Great at least flirted briefly with physiocracy. French was the language of the Russian court, and so any ideas prevailing in France, the home of the Enlightenment, had to be taken seriously in Moscow and St Petersburg. In addition, the Scottish version of the eighteenth century Enlightenment was in a sense carried to Russia by the fact that a large number of Scottish professionals – doctors, soldiers, engineers – resided and worked in that country. Scottish Enlightenment books were translated, generally into French, and published in Russia.

In the 1760s, it was the custom of Empress Elizabeth of Russia, the daughter of Peter the Great, to select outstanding students to finish their studies abroad. As a result, the empress made the fateful choice of sending to Scotland in 1761 two men who would be particularly instrumental in spreading Smithian ideas to Russia. The more important of the two was Semyon Efimovich Desnitsky, son of a Ukrainian petty bourgeois, and his lifelong friend and classmate at university, Ivan Andreyevich Tretyakov (1735–76), son of an army officer. The two studied at Glasgow University for six years, studying eagerly under Adam Smith until the latter left his chair at Glasgow in 1764. At Glasgow, Desnitsky and Tretyakov heard Smith's *Wealth of Nations* lectures, and also studied under Smith's colleague and former student John Millar. When the two Russian students were in financial difficulty, Adam Smith lent them money to tide them over. The two Russians returned to Moscow in 1768, imbued with Smithian doctrine, and promptly became the first Russian professors of law at Moscow University. In Moscow, the

young Smithians ran into strong faculty hostility. The majority of professors at Moscow University had been German, and the Germans strongly opposed the successful drive by the younger Russians to teach in Russian rather than Latin, and even more were the Germans hostile to the two Smithians' liberal, reformist and anti-clerical views.

Desnitsky and Tretyakov each published a Smithian book in their first year back in Russia. Both books were largely verbatim transcriptions of Smith's lectures, with Desnitsky ghost-writing Tretyakov's volume. Of the two from that point on, Tretyakov was more the faithful Smithian, Desnitsky more the independent thinker. Both men were dominant in the political and law faculty at Moscow University, with Desnitsky becoming known as the outstanding Russian social and political theorist of the second half of the eighteenth century, as well as 'the father of Russian jurisprudence'. Desnitsky also translated the great Blackstone into Russian.

Empress Catherine the Great became interested in the latest intellectual craze, the Scottish Enlightenment and, on Desnitsky's return from Russia, commissioned him to write a Smithian reform plan for Russia, a massive volume – the *Predstavlenie* – which he finished and sent to Catherine in 1768. Its basic thrust was that of moderate political reform; Desnitsky proposed a system of two-house representation, along with independent, life-appointed judges, serving as checks and balances on the executive and legislature. Catherine the Great read the *Predstavlenie*, and incorporated politically trivial suggestions into her famous 1768 reform decree, the *Nakaz*, which was translated into English, French and German.

The *Predstavlenie* itself, however, was far too radical to see the light of day, and it remained unpublished until the revolutionary year of 1905, when it inspired liberal reformers and was reprinted twice in rapid succession.

The influence of Smithianism in Russia was redoubled by the fact that Princess Ekaterina Dashkova resided in Scotland in the late 1770s, while her son studied at Edinburgh University. Dashkova wrote proudly of her close friendship with such 'immortals' as Adam Smith, the Rev. William Robertson, Adam Ferguson, and Hugh Blair.

But despite their eminence, the hostility of the Russian state and Church, seconded by most of the Moscow faculty, to the two jurists' liberal views got them ousted from their university posts. Each was forcibly retired from the university, Tretyakov in 1773, and Desnitsky in 1787, and each died early a few years after their ouster.

Picking up the Smithian torch for the next Russian generation was a German Smithian usually considered a Russian by historians. He was the Baltic German nobleman Heinrich Friedrich Freiherr von Storch (1766–1835). Born in Riga and educated at Jena and Heidelberg, Storch spent his life high up in the Russian civil service, becoming a professor at the Imperial

Cadet Corps at St Petersburg, and educating the future Czar Nicholas I and his younger brother in Smithian political economy. Helping to bring Smithianism to Russia, von Storch wrote, in German, a nine-volume historical and statistical work on Russia at the end of the eighteenth century (1797–1803), and later wrote a treatise on economics in French, *Cours d'économie politique* (1815). The book was published in St Petersburg for the education of the future czar. A moderate Smithian, von Storch sensibly rejected the idea that some labour was 'unproductive', and dabbled in a form of pre-Keynesian income analysis in his last work in 1824.

17.6 The Smithian conquest of economic thought

By the turn of the nineteenth century, the views and doctrines of Adam Smith had swept the board of European opinion, though they had scarcely been embodied in political institutions. Even in France, as will be seen in the second volume of this series, the pre-Smithian subjective utility–scarcity approach to value, as well as the stress on entrepreneurship in the market, continued to be prominent, but only under the cloak of a proclaimed devotion to Adam Smith as the founder of economic theory and free market policy. In the hands of James Mill and Ricardo in England, of J.B. Say in France, and throughout the rest of the Continent, Adam Smith would be treated as the embodiment of the new discipline of 'political economy'.

There were advantages but probably greater disadvantages to this Smithian dominance over economic thought after the 1790s. On the one hand, it meant at least a moderate appreciation of and devotion to freedom of trade at home and abroad. Even more solidly, it meant a keen understanding and a steadfast adherence to the virtues of saving and investment and a refusal to indulge in proto-Keynesian worry about 'hoarding' or underconsumption. Moreover, this adherence to what Schumpeter calls the Turgot–Smith view of saving and investment also meant a determined opposition to wildly inflationary schemes of expansion of money and credit.

On the other hand, there were dire costs to economic thought in this Smithian takeover. Even on the monetary front, Smith had gone against his eighteenth century colleagues in adopting crucial aspects of John Law's inflationary doctrine, in particular praising expansion of bank credit and money within a specie standard framework. In this way, Smith paved the way for later apologetics on behalf of the Bank of England and its generation of credit expansion.

More fatefully, Smith totally set back price and value theory, and led it into a fateful cul de sac, from which it took a century to recover; in some respects, it has never fully recovered. At the root of Smith's drastic changes in theory was undoubtedly his Calvinist contempt for luxury consumer spending. Hence, only work on *material* goods (i.e. material *capital* goods) was productive.

Hence, too, Smith's interventionist call for usury laws to lower the rate of interest so as to ration savings and channel them away from luxurious consumers and speculative 'projectors' to sober prime borrowers. Smith's contempt for consumers also led him to discard the time-honoured subjective utility-scarcity theory of value, and to seek the cause of value not in frivolous consumers but in real cost, or labour pain, embodied into the product. Hence Smith's crucial shift of emphasis in economic theory away from consumer demand and actual market prices, and towards unrealistic, long-run equilibrium. For only in long-run equilibrium does a labour pain, or cost, theory of pricing take on even superficial plausibility. But the exclusive attention to long-run equilibrium led Smith to toss out the entire entrepreneurship-and-uncertainty approach that had been elaborated by Cantillon and Turgot; for in a timeless final equilibrium there is obviously no problem of change or uncertainty.

Smith's labour theory of value led to Marxism and all the horrors to which that creed has given rise; and his exclusive emphasis on long-run equilibrium has led to formalistic neoclassicism, which dominates today's economic theory, and to *its* exclusion from consideration of entrepreneurship and uncertainty.

Smith's stress on the economy-in-perpetual-equilibrium also led him to discard his old friend David Hume's important insight (even if inferior to Cantillon's) into the international specie-flow-price mechanism, and to the important business cycle analysis that lies clearly implicit in that doctrine. For if the world economy is always in equilibrium, then there is no need to consider or worry about increases in money supply causing price rises and outflows of gold or silver abroad, or to consider the subsequent contraction of money and prices.

In essence, then, the common picture of economic thought after Smith needs to be reversed. In the conventional view, Adam Smith, the towering founder, by his theoretical genius and by the sheer weight of his knowledge of institutional facts, single-handedly created the discipline of political economy as well as the public policy of the free market, and did so out of a jumble of mercantilist fallacies and earlier absurd scholastic notions of a 'just price'. The real story is almost the opposite. Before Smith, centuries of scholastic analysis had developed an excellent value theory and monetary theory, along with corresponding free market and hard-money conclusions. Originally embedded among the scholastics in a systematic framework of property rights and contract law based on natural law theory, economic theory and policy had been elaborated still further into a veritable science by Cantillon and Turgot in the eighteenth century. Far from founding the discipline of economics singlehanded, Adam Smith turned his back not only the scholastic and French traditions, but even on his own mentors in the considerably more diluted natural law of the Scottish Enlightenment: Gershom Carmichael and his own teacher Francis Hutcheson.

The most unfortunate aspect of the total Smithian takeover in economics was not so much his own considerable tissue of error, but even more the blotting out of knowledge of the rich tradition of economic thought that had developed before Smith. As a result, the Austrians and their nineteenth century predecessors, largely deprived of knowledge of the pre-Smith tradition, were in many ways forced to reinvent the wheel, to painfully claw their way back to the knowledge that many pre-Smithians had enjoyed long before. Adam Smith and the consequences of Smith is an outstanding example of the Kuhnian case in the history of a science: in all too many cases, the development of knowledge in a discipline is *not* a steady continuous march upward into the light, patiently discarding refuted hypotheses and adding continually to the stock of cumulative knowledge. But rather, the history of the discipline is a zig-zag of great gain and loss, of advances in knowledge followed by decay and false leads, and then by periods of attempts to recapture lost knowledge, trying often dimly and against fierce opposition, to regain paradigms lost.

17.7 Notes

1. A previous embodiment of the *Edinburgh Review* had been founded in 1755 by a group of prominent moderate Presbyterian leaders, including Adam Smith. Only two issues appeared, however. It might be noted that Dugald Stewart was the first biographer of the main Moderate leader and founder of the first *Edinburgh Review*, Principal William Robertson (1721–93).
2. Edwin Cannan, *A History of the Theories of Production and Distribution in English Political Economy from 1776 to 1848* (3rd ed., London: Staples Press, 1917), pp. 110–11.
3. J.A. Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), p. 579.
4. Alexander Gray, *The Development of Economic Doctrine* (London: Longmans, Green and Co., 1931), pp. 163–4.
5. Cannan, *op. cit.*, note 2, p. 113.
6. Schumpeter, *op. cit.*, note 3, p. 580.
7. Schumpeter, *op. cit.*, note 3, pp. 581–2.
8. Schumpeter, *op. cit.*, note 3, p. 584.
9. Albion W. Small, *The Cameralists* (1909; New York: Burt Franklin, n.d.), p. viii.
10. Oddly enough, while calling for more money, Becher also wrote unknown works, the *Moral Discurs* (1669) and the *Psychosophia* (1678), in which he became one of the earliest communists, calling for the abolition of money. Money, Becher opined, was the primary evil; without it, we would all be forced to work, would enjoy equal incomes, and would therefore be happy.
11. The three most influential German universities of the day were those of Göttingen, Halle in nearby Prussia, and Leipzig.
12. Thus, Christian Kraus writes: 'Whenever it is a question of a law or an arrangement, by which men are to be brought either to do something which they previously did not do, or not to do something which they previously did, then, in the second case, the first question is why people did not cease of their own accord?... Then follows the second question: What will men attempt to do in order to evade the law which conflicts with their interests? Then the third question: How far will that which they undertake in order to evade the law succeed? In the case of the second and third questions many striking views will be gained, which would otherwise have quite escaped us, as soon as we put ourselves entirely in the position of these men and make their situation our own. What has here been said of

ceasing to do is of even greater validity when it is a question of doing; that is, when men are to be brought (enticed or forced) by laws or arrangements to do something which they previously did not want to do'. Quoted in Carl William Hasek, *The Introduction of Adam Smith's Doctrines Into Germany* (New York: Columbia University, 1925), p. 89n.

13. Quoted in *ibid.*, p. 93.

14. Cited in *ibid.*, p. 83.

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In a comprehensive history of economic thought, it is clearly impossible for a bibliographical essay to attempt to list, much less annotate, every source for that history, much less for the ancillary fields of history of social, political and religious thought, as well as economic history proper, all of which in my view must be brought into the picture of the development and the clashes in the field of economic thought. The best I can do, then, is to describe and annotate those sources, largely secondary ones, which I found most helpful in working on this study. In that way, the bibliographical appendix may serve as a guide to readers who wish to delve into various topics and areas in this vast and complex field, which in many ways touches on the entire history of western civilization.

Overall bibliographies

By far the most comprehensive bibliographical essay in the history of economic thought is the remarkably full treatment in Henry W. Spiegel, *The Growth of Economic Thought* (3rd ed., Durham, NC: Duke University Press, 1991), which now stretches to no less than 161 pages, and is the most valuable aspect of the book. The four-volume *New Palgrave: A Dictionary of Economics* (London: Macmillan and New York: Stockton Press, 1987), contains a number of excellent essays on particular economists. At the other end of the spectrum, the brief sketches in the unpretentious paperback by Ludwig H. Mai, *Men and Ideas in Economics: A Dictionary of World Economists, Past and Present* (Lanham, MD: Rowman and Littlefield, 1977) are surprisingly useful.

Ancient thought

The only book covering all ancient economic thought in countries including Mesopotamia, India and China is Joseph J. Spengler, *Origins of Economic Thought and Justice* (Carbondale, Ill., Southern Illinois University Press, 1980). Although Professor Spengler probably would not have agreed with this assessment, his book demonstrates that virtually nothing of interest emerged out of the economic thought of these ancient civilizations. The exception is Chinese political philosophy (particularly Taoism), on which the definitive work is the illuminating Kung-chuan Hsiao, *A History of Chinese Political Thought, Vol. One: From the Beginnings to the Sixth Century A.D.* (Princeton, NJ: Princeton University Press, 1979). On a Chinese advocate of *laissez-faire*, see Joseph J. Spengler, 'Ssu-ma Ch'ien, Unsuccessful Exponent of Laissez Faire', *Southern Economic Journal* (Jan. 1964), pp. 223-43.

The only histories of economic thought that do justice to the Greek contribution are Spiegel, *The Growth of Economic Thought* and Barry Gordon, *Economic Analysis Before Adam Smith* (New York: Barnes & Noble, 1975). Spiegel is particularly good on Democritus and Gordon is good on Hesiod

and deals extensively with Greek economic thought. Gordon is also unique in dealing fully with Jewish economic thought. His title is misleading, however, since the book stops with the late scholastics, considerably before the time of Adam Smith.

S. Todd Lowry, 'Recent Literature on Ancient Greek Economic Thought', *Journal of Economic Literature*, 17 (March 1979), pp. 65–86, provides a comprehensive annotated bibliographical review of Greek economic thought. Also see Lowry, *The Archaeology of Economic Ideas: The Classical Greek Tradition* (Durham, NC: Duke University Press, 1987). The Oxford W.D. Ross edition of the works of Aristotle is the standard one. On the fascinating controversy on the meaning of Aristotle's equation of exchange, Josef Soudek's lengthy, scholarly, but totally wrongheaded reading of Jevons into Aristotle is in Josef Soudek, 'Aristotle's Theory of Exchange: An Inquiry into the Origin of Economic Analysis', *Proceedings of the American Philosophical Society* 96 (Feb. 1952), pp. 45–75, while Barry Gordon plumps for Aristotle as a proto-Marshallian: 'Aristotle and the Development of Value Theory', *Quarterly Journal of Economics*, 78 (Feb. 1964), pp. 115–28. Far better are two scholars who had the courage to see the equation of exchange as nonsense: the great interpreter of Aristotle, H.H. Joachim, in his *Aristotle: The Nichomachean Ethics* (Oxford: The Clarendon Press, 1951), esp. 148–51, and the ancient historian Moses I. Finley, in his 'Aristotle and Economic Analysis', *Past and Present* (May 1970), pp. 3–25, reprinted in Finley (ed), *Studies in Ancient Society* (London: Routledge & Kegan Paul, 1974), pp. 26–52.

A detailed critique of the various Latin translations of Aristotle's discussion of economic value is in Odd Langholm, *Price and Value in the Aristotelian Tradition* (Bergen: Universitetsforlaget, 1979).

Joseph J. Spengler, in his excellent 'Aristotle on Economic Imputation and Related Matters', *Southern Economic Journal*, 21 (April 1955), pp. 371–89, shows that Aristotle's imputation theory was a forerunner of praxeological and Austrian imputation theory of the nineteenth and twentieth centuries. Spengler himself, however, undervalued the results of his own inquiry, since he didn't realize that Aristotle's imputation theory was an important contribution to action analysis and praxeology even if it did not deal with strictly economic matters.

Also on Aristotle as a pre-Austrian, see Emil Kauder, 'Genesis of the Marginal Utility Theory: From Aristotle to the end of the Eighteenth Century', *Economic Journal*, 43 (Sept. 1953), pp. 638–50.

On Plato as totalitarian, see the hard-hitting and highly influential work by a leading modern philosopher, Karl R. Popper, *The Open Society and Its Enemies* (3rd rev. ed., 2 vols, Princeton, NJ: Princeton University Press, 1957). Unfortunately, Popper confuses the *political* totalitarianism of Plato