



13 September 2009
Economics

Oikonomikos grows up

31 May 2002

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The Penguin History of Economics. First edition

This book that aims to provide a concise, comprehensive history of economic ideas from the writings of Xenophon on estate management in the 4th century BC, which introduced the term *oikonomikos*.

The first half of the book takes us through developments in the European Middle Ages (Christian and Islamic) to the classical political economy of John Stuart Mill, via mercantilism and the Scottish enlightenment. The second half looks at the foundation of economics as an academic discipline and profession in Europe and the US - a process that began at the end of the 19th century.

Roger Backhouse sets economic thought in the social context in which it occurred: in chapter one there is a potted history of ancient Greece, and in chapter two an outline of Judaism and early Christian attitudes to the acquisition of wealth. While in principle this is a good idea, in practice it is perhaps too potted. In addition, Backhouse looks at each thinker of economic thoughts individually in the first half, and since many thought the same thoughts, there is much repetition.

The book contains many fascinating authors I had not encountered, including the 14th-century Islamic writer Ibn Khaldun, who stressed the importance of the division of labour in enhancing economic growth and the choice between consumption and capital accumulation. However, the book is Eurocentric. China makes its appearance only with the end of communism. There is no mention of economic thought in China over the preceding 3,000 years, despite the fact that China was the most important economic system for much of that time. Likewise, India is left out, with no reference to the *Arthashastra*, which contains much material about taxation and economic policy in its advice on statecraft.

The history comes into its own when it is looking at the past 100 years. While the roots of economic thought were very much European, economics flourished in the US with the establishment of the American Economic Association in 1885, the growth of academic departments and the emigration of European economists escaping war and persecution. Against this backdrop, Backhouse relates the development of many of the ideas of modern economics.

While there exist more detailed histories, these invariably have an axe to grind - something that Backhouse avoids. In places, this text is brilliant in its insight and originality of interpretation. It is an excellent panorama of over two millennia of European thought on economic phenomena.

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Author - Roger E. Backhouse
ISBN - 0 14 026042 0
Publisher - Penguin
Price - £8.99
Pages - 368