

# THE ANNALS OF THE HITOTSUBASHI ACADEMY

Vol. IX No. 1     October 1958



## A NEW METHODOLOGICAL APPROACH TO THE HISTORY OF ECONOMIC THOUGHT\*

—An Attempt at Unification of the Historical and Theoretical Approaches—

By ZENYA TAKASHIMA

*Professor of Sociology*

### I

Numerous books have been written on the history of social thought and the history of economic doctrines. Yet, it is my impression that very few books have been published either in Japan or in other countries which deal specifically with the history of economic thought. There are several factors which may account for this impression.

First, many of books called histories of economic doctrines are really histories of economic thought. For instance, E. Salin: *Geschichte der Volkswirtschaftslehre*, (4. Aufl., 1951), and the Japanese translation of E. Roll: *A History of Economic Thought*, (2nd ed., 1945) are of that nature. Salin's book, though it is called the history of economic doctrines, is actually a history of economic thought. The translator of Roll's book apparently thought it more proper that it be entitled in Japanese "The History of Economic Doctrines" although the original English title was "The History of Economic Thought". There is no room for doubt, it seems to me, in the case of J. Schumpeter's *History of Economic Analysis* (1954) or E. Heimann's *History of Economic Doctrines—An Introduction to Economic Theory* (1945). J. Schumpeter thought it necessary to pay attention to the significance of the vision of society of economic theorists, although he deemed the history of economics to be the history of tools of economic analysis. In the case

\* I would like to express my sense of gratitude to Dr. Alan H. Gleason of International Christian University for his kind help as regards English version.

of Heimann, it might be worth while to note that he did not take so rigid an attitude as Schumpeter with respect to the connection between economic theory and economic thought. Innumerable instances might be mentioned besides these; but they all reflect the fact that no history of economic doctrines can be written without an understanding of economic thought and vice versa, because of the close connection between the two.

A second possible reason for the scarcity of works specifically devoted to the history of economic thought may be the tendency to treat the subject as a part of the field of the history of economic doctrines. Researchers in the past may have lacked interest in investigating the history of economic thought separately. However, a great change has occurred in the economic order of the world in the twentieth century, particularly since World War I. This becomes clear when one traces the changes in the capitalistic economic system following the world depression of 1929. With the increased importance of the relations between the economic systems of socialism and capitalism after the second world war, people's interest in economic thought could not help increasing together with interest in political and educational thought. Starting from this fact, I believe it is more urgent today than in any other period to reflect upon the historical development of economic thought. Of course the mechanical separation of the history of theory from the history of thought will not lead us to the truth. However, is it not highly important that we, in modern times, turn to the researcher for an independent history of economic thought written with careful consideration of the connection between the two fields?

I may be able to suggest one more reason for the fact that not many independent histories of economic thought have been written. It is that economic thought has often been dealt with in connection with the philosophical or sociological thinking of society or social thought.

Most histories of social thought contain some historical view of economic thought. What is social thought? What is history of social thought? It is not easy to give clear answers to these questions. However, it is my understanding that social thought is concerned with the way of life in a society. The way of life varies with each individual, but here it is important to note the differences produced by various social conditions. The conditions of society may differ, first, according to the nature of the social system and, second, according to the historical changes in the system. The history of social thought, is primarily concerned with tracing the process of historical change within the social system and accordingly with the ways of life of people who live under the system. Of course, it concerns what people think of their way of life or conditions of living under the system and not merely the way of living or the social system itself. Therefore, the history of social thought should deal not only with the social processes of the political, economic and educational aspects of a social system, but also with the attitudes of people toward these processes. Moreover, it should deal with the problem of how one system was replaced by another and why there was

a change in people's views toward the social processes of politics, economics and education.

Now, most histories of social thought are concerned mainly with social classes. In particular, they are histories of people's views with respect to the struggle between the ruling class and subordinate classes. This approach seems to me quite right, since the social system is closely related to class structure and the historical character of any system is determined by the kinds of basic classes that make up the system and by which class is dominant among them. If we think of the history of social thought as independent of the histories of political, economic and educational thought, it cannot help being in the nature of a history of class thought. However, there is no very clear mutual understanding among professional researchers as to the content of the history of social thought. It resembles, in a sense, sociology both in its relation to other separate sciences such as political science, economics, and education and in its variety of content. Just as in the past, sociology could not have advanced without studying political, economic and educational processes, neither could the history of social thought have been studied apart from the histories of political, economic and educational thought. The history of economic thought is especially closely connected with history of social thought since the existence of classes has an economic basis. The history of social thought contains within it histories of political, economic and educational thought. But is not the history of social thought very much like the history of economic thought in its nature? I believe this is the second factor which delayed the separate study of the history of economic thought.

There is something more to say in this respect. As I mentioned previously, economic thought has been studied in connection with the philosophical or sociological thinking of a society. For instance, economic philosophy in Japan has certainly contained reflection upon economic thought as well as economic theory—(Cf., Keinosuke, Baba: *Philosophical Reflections on Economics* (in Japanese)). It leads naturally to reflections about social science and social thought. The same thing might be observed in other countries. We can refer, for instance, to G. Myrdal: *Das politische Element in der nationalökonomischen Doktrinbildung* (1933) or W. Stark: *Ideal Foundations of Economic Thought; There Essays on the Philosophy of Economics*, (1944). These laborious works have opened the way to the history of economic ideals. On the other hand, we can think of the history of economic thought from the point of view of historical materialism. Not many works have been published yet in the field of the history of economic thought written from the viewpoint of historical materialism. The Roll's work which I have mentioned above might be the most representative instance. Needless to say, the economic process is of dominant significance among social processes in the field of historical materialism. But this does not mean the neglect of or contempt for the significance of political or educational processes. In this case, the independent treatment of economic thought has not been very important. The more significance attached to an economic process, the less important it

becomes to discuss it apart from the other social processes. This is a characteristic view of Marxian sociologists. Is it not because of this situation that few independent histories of economic thought have come out of this camp?

I have thus far considered the factors, as they have come to mind, which have retarded research in the field of history of economic thought. Generally speaking, we may say that research in the history of thought has lagged behind research in the history of doctrines. Again, I say that both types of research should be promoted with special emphasis on their mutual relationships. In this respect, Roll's book is worth while noting. However, questions are still left even in this book which is a history of doctrines and at the same time a history of thought. It is not quite clear where the emphasis is laid.

One more important point is that the consciousness of the theoretical framework in the history of thought seems to me still weak. We can see the weakest theoretical construction in the Gide-Rist type of history of economic doctrines and in the Haney type of history of economic thought. These types undoubtedly have made a contribution, but it goes without saying that all historical description should have a theoretical construction or framework which serves as a basis for the organization and interpretation of historical events. Although interest in historical trends and individual facts should not be sacrificed for the sake of theoretical construction, the question of combining the historical and the theoretical is the ultimate one in all historical description. In this connection, I was at first attracted by the history of economic doctrines by Salin and later by the view of historical materialism. What Salin aimed at was a thorough treatment of the history of economic thought. He achieved this brilliantly in the recent fourth edition. Compared with this, Roll's book does not impress us greatly in spite of his method. It is because his theoretical construction of the historical is weak, whereas it is clearly and vividly evident in Salin's work.

The theoretical construction of the historical, requires certain decisions concerning what is important. It must, in my opinion, be based on a grasp of the important social issues of today. The history of political thought and the history of educational thought should be studied diligently, but, above all, is not this the time for an independent history of economic thought by a Japanese scholar? In the following section, I shall present my own views on a possible methodology for such a history.

## II

To give my conclusion first, I believe we can set up three big pillars upon which a modern history of economic thought may be constructed. The three pillars are *laissez-faire*, protective-controllism and socialism.

This conclusion requires considerable explanation in order to avoid possible misunderstandings. First, these three pillars are not only pillars of the past

history of economic thought. They are also necessary for grasping current economic thought. They represent, in a sense, three great currents forming the stream of present economic thought. In each, there were, naturally, historical and qualitative changes from the eighteenth to the twentieth centuries. However, whatever historical and qualitative changes there may have been, we must by all means bring their processes to light for the purpose of understanding present economic thought.

Secondly, the economic ideas of laissez-faire, protective-controllism and socialism even now strongly influence our economic attitudes and our everyday way of life. Present liberalism is no longer the laissez-faire of the eighteenth century. Present controllism is no longer the protectionism of the early half of the nineteenth century. Current socialism is no longer that of the latter half of the nineteenth century. But however they may have changed their nature, there is no change in the fact that laissez-faire, protective-controllism and socialism are the three keys to the understanding of present economic viewpoints. It is because of this that we can also perceive them as the three main currents of social thought when we look back into history. And today, we find economic man confronted with the necessity of choosing among these three ways of life. The three ideologies demand a choice, and it is for that reason, that I feel it necessary to use them in the development of an appropriate construction of the history of economic thought.

This leads to the third point which concerns the question of where to begin the history of economic thought. One might say that this is a matter of the origin of history in general, or that it is the question of the beginning of interest in history on the part of modern men. From the point of view of historicism which tries to understand the individual event as significant in itself, nothing would lead to a more erroneous treatment than the theoretical construction of the history of thought, even if it were the history of economic thought. But we must not forget that the attitude of historicism itself is one product of history. Can we not say that the attitude of historicism is brought forth by the specific historical "life-feeling" (*Lebensgefühl*) of modern men who have almost lost their faith in the possibility of arriving at valid generalization? Even historicism does not differ very much from my point of view so far as it tries to understand human history by tracing this "life-feeling" from the present. The modern era is the time of confrontation by laissez-faire, protective-controllism, and socialism so far as economic thought is concerned. This triangular confrontation actually reduces to that of two schools of thought, capitalism and socialism, as will be explained later. In this respect, we are, like historicism, making no abstract assumptions, but we begin with the recognition of the historical uniqueness of the social system. So far, our method of understanding history, resting as it does on the concept of social system, may be regarded as based on the way of thinking of historicism. However, as I have often mentioned in other writings, the concept of system is, in its attitude of thought, historicism on one hand and enlightenment

on the other hand. This concept of system finds its social scientific significance in its attempt to combine these two attitudes of thought. Without carrying the point further, perhaps we can now answer the question of where to begin the history of economic thought. It is my proposal that we begin with the establishment of the capitalistic system.

Fourthly, what about the pre-capitalistic periods or systems? History of economic thought exists whenever or wherever there is human economic life. Why, it may be asked, begin the history of economic thought with the establishment of the capitalistic system? This decision may indicate at first sight ignorance or violation of historical facts. But as a matter of fact, it is neither ignorance nor violation. This situation is similar to the one in which economics was born first as a science of the capitalistic system and then extended as a science of systems preceding capitalism. We begin with these things of greatest current interest in terms of which we then seek to determine the most fundamental movements of thought. In so doing, we arrive at three movements: laissez-faire, protective-controllism and socialism. What unifies these three movements of thought is nothing but the historical uniqueness of the capitalistic system. We cannot understand the present unless we trace back at least as far as the beginning of the capitalistic system. Perhaps we should go further back to the preceding systems to understand the capitalistic system. But it is not necessary at this moment. We should study, first of all, our own system, our own way of life.

What is the modern era? When did it begin? This is also a very difficult question. To some people, the period after World War I is the modern era. To others it means the period after 1870, the period during which free capitalism came into the stage of monopolistic capitalism or imperialism. Some others say the modern era began in 1848. The reason is that at about that time there was a great turning point in the spirit of the civil society on which the capitalistic system rested. Thus, the modern era may have a wider or narrower meaning according to our way of thinking. It depends on the depth of our concern with modern times. The view that current problems developed out of the events surrounding the year 1848 suggests a change in the course of the stream of thought which had its source in the period of the Renaissance or Reformation. This idea is not difficult for us to understand if we recall the epoch-making books written by men such as Kierkegaard or Marx. These works impress us with the fact that we must understand the development of the capitalistic system in order to understand modern times.

That is not all. Now, after two great wars, the fact that there occurred a decisive change in the spirit of civil society around 1848 has become accepted as an historical reality which cannot be overlooked. What was discerned only by the brains of geniuses such as Kierkegaard and Marx one hundred years ago is now accepted as having actually occurred. That is the crisis of the capitalistic system or capitalistic civilization. It compels us to deepen our consciousness of the historical uniqueness of the capitalistic system. And we must study not

only the systems preceding capitalism but also systems which coexist with or follow capitalism. The same is true for economics or the history of economic thought. It is because of this that laissez-faire, protective-controllism and socialism are considered appropriate guideposts.

Fifthly, even though the theoretical construction of history of modern economic thought is possible in the above mentioned sense, there may well be many different opinions in connection with the way of setting up the pillars of laissez-faire, protective-controllism and socialism. Only experience will give an answer to these different opinions. There is no answer, in other words, other than showing the historical mutual relations of these three pillars and at the same time their theoretical relations. However, we should perhaps give preliminary answers to the questions which might be raised. For instance, is there not a question concerning the suggestion that the history of economic thought be developed around the concepts of laissez-faire, protective-controllism and socialism? Are not laissez-faire and protective-controllism political concepts? Is not socialism a form of social thought? Such questions should certainly be raised. As will be mentioned later, laissez-faire and protective-controllism are now changing their character and are about to be allied with each other under the flag of modified capitalism. It would, therefore, be nearer the truth to say that it is the economic thought of modified capitalism which opposes the economic thought of socialism. And yet, as we cannot fully understand the meaning of the present confrontation of modified capitalism and socialism unless we grasp the process of historical change, it seems to me still necessary to set up three big pillars. The remaining question is how to ascertain historically and theoretically the mutual relations of the three pillars. Though I have said that these three pillars are movements of thought, are there, aside from socialism, such movements of thought as laissez-faire and protective-controllism? This sort of question is natural from the point of view of the writers of economic philosophy or histories of economic thought. But the type of history of economic thought that I have in mind is not of that kind. I do not believe that the usual treatment of the history of economic ideas is enough. The history of economic thought, and histories of thought in general, should determine first exactly what their proper subject is. They should ask what it is that exists today and dominates the thinking of the present time thus leading to the formation of the era to come. We could say that it is the individual man and mind, but to be a social subject it must include more than this. Needless to say, the subject which meets the requirements in the area of economic thought is class relationships. It is for this reason that I have chosen the three pillars of laissez-faire, protective-controllism and socialism, a choice which may seem, at first sight, to have been made from a rather political point of view. This may appear to be naive and even a matter of common sense. One might possibly say that this does not necessarily bring the momentum of thought to light. But laissez-faire, protective-controllism and socialism each have a uniqueness which can be understood only in terms of class relationships.

## III

With the above mentioned things in mind, I think that the task of what I call the history of economic thought lies in the historical and theoretical illustration of the relation between laissez-faire, protective-controllism and socialism. It limits, for the moment, the period under consideration to that of the establishment, development and decline of capitalism. If one may call this the history of economic thought in a narrow sense, it goes without saying that there is another history of economic thought in a broader sense, just as one may consider economics in either a narrow or a broad sense.

Now, laissez-faire, protective-controllism and socialism are represented by Adam Smith, Friedrich List and Karl Marx at least in their classical form. Around these big stars there are many constellations, small and large. But none can be compared with Smith, List and Marx, in their practical significance, characteristics of thought, and brilliance with which they penetrate deeply into the modern era.

Many mercantilists and physiocrats preceded Smith. They seem, however, to have existed only as predecessors of the economic liberalism of Adam Smith. We can come closer to understanding the practical role and nature of thought of these pioneering economic theorists by comparison with Smith. This is not only because of the comprehensive nature of Smith's thought but also because England in the eighteenth century when Smith lived had a dominant and decisive role in placing the cornerstone of the capitalistic system. The laissez-faire of Smith was born out of the war against mercantilism. His *Wealth of Nations* was designed for this war, and was not a mere theoretical analysis of civil society. If mercantilism had not been so strong, Smith's attack on mercantilism might have been less enthusiastic. At the same time, Smith's war would not have produced such an inclusive and rich system of thought. Much still remains to be studied with respect to the difference between Smith's system of liberalism and that of Quesnay. It would not be an overstatement if I say that relatively little has been done in connection with the study of Quesnay and other physiocrats in Japan. However, if we think for a moment of the philosophy of natural law, it seems to be closely connected with the economic theory of civil society or with the economic thought of laissez-faire. In the case of the history of economic thought as in the case of the history of economic doctrines, the order of writing is not from Quesnay to Smith. but from Smith to Quesnay.

I have considered Smith as a representative of laissez-faire. It would be truer to say, however, that Smith was a representative of liberalism. Thus far, I have put liberalism and laissez-faire in the same category. I should perhaps explain a little about this here. Needless to say, liberalism is not the same as laissez-faire. Where is the difference? The first difference is that liberalism is based on the idea that individual freedom brings about the harmony and pros-



perity of society as a whole. Laissez-faire, on the other hand, seeks freedom merely for the sake of individual benefit. The concept of "state" on the part of laissez-faire, therefore is that of a "night-watch" state, while liberalism does not take lightly the role of the state in individual activity. Although the name "night-watch state" was generally given to the concept of the state under laissez-faire, this cannot be applied to the liberalism of Smith. His liberalism represents the economic thought of the sound, productive, early bourgeoisie and is not the same as the liberalism of the later Manchester school. It seeks freedom for freedom's sake and laissez-faire for the sake of laissez-faire. It is the thought of people who are no longer as productive as the early bourgeoisie. For the sake of convenience, however, I will classify all of these views under the heading of laissez-faire. This does not mean that I have neglected the difference between liberalism and laissez-faire which is a poor successor of the former.

An illustration will be necessary in order to avoid misunderstanding with respect to the second pillar of protective-controllism under which protectionism and controllism are combined. As is well known, List's protectionism stressed protective encouragement, but it was not controllism. Controllism appeared only toward the end of the nineteenth century when the free economy came into the stage of the monopolistic economy. It was particularly after World War I that the change from a free economy to a controlled economy came to the fore. In the case of protective-controllism, as in the case of laissez-faire, therefore, we should not forget to distinguish the transformed system from its classical form.

There are also many large and small stars around List. For instance, there was Adam Müller before him, and the new and the old German historical schools after him. We should perhaps mention the name of Richard Jones as an English satellite and Simon de Sismondi as a French satellite of this constellation. Neither Jones nor Sismondi is like List. They are different not only in their forms of thinking but also in their views on policy matters. They are different in their opposition to laissez-faire, the first pillar. Jones' attitude against laissez-faire, however, is not so strong and aggressive as List's. Sismondi, on the other hand, was not satisfied by modification of laissez-faire within the framework of capitalism, and leaned towards the third pillar, socialism. In this sense, List could be considered the most typical representative of so-called protective-controllism.

I suspect it was because List was born in Germany which was economically backward compared with England and France that he could become the central man of the second constellation. List's thought was therefore the representative thought of the bourgeoisie where backward capitalism prevailed, and his theory of productive powers may be considered a theory of capitalist development. Consequently, List showed no tendency to reject Smith, although he criticized Smith. Sismondi inclined towards Marx in his disagreement with Smith, but there was a wide gap between List and Marx, which was impossible to cross. There might seem to be some similarity between the concepts of productive powers of Marx and List at first sight, since they have in common among

other things the thinking form of German Romanticism.

However, we become aware of the uncrossable gap between the two concepts of productive powers when we connect theory with practice. We have to remind ourselves that Sismondi who basically accepted Smith's theory of society was nearer to Marx.

In this way, I think we can understand the meaning of the differences between *laissez-faire* and protective-controllism. These differences became less clear in the twentieth century with the emergence of modified capitalism. We can say that this is a natural outcome in view of the nature of thought of *laissez-faire* and protective-controllism. Thus we have come to realize that the real conflict was not between the first and second pillars but between the first two and the third pillars.

The economic thought of socialism is not necessarily the economic thought of Marxism. However, the center of this constellation is Marx (and Engels) when everything is considered. We may find a far greater number of outstanding stars shining around this star than around Smith or List. This is because we cannot understand the economic thought of Marxism apart from its relation to economic life, politics, education, and so forth. Neither can we understand the economic thought of Marxism without considering the relation between history and theory or between philosophy and science. Therefore, even if we focus only upon the history of economic thought, the number of people preceding or following Marx will be large. We can never omit such thinkers, for instance, as Robert Owen and the Ricardian socialists in England; Saint Simon, Fourier, Proudhon and the above-mentioned Sismondi in France; Hegel and Lorenz von Stein in Germany, who are all predecessors of Marx. We must not omit the economic thought of the German social democrats, Hilferding and Kautzky, nor should we forget Russian communists such as Lenin and Stalin who followed Marx. Neither do I think we Japanese researchers should skip the economic thought of English Fabian Socialists.

The economic thought of Marxism is inseparably connected with social thought. Therefore, to deal independently with Marxist economic views is not only difficult but also unfaithful to the ideas of Marxism. From the Marxist standpoint, the history of economic thought is, after all, an integral part of the history of social thought. This does not, however, deny the possibility of talking about the economic thought of Marxism. Quite the contrary. It means that we should not forget the connection between economic thought and social thought whenever we speak about the economic thought of this school.

As a private view, I think that we could construct the history of modern social thought historically and theoretically around three attitudes of thought. The first is human emancipation or rationalism. The second is national emancipation or historicism. Third is class emancipation or socialism. The three pillars, *laissez-faire*, protective-controllism and socialism correspond to these three philosophies. The two approaches differ, however, in that the one involving the three types

of emancipation is based on the broad viewpoint of the history of social thought, whereas the classification involving the three pillars is based on the narrower viewpoint of the history of economic thought. But both approaches should have in common the patterns of thought of rationalism, historicism and socialism.

The mutual relations among the three pillars are the same from the point of view of both the history of social thought and the history of economic thought. The first and the second pillars confront each other on a common battle-ground within the area of capitalistic thought. On the other hand, the third pillar almost falls outside this arena as it confronts the other two pillars which are within the capitalistic system.

The method of approach through the three pillars is clearly seen in the outstanding instances of historical and dynamic logic. It is interesting that the thought of Fabian Socialists such as Cole also has elements of this way of thinking. Cole, for example, who wrote "The History of Socialist Thought", said that individualism would finally become socialism. This is an opinion which had already appeared in John Stuart Mill's comments on socialism. Cole would probably say that it is possible for the economic liberalism of Adam Smith to develop into the economic thought of the welfare state in the twentieth century. I feel we should find the right approach for proper evaluation of the various ways of thinking through study of the history of social or economic thought.

#### IV

How were *laissez-faire*, protective-controllism and socialism transformed from classical form to modern form? Our next task is to trace this historical change. Needless to say, this means to trace the changing process of the capitalistic system itself. Although we cannot neglect the period from the end of the nineteenth century up to World War I, the decisively important period is the twenty years between the first and second World Wars.

We may perhaps consider the period up to 1914 when World War I broke out as an extension of the nineteenth century. On the other hand, the year 1945 when World War II came to an end might well be deemed the date when the important problems of the twentieth century first began to show themselves. What are the key problems of the twentieth century? First, there is the problem of the conflict and co-existence of two systems. Secondly, there is the problem of newly developed nationalism on the part of Asian, Arabian and African peoples.

Neither of these problem can be understood or discerned from the separate standpoints of economics, politics or education respectively. Consequently, a history of economic thought can no longer be merely a history of economic thought. The relation between politics and economics among other things becomes highly important. The new role of the state must be considered. New economic ideas of control and planning of a kind unknown in the nineteenth century attract

the attention of all. This raises anew the question of the relation between politics and economics. It makes necessary reconsideration of the capitalistic system as an economic system. This problem became a prominent subject of discussion during the twenty years between the two world wars.

During the period after World War I, the world economy seemed to find its way back to free capitalism quite rapidly. The United States was in a state of continuous prosperity and England and France also seemed able to rehabilitate themselves at an unexpectedly rapid pace. It is worth while noting, however, that Keynes began to talk about "the end of laissez-faire" in 1926. In 1929, only three years later, the famous world depression began. This marked the beginning of new theory and practice in the capitalistic world, a fact which will become clear if we take up the significance of the type of thinking that was reflected in Keynes' full employment proposals. It meant, first, that the amount of politics in economics has increased strikingly. Secondly, it meant that the fear of over-production and unemployment was felt very strongly in wealthy countries. As is well known, people who were armed with Keynesian theory became the brains of the industrial recovery plan under Roosevelt. To put it briefly, it meant the capitalistic economic system was in a crisis and that people were aware of this fact.

It goes without saying that this sense of crisis was stronger in poor countries than in rich countries. Thus, the economic theory of totalitarianism was born. If one should argue that the economic thought of Keynes is entirely different from Smith's, we might be tempted to retort that the economic thought of totalitarianism does not bear any resemblance at all to that of List. And yet it would not be proper to cut off the historical ancestry arbitrarily in either case. Although Keynes asserted that all the preceding scholars were classical, he evidently went too far. The difference between Keynes and pre-Keynesians is not so great qualitatively, particularly from the point of view of economic thought. Similarly, the economic thought of List has something to do with totalitarianism. From our point of view, the important task is to trace the process from Smith to Keynes with respect to why the classical thought of laissez-faire had to be transformed. In relation to why classical protective-controllism had to be transformed, it is also important to trace the process from List to totalitarianism. The latter, incidentally has no representative star worth mentioning. While it is true that change and transformation took place and should not be neglected, it would be an incorrect historical attitude to think something entirely different had appeared.

Something entirely different appeared only in the sense that the economic system of socialism first appeared at this specific time. It existed in 1848 merely as a thought in the brain of Marx. Here again, therefore, we are left with the task of tracing the historical development from classical socialism to modern socialism, distinguishing the differences in form. The success of the Bolshevik revolution in Russia contributed greatly to focusing people's eyes exclusively

on Lenin and Stalin. However, many important links are left between Marx and Lenin which require study. For example, it is important for us today to investigate the extent to which Lenin's unique interpretation of Marx was the result of his confrontation with German Social Democracy. That is not all. The revision of social democracy itself will be required in a broader interpretation of socialism. The study of the English type of socialism; i.e., Fabian Socialism, has increased its importance for us today as we mentioned above.

Our discussion seems to have gone beyond the subject of economic thought, but I could not help this because of its nature. I would like to mention a few words in conclusion. There is a view which holds that the idea of a planned economy is common to both capitalism and socialism. This view asserts that the idea of a planned economy erases the distinction between capitalism and socialism and that it constitutes the central thinking of the twentieth century. However, this view is similar to that of Burnham's *Managerial Revolution* in that it erases the distinctions in historical quality of the two systems. It does not lead to the correct understanding of my concept of system. Planning is a means but not an end. The important question is concerned with who puts the planning into practice. The new state is the planned state. What aim is this planned state going to realize, however, through planning? Is it trying to become a welfare state which is concerned about the welfare of its people? Or, is it going to force economic, political and military planning at the sacrifice of the people in order to prevent over-production and still greater recurring crises? What policy is it going to follow as to the recent development of nationalism in Asia, Arabia and Africa?

Thus the closing remarks of the history of economic thought should concern the problem of new nationalism. It is not merely an economic problem, but includes political and educational problems as well. It is not merely a problem of economic, political and educational systems, but a problem of the social system which contains all of these. I believe that new histories of economic thought should be written from such a modern point of view and I am convinced it is possible to do this.