

# TRACES OF COATS'S LEGACY IN *HISTORY OF ECONOMIC IDEAS*

BY

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## I.

Let me begin with a personal recollection—not altogether out of place, I believe, since we are not only expected to evaluate Bob Coats's scientific contributions, but to commemorate him as well.

In 1972 I was in Birmingham in order to do research on late Victorian imperialism. There I could find the manuscript papers of Joseph Chamberlain; moreover, also in Birmingham was Terence Hutchison, who could—and actually did—give me suggestions on this kind of spurious research project: half-historical and half-economic. In August there was a meeting in town of the British historians of economic thought, with many well-known scholars, such as Andrew Skinner, Mark Blaug, R. D. Collison Black, David Collard, Bernard Corry, Peter Groenewegen, and Bob Coats. At that time I already knew Coats as an author, having read his *Classical Economists and Economic Policy*, issued by Methuen in 1971. When I told him that I admired this little book, he showed some surprise, asked me what I was doing in Britain and encouraged me to persist in my research. A few weeks afterwards, I went to Nottingham to visit him, and he generously gave me several essays of his on the participation of the British economists to Joseph Chamberlain's 1903 fair trade campaign—essays published in the *Journal of Law and Economics* and elsewhere. With terror, I realized that most of the research I had undertaken had already been carried out by him. Nevertheless, I stuck to my project and the following year, when back to Britain, this time in Oxford, I met him again. I have saved his notes on my papers on Chamberlain, but I never had the time, or the courage, of publishing my work in English (I did an Italian publication, in a very modest dress, in 1979).

On reading Bob Coats's articles on the late nineteenth- and early twentieth-century British economists, I was fascinated by his ability in showing how economic ideas and theories were transformed into political and even party programs; an ability that Bob shared with Terence Hutchison and mainly with Donald Winch. For these reasons, I secretly singled out Coats and Winch as my role models for scientific research. Later, when I worked on Luigi Einaudi and Francesco Ferrara, two economists deeply involved in politics, to which they contributed as economists, and as liberal thinkers as well, I followed the same path opened by Coats and Winch,

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as well as by Piero Barucci, who was at that time my Italian mentor and who was also in fine tuning (as well as in friendly relationships) with the two British scholars.

## II.

Consequently, I fully agreed with the program sketched in Coats's "Research Priorities in the History of Economics," published in the very first issue of *HOPE*. I still consider it as a very up-to-date program, since Coats insisted on the necessary distinction between the study of the advancement of pure theory, and that of the advancement of general economic *knowledge*. The latter presupposes a research on the spread of economic ideas in the public opinion. A pioneering quantitative research carried on by Bob in collaboration with his wife Sonia (A. W. and S. E. Coats 1973) had the merit to enlighten the evolution of the professional structure of the Royal Economic Society in its first decades of life. Bob's essays collected into the second volume of his *British and American Economic Essays* (Coats 1993a) masterfully describe the path of dissemination of economic ideas approximately between 1870 and 1960 in the English-speaking world, drawing on parliamentary papers, the proceedings of learned academies and journals, the programs of the professional societies, and so on.

Paradoxically enough, this very promising line of research has been carried on in Latin countries, such as Spain, Italy, and Portugal, and to some extent in France, much more than in Britain and the United States where it was firstly conceived. In these countries, I could note, a quite opposite scientific program, sketched by another distinguished scholar, George Stigler, in a paper published in the very same *HOPE* issue, "Does Economics Have a Useful Past?" (a rhetorical question to which Stigler replied on the negative) was mostly followed at least until the mid-1980s.

Rather critical as he was toward too easy and mechanical an application of philosophy to economics, Coats was altogether confident that the sociology of knowledge could give a crucial support to the historian of economics. One exception he was willing to make in favor of the Lakatosian "Methodology of Scientific Research Programs" (MSRP), on which he wrote in *History of Economic Ideas (HEI)* (Coats 1993b).

Here, however, he seemed less effective than usual. If his research program was, convincingly, to connect economics (also intended as theory, or better, analysis) with the historical and social background, how could he be so sure that a "soft" science such as sociology, whose abundance of distinctions and categories is inversely proportional to their incisiveness, could reach such an ambitious result? Did the apparent outcomes of a sociological approach—that is, that research in economics, as in all other fields of thought, is mainly a matter of organization and social contacts, much more than the product of the efforts of extra-talented individuals—really answer our main questions? Namely, the questions still concerning, and which will always concern, the content and significance of the theories: What did economists mean? What were their intellectual sources? What kind of progress (or regress) did they produce for economics? and so on and so forth. Note that these questions are not the same as Stigler's, whose aim was simply to discourage modern economists to lose time in studying old economists (apart from Adam Smith and David Ricardo; see Stigler 1969, pp. 218 and 220).

A purely sociological approach based on an institutional approach could arrive at the conclusion that Keynesianism was successful in the Western world because Keynes was the editor of the most well-known and authoritative professional journal. This conclusion, however, would obviously be far from satisfactory (even if it may actually contain a grain of truth). Great ideas, for good or evil, have the power of spreading themselves almost naturally, as Keynes rightly believed and wrote in a famous passage of his main work. The best thing for an historian to do is still to accurately study and understand them. The subsequent step of studying the various ways in which these ideas are spread—through party programs and legislation, in case of policy ideas, or through manuals and scientific journals, in case of theoretical ones—is obviously of utmost importance, but it has to be performed only after one is reasonably confident of having fully grasped them.

Nevertheless, Bob's "sociology of economics" was altogether founded on realism, if not on plain good sense. He disliked all generalizations and loved careful historical reconstructions. In another article published in *HEI*, he explained the observed reduction of important economics articles in mid-nineteenth century British learned journals by referring to the historical situation: "The British were temporarily basking in their supremacy as the workshop of the world" and their concern on business overrode that on speculative theoretical economics (Coats 1996: 64).

### III.

I have tried to follow Bob Coats's lesson in editing a recent special issue of *HEI*, dedicated to *Economic Policy during the Planning Era in Italy. Theories, History, and Documents* (Faucci 2008). The period under scrutiny goes from the late 1950s to the end of the 1960s, namely, the years during which a serious (though unlucky) attempt was made to introduce economic planning in Italy. This collective research, which involved different expertises, had three aims:

- (1) Assessing the economists' role not only on the national planning debate, but in local and education planning as well.
- (2) Reconstructing the passage from a straightforward "classical" theory of growth depending on the virtuous saving-based accumulation, a neutral fiscal policy, and monetary stability, to a more refined public policy, which could generically be labeled as Keynesian or, more appropriately, sensitive to Franco Modigliani's interpretation of Keynes, inclusive of an income policy.
- (3) Providing a survey of the activities of the CNPE (National Commission for Economic Planning). This latter point required special research on the unpublished minutes of evidence of CNPE and other archival sources.

Convinced as I am that a serious historian of economics must also be familiar with documentary items, let me conclude by recommending sound prudence in encouraging young (in the sense of untrained) people to delve into the economists' archives. Today we witness an explosion of archival research mainly based on the economists' unpublished papers and correspondence. In the last decades, even PhD theses are more and more dwelling on unpublished sources that are often very hard to interpret,

especially when the papers of contemporary economists are involved. I realize that, especially for a beginner, this is a fascinating and even entertaining field of research. The risk is that young people could identify the tool with the aim or, still worse, “discover” what is already well-known thanks to the printed material—in a word, to do a frustrating work *qua* useless.

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