

The Interrelation between the Economic and History

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Abstract

Economics is a social science that studies how individuals, governments, firms and nations make choices on allocating scarce resources to satisfy their unlimited wants. That satisfied to material things but in this not include depression. Economics includes the study of labour, land, and investments of money, income, production, taxes and government expenditures. Economists look for to measure well-being, to learn how well being may increase over time, and to evaluate the well-being of the rich and the poor. History always consider as a pure social science which mainly deals with the space and time with the connectivity of events with human past experiences. In changing scenario economic and history correlation came to more closely. Because history written the economic experience of people. The present study tries to explore the roots of economic and history relations. This study focused on the relation and development of economics in the history so called 'economic history'.

Keywords: Correlation, disciplinary Economics, Events, History, Relationship, Study, Occupation

1. Introduction

Lionel Robbins states "Economics is the science which studies human behavior as a relationship between given ends and scarce means which have alternative uses." In more elaborate view put forward by Paul A. Samuleson he states Economics is the "study of how societies use scarce resources to produce valuable commodities and distribute them among different people." Max Weber explains, "A glance at the occupational statistics of any country of mixed religious composition brings to light with remarkable frequency a situation which has several times provoked discussion in the Catholic press and literature, and in Catholic congresses in Germany, namely, the fact that business leaders and owners of capital, as well as the higher grades of skilled labor, and even more the higher technically and commercially trained personnel of modern enterprises, are overwhelmingly Protestant" There was no sharp line of division between economists and economic historians. Most of the great names in economics from Adam Smith to Keynes, not forgetting Malthus, Mill, Marx, and Marshall, showed a keen interest in history, sometimes deriving their theories from historical evidence, sometimes turning to the past to show the bearing of their theories on policy. It seems to that what comes under the heading 'economic history' occupies an area between history and economics that is bound to be disputed territory. The different approaches natural to each of these subjects are then seen as vying for supremacy. Economists and historians concerned with their disciplines, methodologies and practices, this is more likely to be attributable to movements among the former than among the latter. And indeed, without underestimating the force of professional inertia, this movement is by no means confined to specialist writers on economic methodology.

The work of the economist is to explain how the economy works; the job of the economic historian is to explain how it

worked in the past. But the one runs into the other. It is hard to be sure that you understand how the economy works now without looking at evidence that is largely historical; and if you want to know how it might work it is useful to look quite a long way back. You have to examine how the different economic forces operated on one another in the past in order to judge the strength of their interactions currently.

Randall Morck and Bernard Yeung explain relation between History and economics relate with causations in following words:

Economics and history both strive to understand causation: economics by using instrumental variables econometrics and history by weighing the plausibility of alternative narratives Instrumental variables can lose value with repeated use because of an econometric tragedy of the commons: each successful use of an instrument creates an additional latent variable problem for all other uses of that instrument. Economists should therefore consider historians' approach to inferring causality from detailed context, the plausibility of alternative narratives, external consistency and recognition that free will makes human decisions intrinsically exogenous.

In India economists did generally believe in the relevance of history during the socialist era that lasted between 1950 and 1990. History as a visible and respectable part of the economics profession then, and historians and economists frequently took part in discussing economic development in the same forums. From the early 1990s, however, the field of study has been in decline. A decade into the post-socialist market-oriented regime, the field has no more than a marginal presence in economics teaching and research in Indian universities and research institute. Until the 1980s, social science researchers across disciplinary boundaries believed that by answering key questions about the past, they understood and accounted for the present better and thereby

acquired a better sense of where they were headed. It was not uncommon then for economic policy forums to invite historians, or history seminars to invite economists. An outburst of seminars and conferences in that decade sponsored by a rather spendthrift regime helped this 'public sphere' flourish. Research institutes and departments of economics and history in major universities encouraged economic history research, and produced several world class researches in the subject.

In the 1950s and the 1960s, the old school corpus consisted of a few isolated monographs written from nationalist or Marxist points of view. From the 1970s, the old school flourished by drawing on a more global discourse, theories of underdevelopment. Colonial India seemed to furnish two important features, Markets were immersing, and the government invested too little in economic development. Both these features were explained in terms of political economy. 'Free' markets were imposed on India to suit British business interests. The philosophy of the minimalist state, on the other hand, served British political interests. The old school faced its first serious challenge in 1963 when Morris D Morris proposed a radically different view of 19th century Indian development main message was that economic growth in 19th century India was constrained by productive capacity rather than by politics. The implication was, the growth rate in average income was not 'manmade', but the 'natural rate' set by structural factors.

Irfan Habib's briefly sketched out how the discipline of economic history had emerged. Habib began with the premise that there could be no disciplined study of economic history until the science of economics had taken shape. As stated by Habib, economics as a discipline arose only in the 17th century with the proponents of 'mercantilism' establishing the material welfare of a nation as the proper object of economic study. In the writings of the founder fathers of classical political economy such as William Petty (1623-87) or Adam Smith (1776) we find repeated references to historical facts as authoritative evidence. The converse application of economic notions to history also followed, the reflection of which was first observed in the writings of John Millar in 1778. Later on the writings of Karl Marx established a much closer relationship between economics and history. Marx's critique of capitalism motivated further research into economic history. All these researches had initiated controversies relating to the economic history of England since the 16th century. Similarly, in the case of India, the pioneer studies in economic history had their origin in the controversy over the beneficial or harmful effect of British rule. These studies included the writings of Justice Ranade, Dadabhai Naoroji and Romesh Chandra Dutt. Another pioneering study, which dwelt on major aspects of India's pre-colonial economy, was 'India at the Death of Akbar' (1920) by W H Moreland. Moreland's views were later criticised by two eminent economic historians, viz, Brij Narain (1929) and Radhakamal Mukherjee (1935). Habib then discussed how a Marxist version of modern Indian economic and political history was made

available to the Indian readers mainly through the writings of R Palme Dutt in the 1940s. He had noted that, although economic history became central to Marxist historiography, much of the work on economic history in India was done by scholars who were not affirmed Marxists. Habib, then briefly reviewed the work done on the economic history of the colonial period. The major questions addressed in these studies were related to the economic impact of colonialism. In this context he had referred to a large number of studies which included those by Holden Furber, A K Banerjee (1982), John Gallagher and R Robinson, Morris D Morris, Tapan Raychaudhuri, Bipan Chandra, Meghnad Desai, Toru Matsui and Amiya Bagchi.

Shirin Moosvi states on the economic history of medieval India. She pointed out that while writing the history of this period, the major difficulty faced by the theoreticians was the absence of any significant archival material before 1500 CE. They would have to depend primarily on narratives which were qualitative in nature. In this context she referred to Aniruddha Ray's 'Reconstruction of Bengal Economy during the 16th Century' which was mainly based on literary sources. She also discussed a large number of other studies that were based either on rich economic data, viz, prices, wage, revenue, measured area, etc, or on archival materials which included the evidence of coin hoards, Mughal miniatures and so on.

Amiya Kumar Bagchi was mainly concerned with some of the big questions in economic history, in their relation to the 'small' questions. The big questions of transformation comprised issues such as the subsistence economy vs. the commercialized economy, the process of transition from the subsistence to the commercialized economy, modes of extraction of the surplus, commercialisation and productivity growth, linkages between commercialisation, urbanization and demographic change. A second category of big questions covered the institutional and resource bases of transformation which included the role of the state, the role of the dominant classes, the structure of credit institutions, transport and communication networks, family, kin and association, etc. Finally, a third category dealt with some 'small' but important questions, e.g. Price variation and their impact, the nature of competition and the lines of segmentation among the working class, the propertied class and the ruling class. For all the big issues, microstudies would provide telling evidence of the larger processes at work. It is then necessary also to link up the micro histories with the larger structural and political framework of the society concerned. The importance of economic history for providing the political economy frame work while dealing with issues such as the partition of India in 1947 and the link between market fundamentalism and religious fundamentalism.

Arun Bandopadhyay states in, "Agrarian history and the emergence of environmental history of modern India", how research and teaching of agrarian social history of modern India have travelled beyond the well known tracts of policy frame work and economic trends in colonial and post colonial era. He noted that since the 1990s, ecology and other related

questions have become the central focus of discussion in agrarian history of modern India. He noted three specific issues namely, (i) the use and exploitation of forests in colonial and post-colonial era, (ii) the historical data on changes in land use patterns and (iii) the management of water resources for irrigation and other purposes as leading examples of the new directions of research and teaching on the subject.

The danger of separating economics from history was very forcefully expressed by Marshall in a letter to Edge worth. 'I conceive no more calamitous notion', he wrote, 'than that abstract, or general, or "theoretical" economics was economics "proper". It seems to me an essential but a very small part of economics proper: and by itself sometimes even-well, not a very good occupation of time. The key-note of my Plea is that the work of the economist is "to disentangle the interwoven effects of complex causes"; and that for this, general reasoning is essential, but a wide and thorough study of facts is equally essential, and that a combination of the two sides of the work is alone economics proper.

2. Conclusion

Relationship between history and economics played important supportive role to each other. Contemporary world faces many type of problem that mainly related to the underdevelopment, unequal wealth, scarcity of resources (also included those that abundant in past), external and internal conflicts etc. Those issues covered by both history and economics, without help of both we don't, expect solution of these problems. Economics and history researcher, provide endeavour efforts to find solution of such type problems with the help of different tool and techniques. Economic historians must be focus on 'the filling of gap between the data interpretation and historical analysis of facts.'

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