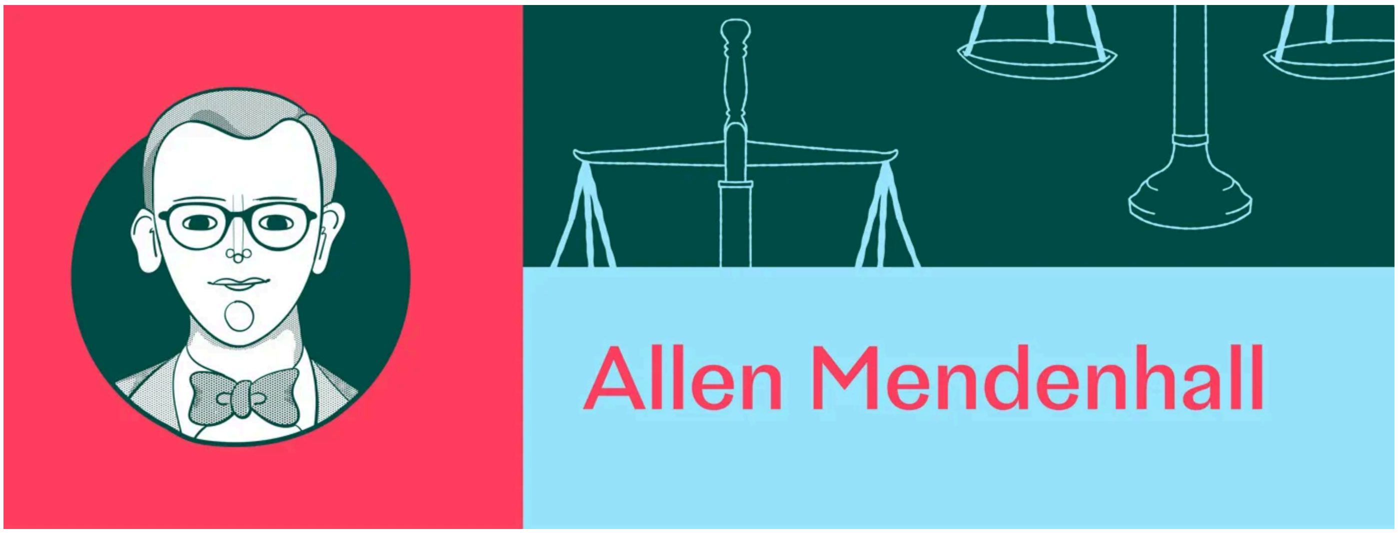
Doing Math Without Showing the Work

The Importance of Understanding Economic History

THE FREEMAN
SEP 03, 2026



When I was associate dean of a business school, I discovered something that struck as faintly scandalous: our economics majors could graduate without ever taking a course in the history of economic thought. Curious, I looked further and found that this was no local eccentricity. At most American universities, the history of econom is not required for an undergraduate degree in the field, and—more remarkably stil most students who now earn a PhD in economics have never sat through a single cl on the discipline's own past.

That struck me as odd, in the way that it's odd to meet a priest who has never read S Augustine.

The modern economics doctorate is built largely on mathematics: general equilibri theory, econometrics, game theory, real analysis, dynamic optimization. Economics departments have, in effect, become annexes of the math department, with a sharec interest in Greek letters and a mutual suspicion of adjectives. Okay, maybe that's unfair: behavioral economics, with its strange blend of statistics and psychology, ha swallowed up much of the discipline, too.

Yet economics has long been classified among the liberal arts, and for good reason: concerns itself with human choice, value, exchange, and the moral texture of a life lived among scarce means and unlimited wants. Adam Smith, after all, held a chair moral philosophy, not applied mathematics.

To strip economics of its history is to forget that the discipline was born asking eth questions before it learned to do calculus.

The history of economic thought matters. Its absence from the curriculum amounts a kind of institutional amnesia. You can't know where you stand without knowing h you got there. A PhD economist who has never read Ricardo is a bit like a lawyer w has never read a single case predating 1960: technically competent, historically unmoored.

Or, to put it more bluntly: You can't learn arithmetic if the teacher doesn't instruct how to show your work.

Herewith, then, a brisk tour of that history—brisk necessarily, and inadequate necessarily, since no set of paragraphs can do justice to any of these schools, each o which deserves, and has received, entire shelves of serious scholarship.

The biblical antecedents come first, if we're being honest about origins. Gary North spent a good part of his career arguing that Scripture already contained a coherent economic worldview—on property, debt, interest, and labor—long before anyone thought to name the subject. Aristotle got there, too, distinguishing *oikonomia*, household management, from *chrematistics*, the pursuit of wealth for its own sake, a mounting a defense of private property against Plato's communal fantasies.

But economics as a semi-organized discipline really begins with the medieval scholastics, and above all the School of Salamanca in 16th-century Spain. Those Dominican and Jesuit theologians, wrestling with questions of just price and usury, arrived at strikingly modern insights about subjective value and the role of scarcity pricing—insights sharp enough that later Austrian economists have claimed the Salamancans as intellectual ancestors.

Then comes classical economics, the discipline's adolescence. Adam Smith supplie its founding text in 1776, arguing that self-interest, channeled through markets, produces social benefit without requiring anyone's benevolence. David Ricardo formalized the theory of comparative advantage and wrestled with rent and value. Thomas Malthus proffered the gloomy counterweight, warning that population wo always outrun the food supply (a prediction gloriously, mercifully wrong, at least so far). Jean-Baptiste Say announced his law that supply creates its own demand, a clai that would later become the target of considerable abuse. John Stuart Mill synthesi and humanized the tradition, adding a concern for distribution that his predecesso had largely ignored.

Austrian economists, when they arrived on the scene, would criticize the classical school for its labor theory of value and its tendency to think in aggregates rather th in the choices of individual people (a criticism that would prove decisive for the discipline's next turn).

That next turn had a detour, however, and not a happy one: Marxism, which took th classical labor theory of value and pushed it to its most extreme and destructive conclusion, treating capital as theft and history as a rigged class war. It was bad economics dressed as prophecy, and the 20th century paid dearly for the confusion.

The corrective arrived in the 1870s with the Marginal Revolution, when Carl Meng in Vienna, William Stanley Jevons in England, and Léon Walras in Switzerland—working independently and almost simultaneously—discovered that value derives r from labor input, but from the subjective, marginal utility a person places on the ne unit of a good. This insight, less a refinement than a reformation, gave economics i modern analytical core and, in Menger's case, birthed the Austrian school.

The Austrians—Menger, then Böhm-Bawerk, then Mises, then Hayek—built a tradition emphasizing subjective value, the impossibility of central economic planning, and deep suspicion of mathematical modeling as a stand-in for human judgment.

The neoclassical school, meanwhile, took the marginal revolution in a more mathematical direction, formalizing supply and demand into the elegant curves eve undergraduate now learns to draw.

The Chicago school, associated with Milton Friedman and George Stigler, wedded rigorous price theory to a robust confidence in free markets and skepticism of government intervention, becoming for much of the late 20th century the most influential economic voice in American public policy.

Four schools, four centuries, and barely a paragraph apiece here—which is precisel the trouble I began with. A discipline this rich cannot be honestly summarized; it c only be gestured at, as I have just done, which is exactly why it ought to be taught properly, in full, with primary texts and contentious debates and dead ends include

Students who leave a doctoral program never having encountered Ricardo's argume with Malthus, or Menger's quarrel with the German historical school, are not being trained in economics so much as in techniques, which *can* show you the answer but can't show you *the work*. An economist who can't explain how his discipline arrived its own conclusions is not really practicing a liberal art at all, but running a very sophisticated calculator and calling it reasoning.

Allen Mendenhall is a Senior Advisor for the Free Enterprise Initiative and a Research Fell in the Thomas A. Roe Institute for Economic Policy Studies at the Heritage Foundation. A lawyer with a PhD in English from Auburn University, he has taught at multiple colleges ar universities across Alabama and is the author or editor of nine books. Learn more at AllenMendenhall.com.

Discussion about this post

Write a comment...

Paula Langguth Ryan 1h

Thank you! When I landed a managing editor position at Phillips Publishing's financial division, tl thing my boss gave me to read was Henry Hazlitt's Economics In One Lesson. Which sent me on lifelong quest for ways to explain economic theory and history in everyday terms. Appreciate this and your role in this education, Allen.

LIKE REPLY

David Galinsky 15h

It is important to remember that the study of good economics is the study of Human Action as L von Mises taught. And good economics is always related to moral action and free-enterprise. Go stuff. Take care.

LIKE REPLY