

UNIVERZITA MATEJA BELA V BANSKEJ BYSTRICI
EKONOMICKÁ FAKULTA



UNIVERZITA
MATEJA BELA
V BANSKEJ BYSTRICI

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**A CONCISE HISTORY
OF ECONOMIC
THEORIES**

ELIANUM

2015

**Faculty of Economics
Matej Bel University Banská Bystrica**



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A Concise History of Economic Theories

ELIANUM

2015

Approved by the Board of Editors of the Faculty of Economics, Matej Bel University in Banská Bystrica as a monograph.

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Linguistic proofreading
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First edition.

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Printed in Slovakia

ISBN 978-80-557-1045-7

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INTRODUCTION TO STUDYING THE HISTORY OF ECONOMIC THOUGHT

The study of History of Economic Thought enriches the knowledge of economic theory by its historical dimension. Their content studies the formation and development of economics as a science based on a variety of concepts, theories and works of individual authors. Completed past basic courses of economics, or at least minimal knowledge of microeconomics and macroeconomics might facilitate understanding of economic history; however it is not a necessary pre-condition to be able to understand the content of this book. The course scope is broad and the aim of this publication is to present in brief only the best-known and most influential theories and concepts that have had a decisive impact and importance on the formation and development of economics.

In this context it can be defined several overlapping levels in the history of economic thought. Alongside the problems in the formation of the first economic ideas and the process of defining the economy as an independent science, there is a specific line of formation and development of the two main parts of economics - Microeconomics and Macroeconomics. The next level is the issue of the state in economic processes studied from the point of view of various theories or concepts. Finally, the development of economics are related to broader societal issues reflected in socio-economic theories, or, in relations of economics to other social science disciplines - Psychology, Political Sciences, History, Sociology, ethics and so on.

Historical evolution of theoretical views has resulted in today in mainstream economics, which has two branches. Firstly, interventionist emphasizes the need for more or less extensive state intervention in the economy. The second, called liberal, based on the recognition of self-regulatory ability of the market demands to limit, or, minimize the state intervention in the economy. In addition to the mainstream theories, there exist also alternative theories.¹

Preferring the first or the second branch, or one of the alternative conceptions is reflected in our everyday decisions, even without thinking of it or without specific knowledge of economic theory. By understanding it, including its history, we can adequately justify our economic and socio-political decisions, successfully solve practical problems, and thus actually influence the course of further economic and social development. It is important to realize, that the development of the future is open and that does not automatically lead to "a better world" and economic prosperity. Everything depends on the extent of the efficient use of resources, tools, knowledge, and knowledge in its administration.

¹ The term liberal in both the USA and the Europe tend to have an opposite meaning.