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The Division of Labor in Economics

A history

Guang-Zhen Sun



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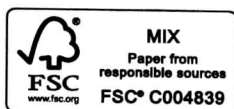
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 A history
Guang-Zhen Sun

The Division of Labor in Economics

This book provides, for the first time, a systematic and comprehensive narrative of the history of one central idea in economics, namely the division of labor, over the past two and a half millennia, with special focus on that which has occurred in the most recent two and a half centuries. Contrary to the widely held belief, this idea has a fascinating biography, much richer than that exemplified by the pin-making story that was popularized by Adam Smith's classical work published in 1776.

Before Smith, it already figured prominently in the writings of many authors, ranging from ancient Greek and Chinese philosophers, to the medieval theologians and philosophers in both Islam and Christianity, and, more importantly, it played an essential part in the emergence of political economy as a science in the seventeenth and eighteenth centuries. Smith's chief scholarship on the subject, framed on a historical jurisprudence, is far richer, more comprehensive and deeper than generally portrayed in the popular writings, and even in many textbooks, in the history of economic thought. The post-Smith development in economic analysis of this subject is also significant, most especially in the study of the increasing returns and economic progress by Alfred Marshall, Allyn Young and George Stigler, of the division of labor in capitalist manufacturing by Charles Babbage and Karl Marx, and of the problem of the dispersion of knowledge by F. A. Hayek. No less remarkable is a revival of interest into this subject since the late 1970s.

In an important sense, to study the division of labor is to study the market and the economy. We still have much to learn about how the economy operates in utilizing the benefits of the division of labor, and understanding the intellectual history of the subject will be invaluable in this regard.

Guang-Zhen Sun is Associate Professor at the Department of Economics, the University of Macau, Macau.

Preface

This book grew from an essay that I wrote as the introductory chapter for an edited volume, *Readings in the Economics of the Division of Labor: the Classical Tradition*, published by World Scientific, New Jersey, in 2005. The essay was deliberately short, and necessarily limited in coverage as a result of constraints of space, as well as being predicated by the pieces included therein. Shortly after I delivered the manuscript of the *Readings* to the publisher, a few days before the Christmas break of 2004, I came to realize that it would be worthwhile, particularly for the purpose of understanding the present state of analysis of the division of labor in economics, to conduct a more or less systematic and comprehensive study of the history of the idea of the division of labor. After a few years of work, which could only be carried out sporadically due to job changes, the rapid growth of my family and my heavy engagement in teaching and other research projects over the past four years, I am now more relieved than pleased to have a completed manuscript ready for production. I owe a great deal to the economics editors at Routledge, Simon Holt, Emily Senior and Thomas Sutton, for their very generous and persistent support and great patience with the book project.

My good friend, John Thomas Smyth, went closely through the first draft of Chapters 2 to 5 and the better part of Chapter 6, and made numerous comments that have improved my cumbersome writing in English. He also raised a good number of useful and substantial suggestions, most of which I have shamelessly absorbed. Michael Springer of FirstEditing, based in Florida of the United States, provided excellent service in editing the entire manuscript. To both my thanks are due. I am also indebted to my economist colleagues at Monash University and the University of Macau for conversations which have helped to better organize my thought on the many and various ideas dealt with in the book, and to Ning Wang of Arizona State University for his useful comments on a draft of part of Chapter 4. Last, but of course not least, the continuous encouragement of my wife and the joyful spirit of my baby daughter and son, Dantong and David Daixi, have been an everlasting source of inspiration for me.

The courteous assistance of the librarians of Matheson Library at Monash University, the generous support in the form of a Senior Logan Fellowship from the same university during the period 2004 to 2008, and the financial assistance

from the Research Committee of the University of Macau during the preparation of the book manuscript are also gratefully acknowledged. The permission of the JOIE Foundation to reproduce my “Introduction” to a fragment selected from *The Nasirean Ethics* by the medieval Islamic author Nasir Tusi, published at *Journal of Institutional Economics*, 4(3), 2008: 403–7, is similarly acknowledged.

G.-Z. Sun
August 2011

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