Economic history matters!
Roadmap

• Traditional history and the Annales
• The “New” Economic History: an assessment
• Economics and Economic History today (after Acemoglu, Galor and Nunn)
Traditional history

Defined by relationship with historical sources. Historian’s task is to “cross-examine” the sources (legal model for assessing the evidence)

Historian must reconstruct the “facts” objectively
Naïve epistemology: no need of theoretical framework
The Annales School

- Bloch and Febvre
  - Fight against narrative history (political), “histoire evenementielle”
  - Bloch and Febvre advocates a “histoire plus large et plus humaine” (“histoire-probleme” problem-oriented history)
  - Systematic but “eclectic” (see Braudel) use of insights from other social sciences (anthropology, geography, sociology, etc.)
  - Bloch’s insistence on comparative history
  - “Histoire totale”: overcoming distinctions in terms of topics (producing integrated accounts, eg demographic and social history with history of ideas and mentalities, etc.). Economics does not have a predominant role: the key-point is integration
  - “[T]he outstanding achievement of the Annales group..has been the reclaiming of vast areas of history. The group has extended the territory of the historian to unexpected areas of human behavior and to social groups neglected by traditional historians. These extensions of historical territory are associated with the discovery of new sources and the development of new methods to exploit them. They are also associated with collaboration with other disciplines that study humanity from geography to linguistics, and from economics to psychology. This interdisciplinary collaboration has been sustained over more than sixty years, a phenomenon without parallel in the history of social sciences” (Burke, 1990, p. 110-111)
The Annales School

• “French” writing style relying a lot on imagery and evocative metaphors (mutations, forces, immobilisms, repulsions, attractions, etc.).

• In general there is avoidance for historical accounts with systematic attempts of weighing different causal factors and variables.

• Recent trend micro-history (use of a case study to illuminate deep structures of society).
Fernand Braudel

Human history has different time-scales (different speeds)

- Structure (elements that remain unchanged over very long periods: environmental and demographic conditions, but also routines, mentalities, technologies, etc.)
- Conjuncture (cyclical processes in the reproduction of the economy: trade and agricultural cycles, etc.)
- Events (political, diplomatic and military events)

Braudel is also characterized the writing style full of imagery and metaphors. Famous critique of Crouzet discussing Braudel’s interpretation of the Industrial Revolution: “multitude of cross-currents carrying the IR forward”, England was more “nervous” than France “an aggressive and tense” country, etc.
The New Economic History Revolution

1. Quantification: systematic measuring and “counting” of the evidence (using if necessary modern techniques of measurement, e.g. national accounts).

2. Systematic use of formal economic theory (neoclassical).

1993 Nobel Laureates for Economics

R. W. Fogel

D. C. North
Names and Terminology

• New approach to economic history emerging in the USA during the 1950s-1960s

  – “New” Economic History
  – “Cliometrics” (fusion of “Clio” and “econometrics”)
  – Historical economics

• “Retrospective economics” -> scholarly practicing this trade are “economists” and not “real” historians
Quantification ("the good of counting")

Boswell: Sir Alexander Dick tells me that he remembers having a thousand people in a year to dine at his house...

Johnson: That, Sir, is about three a day

Boswell: How your statement lessens the idea!

Johnson: That, Sir, is the good of counting. It brings everything to a certainty, which before floated in the mind indefinitely.
Quantification

“...every economic historian should, however, have acquired what might be called the statistical sense, the habit of asking in relation to any institution, policy, group or movement, the questions: How large? How long? How often? How representative?” (Sir John Clapham, 1931)

“Quantification clarifies issues which qualitative analysis leaves fuzzy. It is more readily contestable and likely to contested. It sharpens scholarly discussion, sparks off rival hypotheses, and contributes to the dynamics of the research process.” (Maddison, 2008, p. 1)

But numbers in many cases may be much less reliable than they appear and they have a very strong “rhetorical” power!!
The “New Economic History” Revolution

2. Use of formal economic theory (neoclassical).
“An econometrician is an economist applying economic theory (usually simple) to historical facts (not always quantitative) in the interest of history (not economics)” (McCloskey)

My view: this did constrain the scope of research!
An assessment

Quantification:

Very important results:
- Population
- Economic performance (GDP, real wages, prices)
- Labour, Capital
- Trade
- Technologies (patents, diffusion studies)
- Education, Human Capital
- Income distribution and Living standards

Some more questionable developments:
- Attempts to provide quantitative assessment of institutions and culture

Theoretical framework:
- Contributions of scholars such as Rosenberg and David on technical change has led to (deep?) revisions of the neoclassical theoretical framework
Today

• New Economic History is probably the mainstream approach in economic history
• Traditional approach is still adopted and provides important contributions. I believe they are both valuable and they should cooperate.
• Important! The New Economic History is becoming more and more heterogenous and there are different varieties of this approach (also not based on “neoclassical” economic theory)
Empire strikes back?

- Quantitative evidence does not provide very useful insights. Furthermore it is wrong to apply to the past modern conceptual framework of analysis.
- New economic history is distorted by a neo-liberal agenda.
- New economic historians use quantitative evidence because they do not like or do not know how to examine the sources.
- Materialism triumphant?
- Counterfactuals?
My reaction

• We can apply modern framework of analysis to historical data (one must be careful in assuming that behaviour in the past was consistent with modern framework)
• Economic success of modern capitalism is out there (first stressed by Marx himself)
• New Economic History is rife with debate and controversy (comprising also “left-wing” positions)
• McCloskey: «Data» suggests a wrong attitude (“things given”), much better to use “capta” (“things seized”). This implies the need of becoming “intimate” with the sources
• Materialism triumphant ? Not necessarily, eg studies showing that the burden of taxation and commercial restriction was a relatively minor one (possibly < to the expenditure for protecting the colonies (French and Indian wars))
• Counterfactuals: almost any type of casual assessment contains an implicit counterfactual statement
Some problematic developments...

Economic history is becoming more specialized tackling specific historical issues avoiding “meta-narratives” of Long Run economic development of the type of Marx, Schumpeter, Rostow, etc. Even “middle-range” narratives such as those of Gerschenkron are becoming less and less frequent....

This gap is filled by economists such as Acemoglu, Galor, Nunn
Some problematic developments...

Acemoglu’s approach:
Far-fetched quantitative characterization of institutions (cfr. AJR, 2005, constructing polity IV type of scores for the period 1000-1800)

Temin on A&R (2012): “The book take a shot gun approach to economic history, and many of the pellets go astray. In the areas I know about their interpretations are out of date and misleading”

McCloskey on A&R (2012): “A & R rely expressly and even a little proudly on a startlingly out-of-date account of the Industrial Revolution...”
Also economic historians must try to fill the gap

• We must continue to do detailed and specialist studies of specific institutions and policies (patents, guilds, turnpike trusts, etc.)
• Use these studies as the foundation for new “middle-range” narratives (Allen, 2009)
• Maybe try also soma long run meta-narrative: reading McCloskey and Mokyr is more fun than A&J....
Conclusions

• Economic history matters!

• Economic History
  – Improves economics (as a social science)
    “Economic history is the scientific branch of economics” (D. McCloskey)
    Tackling “historical questions” calls for a rigorous and empirically disciplined approach.
  – Economic history makes better economists: economists must read economic history. (Here “read” is in the posh “Oxbridge” meaning...)
  – Economic history makes better historians: historians must read economic history (Again “read” is in the posh “Oxbridge” meaning...)

• Economic history must be both good history and good economics