The Return of Economic History ?

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The recent success of books on economic history – at a time when this specialism often seems disregarded in universities – coupled with parallel developments in both history and economics gives hope for new links between the two disciplines.

Both historians and economists regularly note that economic history has almost completely disappeared from universities, whether in terms of teaching or publications. This undeniably founded and well-documented observation applies to all countries. However, it stands in marked contrast with the recent public and/or academic success of a certain number of books on economic history. These include works as different, in terms of methodology, analysis, and conclusions, as those by Niall Fergusson, Carmen Reinhart and Kenneth Rogoff, Kenneth Pomeranz, David Graeber, Daron Acemoglu and James Robinson, and, of course, Thomas Piketty or even Jared Diamond and his *Collapse,* which includes some analysis of economic history.[1] More generally, references to economic history substantially fuelled political and economic debate during the financial crisis (for an overview, see Barry Eichengreen's latest

* We would like to express our thanks to Nicolas Delalande for his comments on an initial version of this text.

[1] The aim of this text is not to provide an overview of current works in economic history and much less to provide an exhaustive bibliographical analysis. However, the following selection of references and authors can give the reader some initial pointers. Jared Diamond, *Collapse. How Societies Choose to Fail or Succeed* (New York: Viking, 2006); Niall Ferguson, *The Ascent of Money: A Financial History of the World* (London: Penguin, 2008), Carmen M. Reinhart and Kenneth Rogoff, *This Time is Different: Eight Centuries of Financial Folly* (Princeton: Princeton University Press, 2009; Kenneth Pomeranz, *The Great Divergence: China, Europe and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2000); Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012); Thomas Piketty, *Capital in the 21st Century* (Cambridge, MA: The Belknap Press of Harvard University Press, 2014); David Graeber, *Debt: The First 5000 Years* (New York: Melville House, 2011).

book).[2] Whether fortunate or unfortunate, these references have brought to the fore works that would usually have remained fairly marginal and generated little interest in broader public debate. They have also shown (not least to academics themselves) that the number of people in history and economics departments currently working on the history of the financial world – on markets and economic crises, for example – is extremely, perhaps even ridiculously, low.

The different books that have recently garnered so much attention do not necessarily reflect current trends in economic history as a whole: first, they are mainly macroeconomic and, second, they mainly focus on financial history, directly reflecting the most urgent economic problems of our time. Nonetheless, they offer a good starting point for examining the current state and position of economic history. Recent independent developments in both history and economics research seem to hold the promise of a renewal of economic history. In order to fulfil this promise, though, the two disciplines need to achieve deeper collaboration and, above all, a better mutual understanding of their respective methods and aims. While these developments have not necessarily been fully accomplished yet, at the very least they do testify to a need and a demand for what one might call a *return* to economic history. Finally, the current political situation also encourages renewed interest in this field.

A long-standing loss of interest

The reasons behind the loss of influence of economic history are well known. However, for a long time, it held pride of place in both disciplines.

In the nineteenth century, economics had a strong place in history departments because it was an integral part of the national narrative. Later, economic history was pursued in very different ways by both Marxist history and the Annales School. The economic dimension to the historical dynamic was considered essential in the Marxist tradition, because it was primary in all social relations, and among Annales historians, because it was a key element for analysing long-term changes (technical, commercial, entrepreneurial, etc.). Historians' interest in economic history then waned due to a radical critique of the primary nature of economic relations and to greater focus on discourse and representations (of the world, the market, etc.). At the end of the 1970s, this was coupled with a critique of statistical tools and the lack of neutrality of quantitative approaches. In short, cultural history and the history of representations progressively came to replace economic history – paradoxically, just as the

[2] Barry Eichengreen, *Hall of Mirrors: The Great Depression, The Great Recession, and the Uses-and Misuses-of History* (Oxford: Oxford University Press, 2015). For a short summary of these debates in French, see: http://traces.hypotheses.org/133

dissemination and progress of IT tools seemed to offer new measuring instruments and new possibilities for analysing economies of the past.

For economists, their discipline was for long a necessarily historical science. For the German historical school of economics or American institutional economics, which reigned supreme at least until the interwar period, the role of economics was to study long-term evolutions by focusing on their institutional features and by rejecting the idea of universal theories that were not historically grounded. In these and the other main trends of the time, notions of institutions and cycles were key and, until the 1960s, it was easy to draw links with the Annales School, as well as with economic sociology more broadly. Even among certain economists who moved away from institutionalist analysis, such as Milton Friedman, history still had a preponderant place without which economic theory made no sense. Marxist economics and the various trends that built out from it (for example, the Regulation school in France) also gave a preeminent role to history – here again, they shared the aims of historians who also believed in the primary nature of economics in social and political relations. Among economists, economic history declined due to two main developments. First of all, history was ousted by formalist economics and its aim of modelling economic science on physics, often resulting in a denial of the historicity and contingency of behaviours, institutions, and theories.[3] This is probably still the main bone of contention between economists and historians today (especially concerning un-contextualised premises about the behaviours of economic agents based on contemporary concerns). Second, the heightened role of economists in the administrative regulation of the economy – first in economic planning and then, a few decades later and from the opposite perspective, in creating and regulating competitive markets or evaluating public policies – emphasized the figure of the 'engineer economist' and, by the same token, specialist technical expertise, at the expense of the older figure of the general economist whose legitimacy was grounded in historical and institutional knowledge of the economy.

Economic history therefore lost some of its power and influence while still remaining active in economics departments, where it was represented, on the one hand, by descendants of institutional economics and, above all, on the other, by 'cliometrics' – a trend that appeared in the United States in the 1960s, with the main aim of applying the methods of neoclassic economics to history. This trend, which won Douglass North and Robert Fogel the Nobel Prize in 1993, was and remains undeniably fruitful and varied, if only because it managed to evolve as economic theories were refined in the 1980s to take into account the imperfections of markets and the role of institutions. However, although this approach – foregrounding quantitative methods and recourse to theory – had become broadly dominant among economic historians working in economics departments and more widely in associations and international economic

[3] Philip Mirowski, *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics* (Cambridge: Cambridge University Press, 1989).

history journals, it nonetheless did not manage to prevent the decline of economic history in general. Its low representation and lack of notoriety among economists today cannot be denied.[4]

To give a very broad summary, deliberately setting aside the details, the last three decades have seen a dual shift: on the one hand, there has been a general decline in economic history and, on the other, an increasing intellectual divide between the few economists and historians who continue to work in this area. Historians see economists as uncultivated, inveterate apostles of quantification, mathematical models (often a deterrent for historians), and neoliberalism, while economists perceive historians as exalting culturalism and relativism, ascribing more reality to discourse than to action, and being incapable of giving general scope to their analysis. Historians consider that economists use statistics and conceive of the rationality of behaviour with as little critical distance as historians from a century ago. Economists view historians as having abandoned the rigour of numbers and the generalist aim in favour of literary arguments and case studies, much like economists during the first half of the twentieth century. Each discipline sees in the other the reflection of a past it wants to forget.[5]

While these developments vary with the institutional characteristics of each country, they have been observed everywhere and France seems to be no exception. This shift has taken place over sufficient time to affect not only publications and research, but also teaching. This is undoubtedly the aspect that most damages the chances of renewing economic history today: history students are no longer made aware of economic issues – with the exception of a few, very general dynamics – and are even less likely to learn to use statistics; economics students no longer understand the meaning of a historical approach and are not exposed to the methods and types of argumentation specific to historical analysis, which differ from formal models and causal and experimental reasoning.

While this dual negative trend can be explained, as we have seen, by parallel developments specific to each discipline, it is important not to underestimate a common factor that is related to political change. In *Capital in the 21st Century,* Thomas Piketty rightly notes that while many economic history studies focusing on income and capital inequalities were conducted in the 1950s-1960s, in both Europe and the United States, they almost completely disappeared afterwards, in connection with the reduced political attention paid to these topics

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[4] Cf. Francesco Boldizzoni, *The Poverty of Clio: Resurrecting Economic History* (Princeton: Princeton University Press, 2011). In order to illustrate the lack of institutional weight of economic history among economists, we can look to the relatively low ranking of the main economic history journals. In the leading ranking system for economics journals, IDEAS/REPEC, there are no economic history journals in the top 100 journals. Ran Abramitzly has recently painted a more nuanced picture in this regard. The author notes a recent rise in papers devoted to economic history in general economics journals. However, as the author himself recognises, these kinds of papers use history to answer economic questions more than they shed new light on history. This renewed interest can therefore be explained by the recent turn to more empirical studies among economists. It remains to be seen whether this trend can begin debate with historians, go beyond the stage of applied economics, and genuinely repair the image of economic history within economics in a lasting fashion.

[5] For a better awareness of the long-lasting nature of these divisions, Francesco Boldizzoni's book, cited earlier, is very useful along with the reactions to which it has given rise, as is Morten Jerven's article devoted to the economic history of Africa.

and the rising influence of the idea that capitalism would evolve and lead to lower economic inequality. More generally, the decline of economic history coincided with the decline of broad narratives aimed at offering systemic, historical explanations of the foundations of economic regimes, including the most contemporary. The field of economic history was therefore strongly marked by the ideology of the end of history and its political and economic correlate, namely the idea of the necessary (or at least strongly desired) triumph of liberal democracies. This idea has not completely disappeared: it remains, for example, the implicit horizon of a book such as Daron Acemoglu and James Robinson's *Why Nations Fail.* Nevertheless, it seems significant that the studies in economic history that have garnered the most attention in public debate all share a similar message, which breaks with the teleological presuppositions that had put an end to past reflexions about history. A common conclusion among these otherwise very different works could be, on the contrary, that there is nothing inevitable justifying the belief that our economic system will evolve towards less inequality, fewer financial crises, less violent relationships linked to debt, and production systems that are sustainable in both economic and ecological terms.

New avenues

As we have seen, the institutional situation of economic history and the present state of interdisciplinary dialogue fails to inspire much optimism. And yet, at the same time, there is an increasing demand from the general public, politicians, and students for this sort of research and teaching. We believe that certain parallel developments among both historians and economists give hope for new points of convergence or at least discussions, fuelling a joint return of economic history in both disciplines. We identify three kinds of approach – although there are undoubtedly more – that currently show common aims among economists and historians: long-term and *longue durée* history, connected and globalised history, and multidimensional approaches aimed at enriching analysis of individual behaviours.

- *Long-term and* longue durée

For around a decade, economists accustomed to using quantitative methods have begun to return to archives with a view to charting long-term economic evolutions or effects and reaching beyond an approach focused on individuals, events, or the statistical study of economic relationships. Two very different types of studies can be identified. The first, already mentioned, focuses on constructing long-term statistical series with a view to reviving the study of cycles, understanding the long-term dynamics of capitalism, and situating the present moment within these dynamics. The second trend is very different and aims to determine the long-term economic consequences of a reform or an institution, by applying the statistical methods usually used to evaluate public policies. It is a question of using history as a laboratory in order to determine causal relationships that can then be interpreted in terms of economic theory.[6]

Studies by economists or historians on long-term evolutions often operate on a very different methodological and intellectual basis. In most cases, it is probably impossible to create a simple synthesis between the two. This is particularly true of economic studies on long-term effects that draw on a conception of causality that is completely foreign to historians' usual way of working and that aim to isolate the effects of singular events as much as possible, without necessarily envisaging the whole complex historical dimension to the causality. Nonetheless, such studies substantially alter the timeframe in which economists are used to working, thereby paving the way for history to be better taken into account in economic theories.

Long-term studies carried out by economists seem to better lend themselves to interdisciplinary dialogue, particularly when they give substantial importance to historical analysis of institutions and policies, while also making careful and contextualised use of statistics – Thomas Piketty's book offers a good example of this.[7] And as David Graeber's book, cited above, also shows, the dialogue and interest generated by these approaches do not stop at discussions between economists and historians.

Despite their differences, all these works radically and substantially altered the timeframe that had been used in history and economics for several decades. Economists are now turning to the past and once again broaching the historical dimensions of institutions and markets. At the same time, for certain economic historians working in very different veins (Sheilagh Ogilvie, Regina Grafe, Oscar Gelderblom, Giacomo Todeschini, Peer Vries, Jean-Laurent Rosenthal and R. Bin Wong, François Gipouloux, etc.), the '*longue durée*' (which can range from three centuries to a millennium) remains their preferred analytical timeframe for understanding changes, emergences, transformations, and – small, long, or large – 'divergences'. The term 'divergence' is certainly fashionable in the discipline: in addition to Pomeranz's works, Jan Luiten van Zanden has argued that there was 'small divergence' from 1300 to 1800 which saw the countries bordering the North Sea develop a more prosperous and dynamic economy than the countries in the south of the continent – essentially due to institutional changes generated by the increasing role of parliaments and better human capital formation.[8] As for Timur Kuran, he defends the idea of a 'long divergence', which he argues explains the decline and then under-development of societies in the Middle East over the last millennium as an endogenous production of the norms and institutions of Islamic law.[9]

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[6] For a presentation of this kind of approach and a review of the literature, see Nathan Nunn's article, 'The importance of History for Economic Developments'.
http://scholar.harvard.edu/files/nunn/files/nunn_are_2009.pdf

[7] See the special issue of *Les Annales*, 'Reading Thomas Picketty's Capital in the 21st Century'.

[8] Jan Luiten van Zanden, *The Long Road to the Industrial Revolution: The European Economy in a Global Perspective, 1000-1800* (Leiden: Brill, 2009).

[9] Timur Kuran, *The Long Divergence. How Islamic Law Held Back the Middle East* (Princeton: Princeton University Press, 2011). On the difficult 'falsification' of Kuran's arguments, see Jean-Noël Ferrié's overview.

While these arguments can be surprising, even shocking, due to their categorical and schematic nature, economic historians are not indifferent to them. Partly grounded on Avner Greif's arguments – suggesting a comparison between institutions of commerce in the Middle Ages – they reveal the influence of neo-institutionalist inquiry on the field of economic history. By seeking to grasp the long-term evolutions of economic structures, the intention is to reflect collectively upon norms, institutions, corporations, industrial and economic privileges, multiple ways of considering European expansion, the economic policies of empires, the birth of capitalism, etc. In a way, economic history seems to have anticipated the (more or less convincing) recurring calls for a return to the *longue durée* in the fields of political, cultural, and environmental history.[10]

- *Changing geographical scale*

'*Longue durée*' and long-term analysis also involve a shift in scale. Among historians, in particular, there is a strong on-going movement towards promoting transnational or global perspectives and emphasising connections and exchanges between groups or people of different origins, accounting for each party's perspective, running counter to national history or history written from the point of view of the dominant. This therefore radically changes the scale on which economic relationships are analysed. This perspective lends itself well to points of convergence with certain economics analyses that include objects of study linked to the globalisation of exchange, to financial flows, and to credit relationships, at a macroeconomic and microeconomic level (although international and comparative studies are less developed for the latter).

It is from this perspective that the relationship between history and economics has been the most fruitful recently. This has been particularly salient in the wake of the book by historian Kenneth Pomeranz showing comparable levels of development in certain regions of China and England before the industrial revolution.[11] This analysis drew economists and historians closer together through its impressive synthesis between, on the one hand, analysing economic and political systems, by drawing on qualitative and quantitative sources, and, on the other, problematising comparison in a long-term perspective (what's more, during a major boom in the Chinese economy, which generated many questions and concerns in the West). The book's conclusions appealed to historians and economists alike: for the former, they disrupted commonly accepted periodisations and opened up important comparative perspectives; for the latter, they opened up dialogue with theories of economic development and heralded new opportunities in exploiting statistical sources.

[10] On this topic, see the recent special volume devoted to the History Manifesto by David Armitage and Jo Guldi.

[11] See the book itself, as well as La Vie des Idées's special report on global history and a presentation of Pomeranz's work: http://www.laviedesidees.fr/Pour-une-histoire-monde.html. On the international debates that followed Pomeranz's book, see Philippe Minard,'Révolution industrielle et divergence orient-occident. Une approche d'histoire globale', *Revue de synthèse*, 132, n° 3 (2010), p. 455-464. On Pomeranz's responses, see Kenneth Pomeranz, *La Force de l'empire. Révolution industrielle et écologie, ou pourquoi l'Angleterre a fait mieux que la Chine* (Alfortville: Editions ère, 2009). This book in French collects various pieces of his work previously published in English.

Pomeranz's book therefore reopened debates – which remain lively today – about differences in economic evolutions, from a comparative perspective. This example also shows that renewing economic history, particularly by going back to the long-term, does not necessarily mean returning to what used to be done several decades ago. In this particular case, the shift in comparative scale radically changed the traditional history of the industrial revolution that had been written 50 years earlier. However, it should be noted that in Pomeranz's work, while the comparison is broad because it is both long term and based on geographically distant regions, the analysis itself is actually brought down to a very fine-grained regional level (Lancashire, for England, and the Yangzi Delta for China) – further proof that mastering the interplay of different scales is key in comparative approaches. Broadening comparison in this way also resulted in more critical analysis of statistical methods than in previous long-term economic history monographs. Due to the statistical quarrels and terminology debates which Pomeranz's book fostered among economic historians and specialists of the cultural zones in question, it also raised important epistemological questions for history as a discipline. As Alessandro Stanziano has suggested in a recent column,[12] this may well have paved the way for closing the gap between 'humanities history' and 'social-science history', a division that runs through the discipline in many academic worlds.

However, the scope of changes in scale extends beyond comparative history. Economic history has also benefited from analysis of the connections and globalised itineraries of certain merchants or products. In a study focusing on a Jewish partnership in the first half of the eighteenth century, Francesca Trivellato offers a precise reconstruction of the different commercial ties between Sephardic merchants and their fellow Jews, as well as Catholic agents in Lisbon and Hindu tradesmen in Goa. In her analysis, which constantly combines micro and macro levels, local and global scales, Trivellato looks at the concrete workings and institutional, social, and discursive machinery of intercultural trade. Consequently, she offers a complex, nuanced history of the emergence of capitalism, of how market exchange became depersonalized in the modern period, and of the foundations of 'trust' (which, in a lot of works in the field of economic history, is referred to rather than studied empirically).[13] An approach through merchandise offers a way of combining material history, economic history, and the history of consumer practices. Over the last few years, this has become one of the most dynamic fields in the 'historical' history of economics.[14] From different perspectives, the history of cotton, certain wines, coral, diamonds, cochineal, indigo, etc. have all offered ways of examining various issues: the formats and history of companies, the question of trust between faraway

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[12] http://40ans.ehess.fr/2015/05/07/kenneth-pomeranz-et-les-avantages-du-colonialisme/

[13] Francesca Trivellato, *The Familiarity of Strangers: The Sephardic Diaspora, Livorno, and Cross-Cultural Trade in the Early Modern Period* (New Haven: Yale University Press, 2009). For a reading of the book: Guillaume Calafat, 'Familles, réseaux et confiance dans l'économie de l'époque moderne. Diasporas marchandes et commerce interculturel', *Annales. Histoire, Sciences Sociales*, 66/2 (2011), p. 513-531 (p. 522-524).

[14] On product-centred approaches, see in particular: Dominique Margairaz and Matthieu De Oliveira. 'Produits et circuits du commerce', in Corine Maitte, Philippe Minard and Matthieu De Oliveira (ed.), *La gloire de l'industrie. Faire de l'histoire avec Gérard Gayot* (Rennes: Presses universitaires de Rennes, 2012), p. 91-98.

agents in risky and uncertain contexts, economic behaviours, and technological transformations, as well as changes in tastes, quality standards, and modes of consumption.

- *Towards a multi-dimensional approach to human behaviour*

Regarding modes of consumption, the debate begun by Jan de Vries's book on the 'industrious revolution' of the modern period not only contributed to refining the chronology and causes of the industrial revolution,[15] it also gave rise to a host of other studies – often critical – about consumer goods, about the role of corporations and companies in fashioning and changing tastes, and also about working hours (and the very notion of work) throughout Europe. Even though the convergence between disciplines is far from established in these fields, given their substantial methodological differences, the avenues explored by historians are nonetheless similar to the questions at the foundation of economic theories and sociology (what is a market? how do individuals' tastes and preferences evolve?) and give them a historical and cultural dimension they often sorely lack.

Moreover, economists and historians show a common desire to enrich their analysis of human behaviour, notably by calling on other disciplines and on psychology and social network analysis in particular. Psychology seems to be making a very visible return to historical analysis, whether in the history of emotions or, from a very different perspective, in neurohistory and cognitive history. The history of emotions focuses on the psychological motivations behind individuals' actions by trying to historicise them. Neurohistory calls on cognitive science and neurobiology to understand the workings of the human brain, from a very long-term evolutionist perspective. Once again, we are well aware of the criticisms levied against these trends, most of which are well founded, and our intention is not to lavish them with blind praise. Instead, the point here is to note these similar evolutions in both history and economics, which seem likely to bring about methodological convergences, or at least discussions likely to enrich our knowledge of economic history.

Psychology is also being used more and more often in economics (although this is not new and dates back, in particular, to Daniel Kahneman and Amos Tversky's 'prospect theory') with a view to challenging the rationality of social agents. Born from experimental economics (experimental psychology's younger sibling), this trend has influenced microeconomics and aims to integrate beliefs and feelings into traditional explanations of economic behaviour. As with the history of emotions or neurohistory, these paradigms have not become dominant, but their influence has increased consistently over recent years. Economic history studies carried out by economists are starting to include these psychological factors in order to explain risk-taking and the workings of certain financial markets, for example.

[15] Jan De Vries, *The Industrious Revolution: Consumer Behavior and the Household Economy, 1650 to the Present* (Cambridge: Cambridge University Press, 2008). And a reading of it: Jean-Yves Grenier, 'Travailler plus pour consommer plus. Désir de consommer et essor du capitalisme, du XVIIe siècle à nos jours', *Annales. Histoire, Sciences Sociales* vol. 3 (2010), p. 787-798. De Vries's follows on, in particular, from: John Brewer and Roy Porter (ed.). *Consumption and the World of Goods* (London: Routledge, 1993).

While the contribution of psychology to economic history remains marginal, the same cannot be said for social network analysis, which has also seen a rapid parallel development among economists and historians alike and has already led to significant studies in economic history. The use of network analysis, largely based on the methodological contributions of economic sociology, is based on the desire to explain human actions by a large number of parameters in an individual's environment and to go beyond holistic or individualistic points of view. Historians are increasingly applying this method, through the use of statistical tools, without necessarily limiting this to economic history. They use it, particularly, in order to show an individual's possible social relations. As for economists, they give increasing importance to these analyses, to their theoretical foundations, and to their statistical application, when explaining the workings of markets and when drawing links between microeconomic and macroeconomic scales.

Conclusion

These developments in research in economics and history generate new areas of discussion and encourage the increase and dissemination of studies in economic history, which are in great demand. This demand derives, in particular, from the current political climate, in which many dominant ideas about the evolution of capitalist economies and about how to interpret their history are being challenged. Moreover, it is important not to underestimate the extent to which access to new digital and statistical tools (digitalisation and processing of qualitative and quantitative date, easier access to statistical techniques for analysing networks or time series) can foster links between economists and historians and contribute to broadening the temporal and geographical horizons of historical studies. This movement is even stronger because new developments can challenge the paradigms of each discipline and make them evolve, just as economic history did in the past. In order for this potential to be properly fulfilled, economists and historians will have to overcome their reciprocal ignorance, and even disdain, which still persists today. Such convergence is not about erasing disciplinary boundaries, of course, but rather about encouraging each discipline to question its own methods, habits, and aims, with a view to avoiding any blind 'colonising' of one discipline by the other (a temptation that is particular strong among economists) but also in order to avoid missed opportunities.

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