



Methods in Economic History

Beyond orthodoxy in economic history: Has Boldizzoni resurrected synthetic-structural history?

Christopher Lloyd^{a,b,c}

^a Business School, University of New England, Armidale, Australia

^b Nordwel Centre, Helsinki University, Finland

^c Finnish Centre of Excellence on Historical Research, Tampere and Jyväskylä Universities, Finland

ARTICLE INFO

Article history:

Received 2 March 2013

Accepted 8 March 2013

Available online 28 April 2013

JEL classification:

B29

B40

Keywords:

Orthodox economic history

Historicism

Critical realism

Methodological structuralism

Social science history

Evolutionary theory

ABSTRACT

Boldizzoni's attempted resurrection of a realist, non-abstract, historical approach to economic history is learned, rhetorically rich, and largely persuasive but lacks some crucial dimensions. The continuing dominance of orthodoxy in 'official' economic history after the institutionalist turn (despite a context of methodological and socio-political pluralism among the wide range of practitioners under various labels) lies in its continued abstraction and reductive econometrics. But *ad hoc* adjustments while maintaining rational choice, methodological individualism, and an uncritical ideological defence of free markets, do not address the basic, underlying weaknesses that Boldizzoni correctly identifies. In proposing his manifesto for revival of the synthetic-structural tradition, however, he should have paid more attention to recent arguments in defence of new philosophical and theoretical foundations for social science history.

© 2013 Asociación Española de Historia Económica. Published by Elsevier España, S.L. All rights reserved.

Más allá de la ortodoxia en historia económica: ¿ha resucitado Boldizzoni la historia sintético-estructural?

RESUMEN

El intento de Boldizzoni de resucitar una aproximación histórica realista no abstracta a la historia económica está fundamentado, es retóricamente valioso y muy persuasivo, pero carece de algunas dimensiones que son cruciales. El dominio constante de la ortodoxia en la historia económica "oficial" tras el giro institucionalista (a pesar de un contexto de pluralismo metodológico y socio-político entre la amplia y variada gama de profesionales) radica en su continua abstracción y en una econometría reduccionista. Sin embargo, los ajustes específicos, al tiempo que se mantienen la elección racional, el individualismo metodológico y una defensa ideológica acrítica del libre mercado, no abordan las debilidades básicas subyacentes que Boldizzoni identifica correctamente. No obstante, al proponer su manifiesto para el renacimiento de la tradición sintético-estructural, debería haber prestado más atención a los recientes argumentos en defensa de los nuevos fundamentos filosóficos y teóricos para la historia de la ciencia social.

© 2013 Asociación Española de Historia Económica. Publicado por Elsevier España, S.L. Todos los derechos reservados.

Códigos JEL:

B29

B40

Palabras clave:

Historia económica ortodoxa

Historicismo

Realismo crítico

Estructuralismo metodológico

Historia de la ciencia social

Teoría de la evolución

Francesco Boldizzoni's book *The Poverty of Clío*, subtitled *Resurrecting Economic History*, is entertaining, stylish, and necessary;

but also provocative, and even at times unnecessarily irritating. He probably annoys those he opposes and irritates some of his supporters (such as me) because he fails to take sufficient care with his opinionated assertions and philosophical arguments and because of his over-personalised discussion of particular authors. The irritating exaggeration of the European/American (or Anglo)

E-mail address: chris.lloyd@une.edu.au

dichotomy is really a distraction from the thrust of his important argument.

Irritations can be forgiven if his argument is sufficiently persuasive. Has he succeeded in resurrecting economic history as a form of historical rather than applied economic enquiry? Resurrection is of the deceased. To resurrect is to bring back to life, to raise up from the dead. The death of economic history as a field or branch of enquiry can be exaggerated but it is clear what Boldizzoni means. He means that what he considers to be the main form of economic history as a branch of historical enquiry, conceived explicitly as having a certain methodological foundation, died in recent decades because it was absorbed into orthodox, ahistorical, economics and so lost any claim to be historical or realistic. Clearly, he does not think the newish (since 1960s) orthodoxy can be resurrected but that Economic History of a different, older, sort should be re-made into a new paradigm. What has in fact continued to exist, as a broad heterodox, marginalised, tradition, must be brought back in from the cold.

His kind of argument about history and economic theory has been extensively developed in one form or another ever since the *methodenstreit* of the late 19th century when abstract-deductive (or positivist) economics was first proposed and the social science/history distinction first appeared as a serious issue for debate. Boldizzoni here offers a version of the old argument in favour of idiographic, synthetic, historical reasoning and methodology (as against nomothetic, abstract, ahistorical reasoning and methodology) as the foundation for socio-economic enquiry and explanation. Thus central parts of his argument, also not new, are that abstraction of 'the economy' is methodologically and scientifically unwarranted; universalistic and ahistorical generalisations about human motivation, social arrangements, and culture are empirically unsupported; arguing backwards to the distant past with concepts born in the present (an extreme form of which is teleological) is unwarranted by evidence; and, biggest point of all, the concept of the nature of social reality (social ontology) has to be holistic or at least structural and include culture as well as social relations and material production. Methodological individualism is rejected but it is not clear exactly what his alternative is to that except a vaguely specified methodological holism or total society approach *a la Braudel*.

Given that much or all of this kind of argument has been made many times before,¹ which is not to make a criticism for it is always good to have arguments updated and renewed, it is surprising to find that important relevant aspects of the recent debate are not mentioned as such, aspects that would support his position (or at least should be examined), most notably critical realism, methodological structuralism, and Neo-Darwinian socio-cultural evolutionary theory. If one is going to attack the orthodoxy one has to not only undermine its foundations but also have a new set of foundations ready. Boldizzoni has something ready, in the form of a 'manifesto' at the end of the book that summarises his argument, but the manifesto needs more methodological and theoretical articulation. These missing aspects vitiate his argument. Moreover, the implicit acceptance of the old Neo-Kantian idiographic/nomothetic distinction is the biggest obstacle to converting heterodoxy into a new social science history orthodoxy. And arguing for the explicit adoption of what he misleadingly calls 'metatheories' (which are actually world views or ideologies) rather than more precisely empirical general theories (such as Neo-Darwinian socio-cultural theory or Marxian class theory or French regulation theory or institutional evolutionary theory or varieties of capitalism theory) undermines his critique of Neo-Classicism and Neo-Liberalism as

being ideological. One person's ideology is usually another person's common sense.

Boldizzoni's method of approach and critique is to give numerous examples of how economic history should be done and of the sort of 'metatheories' they should employ. He essentially defends the structural tradition that began mainly in Germany and France in the mid-19th century with the German Historical School of Economics (old and new sub-schools), Marx and Engels, later Max Weber and other German sociologists and also Emile Durkheim, culminating in the French Annales School (from late 1920s) and Karl Polanyi (from 1940s). He could have added Barrington Moore and Robert Brenner, among others. This 'tradition' was eclipsed in much of the self-labelled field of Economic History by the influence of orthodox or mainstream economics in the 1960s and 70s with its foundations in general equilibrium theory, rational choice and methodological individualism, concern with efficient markets, and use of econometric techniques rather than causal narratives to establish the strength of supposedly causal correlations in economic statistical aggregates. A perusal of most Economic History journals of the past 30 years reveals that this orthodoxy is certainly powerful. 'Official' Economic History indeed became largely (but certainly not exclusively) of this type and not just in the Anglo-sphere. But this was less dominant than Boldizzoni claims and many economic historians were always concerned with the influences of institutions, culture, and governance. Indeed in 2013 I would guess that the institutionalist turn has now become dominant, as revealed by, among many other recent examples, the influential work of Acemoglu and Robinson (2012), McLean's new overview of Australian economic history (McLean, 2013) and the excellent books produced in the Global Economic History series by Brill publishers of Leiden (Prak & van Zanden, 2009–2013).

But two points need to be made immediately about the present institutionalist orthodoxy. The first is that the institutionalist turn is not predominantly a return to structuralism. As Boldizzoni cogently argues, the absorption of institutionalism into rational choice theory simply widened the orthodox theory as an *ad hoc* adjustment to trenchant criticism. Northian institutions are rationalist sets of rules that either hinder or help the inexorable rise of market capitalism and individualism. Secondly, as mentioned and as Boldizzoni shows, the study of the history of economics has always been much wider than the 'official' tradition. Indeed, heterodox economic history has continued to flourish and is published in many places other than the eponymous journals. A wide range of social science and history journal articles and books (scholarly and popular) that take a broadly structural-historical position continue to appear, some of which he discusses. These are not often self-described as 'economic history', however, but that is what they are, among other things. In fact what they are is examples of broad 'social science history' with the emphasis on 'history'. That is what he is in effect defending. The problem here, however, is that 'social science history' lacks coherence, which undermines its persuasiveness. The assertion that it needs metatheory doesn't help. Orthodox economic history became and is powerful, as with orthodox economics, precisely because it is coherent and simplifying in its foundational assumptions and causal theory. Indeed it has a metatheory, or an ideology, more accurately. The alternative of messy, complex, comprehensive, realism, is harder to formalise and harder to systematise. Those predisposed by temperament and youthful influence to be historically minded tend not to mind messiness and *ad hoc*, sometimes incoherent, explanations with unexamined assumptions and metatheories. But the lack of persuasiveness in some of their explanations should bother analytical scholars.

The tension between simplifying theory and historical complexity was present at the very beginning of social science. Theorising and writing about the history of economies, conceptualised as structural or systematic entities, began in the mid-18th century

¹ Including recently in Drukker (2006); Milonakis and Fine (2007); Lloyd (1986, 1993, 1997, 2008, 2009); Sewell (2005); Tilly (2007).

with Adam Smith and his Scottish colleagues (Meek, 1976). But in a wider sense the study of ways in which people gained their material livelihood is much older, being of interest to, *inter alia*, Ibn Khaldun (14th century) and later Giambattista Vico (early 18th century). Smith and company were very interested in the history of production systems, or 'modes' of production in Marx's more developed conceptualisation of the same topic. Indeed, that was one of their greatest contributions. That economies have histories – that they have a tendency to evolve through stages – was a powerful idea but one in which later Classicists (most notably Ricardo) were little if at all interested. The subsequent history of Anglo Economics from the later 19th century was one of an increasing division between historically oriented thinkers and abstract deductivists. By the late 19th century the British Historical School was eclipsed and they 'retreated' into becoming explicitly economic historians. Economic History as an explicitly labelled and supposedly distinct discipline or sub-field or branch of human-social enquiry is thus an invention more or less of the Angloworld in the late 19th century. Orthodoxy, on the foundation of the double abstraction of the economy from the totality and of conceptual categories rather than concrete descriptions as well as hypothetico-deductivist logic, was consolidated in the guise of Marshall and the positivists. The heterodox opposition cohered around realist foundations of historicism, institutionalism, and evolutionism. But they lacked a persuasive theory once old evolutionism lost its appeal. Anglo Economic History or 'Old Economic History', as its critics later dubbed it, had an inductivist and causal-narrative methodology that implicitly accepted the reality of the economy as a structural system that evolved over time. By the 1950s and 1960s some economic historians had fallen completely under the spell of orthodox economics and adopted its methodology, electing to become applied economists. A division within Anglo Economic History opened between the New and the Old Economic Historians. Ironically, mainstream economics went on ignoring the historical dimension and still does.

Elsewhere in the Western World in the 19th century there were other groups of scholars who studied inductively the history of economies as being an essential component of economic theory. In Germany and other parts of Europe there was a different history of intellectual development, partly because of the differing histories of those places (constitutional, political, social, economic) compared with Britain. Inductive historical economics was the dominant approach. But there too the history/social science distinction took hold, despite Max Weber's and others' valiant attempts to hold the two together. Unlike in the Angloworld, however, the historical approach to social explanation remained stronger into the 20th century, as Boldizzoni shows at length, partly due to the influence of Western Marxism, a resolutely historical approach to social explanation. Indeed, the work of Weber, Bloch and Febvre, and later Polanyi, Braudel, and Schumpeter, must be read, at least in part, as debates with and amendments of Marx.

A key difference, then, perhaps the most important, between these 'continentals' and the orthodoxy in Economics and Economic History is abstraction. The bracketing of other aspects of the human/social world – complex aspects of motivation, social interaction, social understanding, social structure, culture, and the evolutionary nature of all these – and corresponding concentration on what is defined as the supposedly unchanging rational-economic motivation, choices, and behaviour of individuals (as if these could be studied separately and independently of all other aspects of the life and mentality of humans), has been the fundamental commitment of Economics as it strove to become a naturalistic science from the 1880s onwards. The heterodox traditions in Economics, from that time onwards, always clung to the structural ontology. Historical economics, early institutionalism, early evolutionism, later Post-Keynesianism, and more recently

Neo-Marxism and some aspects of Neo-Darwinism, rejected methodological individualism.

Coming from this 'continental' point of view, then, Boldizzoni's fundamental argument, the *raison d'être* of his book, is that orthodox economic history is too ontologically narrow, has an incorrect theory of human behaviour, is teleological, and is captured by inappropriate econometrical techniques. Against this is the argument that the economy, despite the history of abstract orthodox economics of the past century or more, is not actually an autonomous domain that can be described and analysed apart from a wider structural system of human behaviour, social relations, institutions, ideologies, cultures, and spatial distributions. This fundamental idea has been argued and defended extensively throughout the history of the heterodox movement in economics and political economy. More recently many schools of Neo-Marxian, Post-Keynesianism, Polanyian, Evolutionary, Sociological, and Political Economy approaches to historical social science, have all advanced this broad idea. But orthodox economics, being in thrall to what was understood as atomistic natural science methodology, made a concerted attempt to scientise economics as a branch of natural science that could discover and enunciate the laws of economic behaviour as the fundamental realm of human activity. Social relations, institutions, and culture were bracketed by a *ceteris paribus* move; but then some economists, full of hubris, attempted to take over all social explanation. This economic imperialism is well criticised by Boldizzoni.

Socio-economic historical enquiry, as practiced by those who have implicitly or explicitly employed a heterodox (historical structural-systemic) approach ever since the 19th century, has long since revealed that in reality the history of material production and exchange has always been bound up with non-economic forces of social structure, ethno and cultural nationalism, state formation, political and constitutional inheritances, public policy, natural environmental conditions, resource endowments, and geopolitics. It is quite clear that as industrial capitalism has spread around the world in recent centuries the socio-economic history of particular countries and regions has been influenced strongly by these forces. In particular, the emergence and significance of various state regimes of explicitly developmental political economy, beginning in the early 19th century, including mercantilism, laissez faire, communism, fascism, free trade imperialism, and social democracy, which have been successive and overlapping ideological/policy frameworks of world economic history for the past two centuries, have owed much to these intersecting structural forces. Despite implicitly knowing this as a discipline of enquiry, economic history, unfortunately, has not always sufficiently incorporated these dimensions into explanations.

Thus the most fundamental aspect of the dispute between orthodox and heterodox approaches to socio-economic historical explanation is ontological – about the nature of social reality and how, therefore, explanation should conceptualise its basic task and thus how the object of enquiry can be analysed into its constituent elements and causal relational structure as a systemic totality. Being a total, integrated, system does not preclude analysis into its internal causal powers and relations. Institutions, social relational structures, geographical forces and relations, and the economic production system are elements that have to be grasped within this systemic whole. The critical realist argument for the foundation of social explanation (Lawson, Lloyd) articulates and advances the basic philosophical framework that heterodox economic historians have adopted, if only implicitly.

Boldizzoni's argument about all this certainly makes a powerful statement but important elements, mentioned above, are missing if we want, as he does, to construct a more powerful foundation for Social Science History and overcome the idiographic/nomothetic division that has bedevilled socio-historical explanation for more

than a century and is reflected in the unfortunate institutional and intellectual division between history and social enquiry so prevalent in universities and the wider public understanding.

Firstly, there is critical realism. The Old Economic History and Social Science History tradition has an implicit realist ontology. More recently, the critical realist school of History and Economics (including Lawson, Lloyd) has extensively articulated the realist philosophy of explanation, which combines ontology and epistemology of structural reality together to provide a thorough critique of the appearances of the social world (individual and aggregate behaviour, rationalisations, memory, self understandings) as being a not always a reliable guide to reality. The phenomenal levels of a multi-dimensional, relational system (especially human behaviour) are but the surface of a more complex social and mental world. Perception is not the index of reality. Neither epistemology nor ontology has priority in this explanatory framework.

Secondly, there is methodological structurism. Boldizzoni gets close to articulating this with his discussion of Giddens, Archer, and other social theorists who have advanced the idea of structuration. But he needs to take another step to see that methodological structurism, which links agency and structure in a more complex way than individualism and holism, as a means to approach the structuring process of the social world, is in fact the methodology employed by some of his heroes, such as Geertz and Le Roy Ladurie, as well as Brenner, Moore, and others. (Lloyd, 1986, 1993; Milonakis & Fine, 2007)

Thirdly there is theory. Without having the conveniently simplifying methodological individualism and rational choice available, socio-historical theory is harder to develop. Theory is not just some useful concepts but an integrated set of concepts about structural relations and causal mechanisms and processes. Rational choice is a theory of decision-making and behaviour, which links to a concept of the economy as an aggregate set of behaviours. As such it is not realistic in the sense of according reality to structural entities or mentalities. Realist theories do accord reality to structural relations as being emergent properties, with powers, that are able to influence human agency. Rational choice reduces agency to, precisely, rational choices derived from self-interest. The realists say this is absurdly narrow and empirically unwarranted. There are several realist theories of society and social change, including Marxist class and material interests theory, Weberian theory of the intersection of class, status and power, Polanyian theory of the embeddedness relationship of economy and society, various forms of Varieties of Capitalism theory, sociology of capitalism theory, and Neo-Darwinian theory of socio-cultural change. All rest on a structural ontology that accepts the reality of social relational entities and social power. Boldizzoni's hostility to Darwinian theory is unfortunate for this burgeoning sub-field has much to offer social science history (Lloyd, 2008, 2013).

Together critical realism, structurism and relational theory force the idiographic/nomothetic division to collapse. The circularity of reasoning between general concepts, empirical observation, inductive theorising, refinement of generalisations, further empirical observation, further explanation, and so on, in an endless cycle that is driven by a regulatory commitment to ever improving (rather than finally arriving at) detailed description and explanation. WG Runciman (1983) articulated at length this approach, including his theory of socio-cultural evolution. No better foundation for social science history has since been proposed, in my judgement.

The basic idea of the social science history framework on these foundations, then, is that there is an interpenetration of empirical observation, description, theory-building, and constant scepticism. Historicism rather than teleology is vital. The reality of structure and its complex historicity that is driven by human

agency necessitates an appropriate methodology. Structures have many dimensions and levels of aggregated complexity. All these dimensions are equally important and fundamental to explaining socio-economic history. None has primacy as a determinant of long-run socio-economic history. Nor should any be trying to conquer (or imperialise) the others. It is not helpful to replace narrow *a priori* determinisms with just a new more broad kind. That is, the causal processes of societal and economic change and development can neither be reduced to any one fundamental force nor to some pre-constructed combination of these forces. Rather, according to the argument here, geographical foundations (particularly natural environments, resource endowments and spatial patterns), institutional organisations (including the regime of political economy that links the state's policies with the organisational and governance structure of production), and social structures (including social class and the social organisation of markets and production), being the fundamental explanatory variables, are not in some fixed relationship with each other as a hierarchy or tetrachy of causation.

To conclude: how successful has Boldizzoni been in his resurrection task? He has certainly made a very valuable effort. Historically oriented Old Economic History has been rediscovered (having not died after all) although he found it living in a peripheral town, having been driven out of the city by its powerful sibling. This Oldie was nurtured in that town by sympathetic friends from the humanities, whom it has been endeavouring to convert to the True Path of historicity. Those humanitarians have been happy building their own community and don't care for the glitzy but shallow world of the Scientific city. But contact has always been going on around the outskirts of the two communities and a realisation has dawned in the City that some reform should be made. Boldizzoni, the latest in a series of prophets and mediators, has tried to persuade the City people to come over to the Town and merge their activities. His persuasiveness is on the right track and his capacity to articulate the programme of the Townsfolk is certainly impressive. But his exhortations are too strong for many city dwellers. He is unlikely to achieve a rapid and successful outcome of his hope, despite the power of his rhetoric and the quality of his learning. This is partly because of the gaps in his argument, and, moreover, due to the stubbornness and cleverness of the city people who cannot easily be persuaded to abandon their contented, satisfying, lifestyle. This is especially so now that they have recently borrowed an idea of institutions to play with, which is proving to make them very excited. Nevertheless, their work is still severely vitiated by their desire to hold onto the core of their ways, which some of them seem to know deep-down, as revealed by their incorporation of some of the offerings from the humanities Town into their belief system. This is the situation today. Boldizzoni's voice is loud and clear in the marketplace but an augmented argument is needed to persuade the undecided young bystanders, who should be open to new ideas.

References

- Acemoglu, D., Robinson, J., 2012. *Why Nations Fail*. Random House, New York.
- Drukker, J.W., 2006. *The Revolution that Bit its Own Tail. How Economic History Changed our Ideas on Economic Growth*. Aksant, Amsterdam.
- Lawson, T., 1997. *Economics and Reality*. Routledge, London.
- Lawson, T., 2003. *Reorienting Economics*. Routledge, London.
- Lloyd, C., 1986. *Explanation in Social History*. Blackwell, Oxford.
- Lloyd, C., 1993. *The Structures of History*. Blackwell, Oxford.
- Lloyd, C., 1997. Can economic history be the core of social science? Why the discipline must open and integrate to ensure the survival of long-run economic analysis. *Australian Economic History Review* 37 (3), 256–266.
- Lloyd, C., 2008. Towards unification: beyond the antinomies of knowledge in historical social science. *History and Theory* 47, 396–412.
- Lloyd, C., 2009. Historiographic schools. In: Tucker, A. (Ed.), *A Companion to the Philosophy of History and Historiography*. Wiley-Blackwell, Chichester, pp. 371–380 (Chapter 33).

- Lloyd, C., 2013. Evolution theory and economic history: a partnership of mutual necessity? In: Granda, J., Schreiber, J. (Eds.), *Perspektiven durch Retrospektiven: Wirtschaftsgeschichtliche Beiträge. Festschrift für Rolf Walter*. Böhlau Verlag, Weimar, pp. 193–210.
- Milonakis, D., Fine, B., 2007. Douglass North's remaking of economic history: a critical appraisal. *Review of Radical Political Economics* 39 (1), 27–57.
- Meek, R., 1976. *Social Science and the Ignoble Savage*. Cambridge University Press, Cambridge.
- McLean, I., 2013. *Why Australia Prospered*. Princeton University Press, Princeton.
- Prak, M., van Zanden, J.L., 2009–2013. *Global Economic History Series*, 9 vols. to date. Brill, Leiden. <http://www.brill.com/publications/global-economic-history-series>
- Runciman, W.G., 1983. *A Treatise on Social Theory. Vol. I: The Methodology of Social Theory*. Cambridge University Press, Cambridge.
- Sewell, W., 2005. *The Logics of History: Social Theory and Social Transformation*. University of Chicago Press, Chicago.
- Tilly, C., 2007. Three visions of history and theory. *History and Theory* 46, 299–307.