

1 What is Economic History?

The discipline known as 'economic history' (*histoire économique* in French, *Wirtschaftsgeschichte* in German, *storia economica* in Italian, *historia económica* in Spanish and Portuguese, *ekonomicheskaja istoriia* in Russian, *jinji shi* in Chinese, *keizai shi* in Japanese) is the history of facts and of economic events, as they relate to individuals, firms or communities. As such, it differs from the 'history of theories', i.e. the history of economic doctrine. The definition of economic history just given needs to be both narrowed and extended. It needs to be narrowed by pointing out that 'economic history' is to be taken as meaning the economic history of people. One might after all imagine economic histories of ant-hills or of bee societies. Indeed, the natural world itself possesses an economy of its own, the history of which certainly deserves to be written. Yet we normally restrict the term 'economic history' to the history of human beings, be they white, yellow, black or brown, palaeolithic, neolithic or members of an industrial society. This point, which at first sight seems trite, means that economic history must take account of the physiological and psychological characteristics specific to humans, of their rationality and irrationality, and of their mental, social and cultural characteristics, as these appear in both individuals and communities.

On the other hand, the above definition of economic history also needs to be interpreted broadly. The term should refer not only to the chronicling of economic events but also to the analysis of their close and inextricable relations and interactions with social, political and cultural events and institutions.

Economic history is a relatively young discipline. There existed a kind of proto economic history as early as the seventeenth century, but it was not until the second half of the nineteenth century, and, more decisively, the start of the twentieth century, that economic history emerged as a fully-fledged and academically respectable discipline. In a polemical and colourful vein, Henry Hauser wrote that

Grand History traditionally left such scraps disdainfully to one side. Interrupt a tale of glorious exploits to note the price of wheat; replace an eloquent harangue

with the history of the candle, of sugar or of coffee; retell the story of spices and spice-traders? That would never do! To relate the life of Master Jourdain the Draper, of Master Josse the Goldsmith and of Master Dimanche the Taylor, of this journeyman capmaker or that mason's apprentice, of tradespeople and riff-raff: that would spell the downfall of History.

Between 1846 and 1856, George Grote, one of the most distinguished Hellenists of his time, managed to publish a monumental *History of Greece* which, where it touched on economic and social life, did so only in passing. Nowadays, a hundred years later, that would be totally inconceivable: even general histories now commonly devote entire chapters to economic and social matters.

Having emerged therefore in the second half of the nineteenth century, the new discipline underwent such extraordinary development during the period from 1930 to 1970 (despite the intervening Second World War) that some of its branches began to go their own way. There are now specialized journals (see table 1) and even university courses given over specifically to the history of population, the history of commerce, the history of agriculture, the history of industry, the history of money and banking, the history of transport, business history, and social history. The history of economic history over the last three centuries thus provides a fascinating example of the birth, growth and evolution of a new discipline.

Economic history and to an even greater extent those disciplines that have grown up around it are, however, the result of an artificial partitioning of human activity. Like *homo faber* or *homo philosophicus*, *homo oeconomicus* is a pure abstraction. Reality consists of people in all their biological, psychological and social complexity. Similarly, society does not function in watertight compartments: it operates rather as a vastly complex whole, articulated at different but inextricably interdependent levels. In real life, there is no such thing as economic history, just as there is no such thing as political history, social history, cultural history, or history of technology. Instead there is just *history* – that is to say, life in its infinite and complex variety, a magma in continual flux, powerful yet fragile. For the sake of descriptive and analytic clarity one is obliged to make use of the categories mentioned above. But one must never lose sight of the fact that such categories are the product of heroic efforts at simplification, at times verging on absurdity.

This means that, in order to gain a fully rounded picture of the phenomena that they wish to study and describe, even when these phenomena are of a purely economic nature, economic historians must take into account the findings of other disciplines, such as the history of technology and science, the history of medicine, archaeology, anthropology, numismatics, the history of law, the history of philosophy, diplomatic and military history, the history of religions, the history of art, and the history of architecture. All these disciplines (not listed here in order of importance) are able to make substantial contributions to our

Table 1 Journals of social and economic history: date of first issue and country of publication

<i>Hansische Geschichtsblätter</i>	1871 Germany
<i>Vierteljahrschrift für Sozial und Wirtschaftsgeschichte</i>	1903 Germany
<i>Revue d'histoire économique et sociale</i>	1908 France
<i>Business History Review</i>	1926 USA
<i>Economic History Review</i>	1927 UK
<i>Journal of Economic and Business History</i>	1928 USA
<i>Annales d'histoire économique et sociale</i>	1929 France
<i>Rivista di storia economica</i>	1936 Italy
<i>Journal of Economic History</i>	1941 USA
<i>Past and Present</i>	1952 UK
<i>Scandinavian Economic History Review</i>	1953 Sweden
<i>Agricultural History Review</i>	1953 USA
<i>Journal of Transport History</i>	1953 UK
<i>Kwartalnik Historii Kultury Materialnej</i>	1953 Poland
<i>Economia e storia</i>	1954 Italy
<i>Australian Economic History Review</i>	1956 Australia
<i>Afdeling Agrarische Geschiedenis Bijdragen</i>	1956 Netherlands
<i>Journal of the Economic and Social History of the Orient</i>	1957 Netherlands
<i>Histoire des entreprises</i>	1958 France
<i>Technology and Culture</i>	1959 USA
<i>Comparative Studies in Society and History</i>	1959 USA
<i>Jahrbuch für Wirtschaftsgeschichte</i>	1960 Germany
<i>Rivista di storia dell'agricoltura</i>	1961 Italy
<i>Indian Economic and Social History Review</i>	1963 India
<i>Annales de démographie historique</i>	1964 France
<i>Explorations in Economic History</i>	1964 USA
<i>Journal of Social History</i>	1967 USA
<i>Histoire sociale</i>	1968 Canada
<i>Anuario de historia económica y social</i>	1968 Spain
<i>Journal of European Economic History</i>	1972 Italy
<i>Revista de historia económica e social</i>	1978 Portugal
<i>Società e storia</i>	1978 Italy
<i>Revista de historia económica</i>	1983 Spain
<i>Boletín de la Asociación de demografía histórica</i>	1983 Spain
<i>Annali di storia dell'impresa</i>	1985 Italy

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understanding of economic history, and might therefore be considered subsidiary to economic history. Yet this would involve a distortion in perspective. For economic history might equally well be considered just one of the subsidiary disciplines of any of those listed above. It depends on one's vantage point.

In the term 'economic history', the word 'history' is liable to give rise to misunderstandings regarding the object of the discipline. After all, 'history' tends in everyday usage to refer to antiquarian matters. It is

therefore all too easy to draw the inference that economic history is about, or ought to be about, economic events of the distant past. This notion, however, is quite mistaken. It is true that history is concerned with the past. But all events, inasmuch as they are indeed events, have already occurred and therefore belong to the past. The difference between the past and the future is that, whereas the former consists of events that can be neither blotted out nor modified, the future offers a range of alternatives. What we call the present is no more than that fleeting instant which as soon as it is perceived as factual reality already belongs to the past. History, inasmuch as it is concerned with events and not with predictions, is about the past; but this past may be extremely distant or on the other hand very recent, dating back to palaeolithic times or no further than the day before yesterday. Accordingly, I find nothing to quarrel with in the definition of economic history given in the *Dictionary of Modern Economics*, by Horton, Ripley and Schnapper (1948, p. 106): 'Economic history is the study of past and present economic events in one or more countries' (my emphasis).

It does of course make a considerable difference whether one studies events that occurred hundreds or thousands of years ago, or events that happened only a few years or months ago. The disparity in time is bound to be reflected in the type, quality and quantity of information available. Furthermore, the historian who studies the distant past has greater opportunities for placing events within a historical framework that takes account of their long-term consequences. On the other hand, the greater the period of time separating the historian from the events studied, the more difficult it becomes to gain an understanding of the mentality and culture of the people concerned.

There are therefore marked differences in the methods and training of economic historians, according to whether they study periods that are remote or recent. Economic history, however, is concerned with the whole of the past. As W. Kula has written, 'the notion that economic history is a science of the past and economics a science of the present just won't bear scrutiny' (1972, p. 78).

Like economic history, economics is a relatively young discipline: it was not until the second half of the eighteenth century that it underwent substantial development. In the course of its development, it too has split into numerous sub-branches, each giving rise to a specialized literature, specialist journals and specialized university courses. As a result, one now speaks and writes of macro-economics, micro-economics, political economy, econometrics, industrial economics, labour economics, the economics of transport, the theory of money and banking, agricultural economics and health economics. In Italy there are university courses on the economics of tourism. There is an evident parallelism between the sub-branches of economics and those of economic history. The counterpart of macro-economics is general economic history. The counterpart of econometrics is cliometrics. The counterpart of micro-economics is business history. And so on.

To clarify the relationship between economics and general economic history, it is useful to consider,

- (a) the issues addressed by the two disciplines and the conceptual instruments they deploy in their analysis;
- (b) the aims of the two disciplines.

Let us first look at the kind of issues that the two disciplines tackle and the conceptual instruments that they deploy. Clearly, a study that sets out to establish the date of birth of a particular tradesman cannot be deemed a work of economic history simply because the key character under investigation happens to have been engaged in trade. Similarly, a paper detailing the marital mishaps of a banker cannot reasonably be viewed as a work of economic history unless the said mishaps were the principal cause of the man's subsequent bankruptcy. In order to qualify as economic history, a given piece of research must tackle issues of an economic nature – that is, to put it crudely, issues that relate in some way to the three basic questions in economics:

- (1) What to produce?
- (2) How to produce it?
- (3) How to distribute the product?

In practice, these three questions branch out into a series of more specific questions relating to the determination of prices; the allocation of scarce resources; short-term and long-term variations in production, employment, and demand, and their structure; variations in the distribution of wealth and income; and so on.¹

To qualify as economic history a piece of research must employ the conceptual instruments, the analytical categories and the type of logic forged by economic theory. This point was made back in the late nineteenth century by Luigi Cossa, when he wrote that economic theory 'must supply economic history with the theoretical criteria indispensable for the selection, co-ordination and evaluation of the facts, circumstances, and institutions which represent the substance of economic history' (1892, pp. 26–8).

One may be tempted to object that the conceptual instruments and the paradigms developed by contemporary economics are ill suited to the interpretation of a very remote and hence different reality. The objection is fundamentally incorrect, or at least is in need of substantial qualification – we shall return to this point in chapter 5. The fact remains that, if a particular analysis, taking events of economic history as its subject, fails to employ concepts, categories and paradigms borrowed from economic theory, not only will it not qualify as economic history, but its findings are also liable to be highly questionable. On the other hand, it must be conceded that the most sophisticated techniques of economic

¹ But see the points made below in chapter 2.

theory can safely be ignored by economic historians. As T. W. Hutchinson has pointed out, '[sophisticated] abstract analysis has no real-world use. . . . Evidence fed back from real-world users seems to . . . suggest that the analysis which is actually useful . . . is of a basic and fairly unsophisticated "sophomore" level, and that more sophisticated models are just as likely to be misleading as helpful in real-world advising' (1977, p. 93).

There is of course nothing to prevent the economist from delving into and taking examples from the past, and, equally, nothing to prohibit the economic historian from studying contemporary economic phenomena. Moreover, within certain limits, to be examined below, economic history and economics should not only address the same issues, but also use the same conceptual instruments and analytic categories. It is thus not surprising that an economist of the calibre of A. K. Cairncross should have written, 'I find it difficult to think of economists and economic historians as separate animals. Their interests are fundamentally the same. The job of the economist is to explain how the economy works; the job of the economic historian is to explain how it worked in the past. But the one runs into the other.' Yet economic history and economics are and remain two quite distinct disciplines.

As a rule, economists are future-oriented. John Maynard Keynes argued that 'the economist must study the present in the light of the past for the purpose of the future'. And John Hicks reiterated that 'much of the work of economists is concerned with the future, with forecasts and with planning' (1979, p. 62). Having identified certain economic variables as relevant, economists look for regularities in the relations between those variables. To put it crudely, they are interested in uncovering 'laws' on the basis of which they can produce reliable forecasts and plans. Economists arrive at their 'laws' and paradigms either by way of concrete factual analyses (hence, by way of an analysis of a more or less recent past) or by means of formal deductive logic. Even when using abstract deductive logic, they rely on notions and relations which, however intuitive they may be, are substantially derived from experience. Hicks, then, after making the remark quoted above, quite rightly feels obliged to add, 'But forecasts are trivial and planning useless unless they are based on facts; and the facts that are at our disposal are facts of the past. It may be recent past, but it is past all the same.' Yet economists remain future-oriented and, to a lesser or greater degree, depending on whether their forecasting techniques are merely extrapolative, or adaptive, or reflect so-called rational expectations, implicitly assume that the future will somehow reproduce the past.

Historians, by contrast, are resolutely past-oriented and thus neither worry about the future nor claim any ability to influence it. At times they may feel tempted to emphasize certain apparent analogies and even to rough out a few 'laws'. But these are perilous deviations. Whereas economists use past experience to predict or to attempt to influence the future, historians content themselves with observing the past in order to

understand it on its own terms. As Hempel remarked, 'history – in contrast with the so-called physical sciences – is concerned with the description of particular events of the past, rather than with the search for general laws which might govern those events'.

This difference in the orientations of economists and historians entails two different methodological approaches. Anxious to identify working paradigms, economists tend to consider only those variables that seem to display certain regularities in their reciprocal relations, and that reflect predictable and rational forms of behaviour. Numerous other variables, summarily condemned as 'exogenous', are jettisoned or ignored. As R. C. O. Matthews and C. H. Feinstein aptly observed, 'what economists usually do is try to set up a limited model of the system's laws of motion, embracing some aspects only and relegating the rest to the category of exogenous. . . . Exogeneity [however] is an attribute of the chosen framework of the thought, not an attribute of the events themselves' (1982, p. 13). The number of endogenous variables accounted for by economists in their models may be taken as k .

Economic historians cannot proceed in the same way. To explain the functioning and performance of a particular economy, economic historians must endeavour to take into consideration as many variables and as much evidence – both economic and non-economic – as possible.² They have to take account of legal institutions, social structures, cultural factors and political institutions, both as regards the impact of such institutions and structures on the performance of the economy in question, and, equally, as regards the impact of the economic situation on the said institutions and structures. Historians must consider geographical and environmental circumstances, climatic variations, the biological conditions of the human population, as well as the populations of animals, microbes and viruses coexisting with or afflicting the human communities.

Nor can economic historians afford to neglect any of the other minute variables and accidents – be they rational or irrational, predictable or unpredictable – that play a part in the development of a given historical situation. To the economic historian, the stomach-ache that prevents a businessman from clinching a particular deal, the unforeseen and unforeseeable outbreak of an epidemic, the declaration of a war, and the erratic action of a fanatical Middle Eastern leader in sabotaging oil supplies are all relevant endogenous events. In other words, economic historians have to take into account as many as possible of the n variables of a given historical situation.³ What economists dismiss as 'noise', 'disturbance' or

² This is true as a first approximation. The issue is investigated in greater detail in chapter 4.

³ The difference between the economist's and the historian's points of view of accidental events was already clear to Karl Bücher at the end of the nineteenth century when he wrote, 'The historian of a particular epoch must not forget anything of importance that occurred, whereas the economist can limit himself to indicating that which is normal while calmly leaving to one side whatever is fortuitous' (1893, ch. 3).

as 'exogenous' features may, in the eyes of economic historians, be the very essence of a unique set of historical circumstances.⁴

The set of k variables that interests theoretical economists is considerably smaller and more homogeneous than the set of n variables that historians take into account. It is the limited nature of k as compared to n and the rigidity of the correlations assumed within the set k that give the theorizing of economists its unreal and artificial complexion. And it is the vast range of n , its extreme heterogeneity and its chaotic character that prevent historians from formulating laws and that compel them to recognize the uniqueness of each historical situation.

Keynes held that the very act of substituting numbers for letters to measure the variables or the relations among the variables of a theoretical model was sufficient to render the model unusable as the conceptual instrument of the theory. 'It is of the essence of a model', Keynes wrote, 'that one does *not* fill in real values for the variable functions. To do so would make it useless as a model. For as soon as this is done, the model loses its generality and its value as a mode of thought' (1973 edn, XIV, ii, p. 296). In other words, economists are limited by the generality of their paradigms just as historians are limited by the unavoidable specificity of their narratives.

This point becomes clearer when applied to the distinction that economists make between the 'short run' and the 'long run'. The definition of the 'short run' supplied by standard economic texts is relatively simple and apparently precise: it is that period during which the fixed capital of a firm may be assumed to remain unaltered. Similarly, at the macro-economic level, economists work on the hypothesis that any short-run variations in capital stock will not have any significant impact on the potential or the real gross product. Taking a closer look, however, it is apparent that economists working with macro-economic models assume that in the short run a range of other historical variables remain fixed, including population size and age structure, the level of education and skills of the working population, the technology of the society in question, its legal institutions, political and social structures, its value scales, organization systems, tastes and fashions. This does not constitute a serious problem since the factors mentioned tend to undergo significant change only during periods of upheaval (social and political strife, scientific and technological revolutions, and wars) and then to settle down to relatively slow rates of change. Except during such periods of upheaval, the economist's rough 'short-run' model is therefore a fairly accurate depiction of reality.

⁴ As Lord Bullock observed, any historical reconstruction would be incomplete and misleading were it to exclude 'the impact and chronological order of events frequently unpredictable in their combination and effects, the interplay of personalities, the conflicts of particular interests, the mixture of rational and irrational behaviour, the element of chance' (1977, p. 18).

It is when the focus is switched from the short run to the long run that problems suddenly emerge. In the long run everything is subject to change and it is possible neither to postulate invariable factors or quantities nor to get rid of awkward variables by labelling them 'exogenous'. In the long run everything changes and everything is endogenous. For economists the problem becomes intractable. During the 1930s Keynes shrugged it off with a quip: the long run is of no interest to economists because 'in the long run we are all dead'. After the Second World War, this dismissive stance could no longer be maintained. The problem of long-term economic development forced itself on the attention of everyone – politicians, economists, the general public. A branch of economics known as 'development theory' became fashionable, though it was and remains a total failure. The point is not that 'in the long run we are all dead', but that in the long run every problem is historical. This point is relevant not only in terms of description but also in practical terms. It means that economists and engineers cannot single-handedly orchestrate the development of a country's economy. Back in the 1940s, as China prepared to industrialize, M. Chiang had already grasped this when he wrote,

since we were knocked out by cannon balls, naturally we became interested in them, thinking that by learning to make them we could strike back. But history seems to move in very curious ways. From studying cannon balls we came to mechanical inventions, which in turn led us to political reforms; from political reforms we began to see political theories, which led us again to the philosophies of the West. On the other hand, through mechanical inventions we saw science, from which we came to understand scientific method and the scientific mind. Step by step we were led farther and farther away from the cannon ball – yet we came nearer and nearer to it. (1947, p. 4)

The twists and turns of history point to another problem with economic theory: its assumption that people will tend to act in a rational way. In order to formulate a logical and generally applicable theory, economists have to assume strong associations of a repetitive character between certain basic variables. But this assumption is unrealistic: people rarely behave as expected. 'Man', wrote Cairncross, 'is a wayward and inconsistent creature and his behaviour, as Keynes put it, is not homogeneous through time.' However hard they endeavour to introduce elements of probability, economists work with models that are inspired by what Pascal termed *l'esprit géométrique*.

Historians are concerned not only with a very much greater number of variables, but also with unmeasurable, irrational and unpredictable elements, and with continually changing associations among variables. No convenient assumptions can be made. It is important to stress that the difference between n and $(n - k)$ is not merely quantitative. If it were, one might naïvely believe that in this computer age it would be possible to set up systems equations with a number of variables approaching n and then to

effect a massive 'co-optation of the exogenous'. This is nonsense. Whereas k represents an artificial homogenous set of more or less rational and predictably associated variables, $(n - k)$ is a chaotic set of heterogeneous elements, many of which are utterly unpredictable, irremediably irrational and/or unquantifiable. As if this were not enough, history deploys great imagination in a game involving the perpetual modification in unforeseeable ways of the links by which the variables in this set are related. *L'esprit géométrique* cannot cope with this intractably complicated and variable set. What is required is the finer and more malleable – but arguably less scientific and harder to define – *esprit de finesse*.

But what is this subtle *esprit de finesse*? Even Pascal, who intuitively sensed its existence, was hard-pressed to provide a definition: he stumbles, repeats himself, and falls back on vague and confused phraseology.⁵ Paraphrasing Pascal, I would suggest that the ingredients of the *esprit de finesse* are a gift for sensing the existence and importance of an infinite number of variables many of which cannot be known, measured or defined; an acute awareness of the high frequency of non-linear and (in physicists' terminology) chaotic associations; a deep suspicion of strict relations of causality; and, lastly, a sense of the continuous presence of conditions under which chance and chaos play an important role. *Esprit de finesse* is, as it were, a sixth sense that evolves in gifted historians as a result of their familiarity with their sources, enabling them to be flexible in their conclusions, cautious in their explanations, always aware of the inherent and unmeasurable imprecision of their reconstruction.

History often appears to repeat itself in various ways. Yet, however striking the resemblances to what happened on other occasions, every historical situation is unique and can never be repeated. To resort to a crude analogy, the historical situation is like a person – bound to resemble other individuals but none the less unique for all time. The fundamental fact that history *does not* repeat itself gives the traditional saying *historia magistra vitae* a special significance. Indeed the notion that history repeats itself and the maxim 'history is life's teacher' are incompatible. For, if a particular situation really did recur, those who had emerged as losers on the first occasion would, with the benefit of experience, behave in a

⁵ 'In the [*esprit géométrique*] the basic principles are palpable, but remote from ordinary usage. . . . in the [*esprit de finesse*] the basic principles are those in common usage and in full view of everybody . . . it is only a question of good sight; but it must be good, for the principles are so subtle and so numerous that it is almost impossible that some will not escape notice. . . .

'But the reason why geometers are not subtle-minded is that they do not see what is before them, and that, accustomed to the exact and plain principles of geometry, and not reasoning till they have well inspected and arranged their principles, they are lost in matters of subtlety. . . . [The principles of subtlety] are scarcely seen; they are felt rather than seen; there is the greatest difficulty in making them felt by those who do not of themselves perceive them. These principles are so fine and so numerous that a very delicate and very clear sense is needed to perceive them, and to judge rightly and justly when they are perceived, without for the most part being able to demonstrate them in order as in geometry'. (1960 tr., pp. 264–5)

different manner the next time round. Owing to their change in behaviour, the new situation would differ from the previous one.

Henry Kissinger once wrote that history 'is not a cookbook offering pre-tested recipes' (1979, p. 54). This is the corollary of the previous claim that history does not repeat itself. I imagine that some people at this juncture might wonder what the point of studying history is. To my way of thinking, the pursuit of knowledge is its own justification. In the specific case of history, I find it hard to conceive of a civilized society that would be uninterested in the study of its own origins. History tells us who we are, where we come from, and why we are what we are. To me, all this is elementary. Yet I am certain that some might consider this viewpoint elitist and socially unjustifiable. To such people, infected with Benthamite utilitarianism or current notions of narrow relevancy, it should be pointed out that the study of history has an eminently educational significance. As Huizinga wrote, history is not only a branch of knowledge; it is also 'an intellectual form for understanding the world'. Moreover, the study of history makes it possible to see the current problems that we have to face in their true dimension and, as Richard Lodge wrote in 1894, 'it furnishes the only means by which a man can fairly understand the present'.

The study of history is a practical exercise in understanding human beings and their society. We all tend to be parochial, intolerant and ethnocentric, and hence all need continuously to strive to be informed and sensitive about lifestyles, values and behaviours that differ from our own. After all, this is the basis of all civilized coexistence, both within and between societies. In this respect, it is essential to study history, and to make that journey into the past that historical inquiry entails. Travel opens the eyes, enriches the traveller with knowledge, and broadens the mind. The longer the journey and the remoter the destination, the greater is the challenge to our vision of the world. This is why I believe that those historians who study the more remote periods possess – other things being equal – a subtler and more sophisticated sense of history than those who specialize in periods closer to our own. I do not, however, believe or wish to suggest that the study of history (or, indeed, travel) is all that is required to turn someone into a sage. Were that so, professors of history would all be sages – which is far from being the case. Travel and a knowledge of history are necessary but insufficient conditions for an understanding of human events.

2 Identifying the Issues

Any piece of research must, if it is to be of some worth, attempt to supply an answer, no matter how partial and provisional (there are no definitive answers in scientific matters) to a problem or set of problems. The first thing to do, therefore, when embarking upon an investigation or sitting down to draft a paper, is to formulate the problem (or set of problems) to which an answer is sought. The quality of the answer depends to a considerable degree on how clearly the problem has been formulated. A problem set out in confused, imprecise or inappropriate terms can only give rise to confused and imprecise answers.

In chapter 1 it was argued that economic history has to address problems of an essentially economic nature. This is valid as far as it goes, but needs some qualifying. It does not mean, for example, that economic historians should pounce unquestioningly on issues addressed by the sacred texts of economic theory and then proceed to rerun, within a historical framework, debates already held by economists. This may happen, of course, but in practice a variety of factors come into play that provide for a broad margin of flexibility. Hence, although the problems addressed by economic historians are of an economic nature, they may none the less differ in significant ways from those addressed by economists. There are several different reasons for this.

First, as has already been pointed out, economists aim to identify particular associations among variables, interactions or even 'laws' which hold valid in different historical situations, whereas economic historians aim to describe and reconstruct particular economic circumstances in their historical uniqueness and specificity.

Secondly, with the emergence of economic history as a discipline in its own right, a set of issues has taken shape which, while remaining of an essentially economic nature, pertain to economic history.

Thirdly, the emphasis placed by economists and economic historians on particular phenomena differs according to the type of economy studied. An economic historian studying the slave economy of classical antiquity or the manorial economy of the early Middle Ages is unlikely to worry

about fluctuations in employment levels in the same way as an economist interested in modern industrial societies is.

Lastly, while it is not impossible for economists to refer to economies, economic structures and economic events of the more distant past, their prevailing interest in making forecasts and drafting plans for the near future means that they normally investigate the contemporary economic scene. The issues that arouse their curiosity reflect the current interests of the culture and society in which they live. As consumers of information, economists are therefore more or less attuned to the producers of economic information, since the latter are part of the same culture and the same society as the economists, and therefore share their curiosity and concerns. This match – albeit imperfect – between the demand and the supply of information means that economists normally unearth without great difficulty the kind of information that they need.¹

Economic historians usually work under very different conditions. It has been argued in chapter 1 that there is nothing to prevent an economic historian from studying contemporary economic developments. Indeed, both in Europe and America economic historians have recently shown an increasing interest in the economic events of the twentieth century. Where this is their field of study, they often find, like economists, that documentary evidence of the kind that they require is available. But more often, economic historians concentrate on societies and economies from a distant past. Inevitably the concerns of researchers are not matched by the information at their disposal. The reason for this lies in the fact that the questions raised by historians (like those raised by economists) reflect and arise from the culture and the society to which they belong, whereas the documentary material with which historians must grapple responds to the questions, concerns and curiosity of a different culture, a different society, a different world. As I have written elsewhere, 'we would like to know the size of the population, the patterns of consumption, the level of production of, let us say, the province of Rheims in France at the beginning of this millennium. The documents of the time give us instead detailed information of the miracles performed by St Gibrian in the area' (Cipolla, 1976, p. XIV).

¹ Even among producers and consumers of economic information who live in the same period and country, this match is not always perfect. The consumers are not always sufficiently aware of the conditions and methods by which information is produced. Those who produce information within the public sphere are bureaucrats who, either owing to the nature of their training or for budgetary reasons, are not always able to produce information of the quality desired by the consumers, many of whom belong to the academic world. As regards information originating in the private sector, it is not always in the interest of companies to reveal the details that economists require to complete their investigations. Lastly, governments may find it to be to their advantage to conceal or blur data to which certain groups of scholars would like to gain access. For example, in the United States the budget of the CIA is hidden in the budgets of numerous other government departments. In the Soviet Union, military expenditure has until recently been kept completely secret. In Germany, the Nazi government published information that deliberately underestimated the country's gold reserves.

An essential part of the historian's job is therefore to mediate between the subjective nature of the demand for information and the subjective nature of its supply. This is what Paul Veyne must have had in mind when he wrote that historians are constantly involved in 'a struggle against the viewpoint imposed on them by their sources'.

Economists, sociologists and anthropologists are forced to wage the same battle when they turn their attention to contemporary societies that are economically and socially backward. Towards the middle of the nineteenth century, an English scholar turned to a Turkish Cadi for information about the region he administered – its population, trade and industry, and its archaeological remains. Eventually he received the following reply:

My Illustrious Friend, and Joy of my Liver [an Islamic expression of friendship]!

The thing you ask of me is both difficult and useless. Although I have passed all my days in this place, I have neither counted the houses nor have I inquired into the number of the inhabitants; and as to what one person loads on his mules and the other stows away in the bottom of his ship, that is no business of mine. But, above all, as to the previous history of this city, God only knows the amount of dirt and confusion that the infidels may have eaten before the coming of the sword of Islam. It were unprofitable for us to inquire into it.

Oh my soul! oh my lamb! seek not after the things that concern thee not. Thou camest unto us, and we welcomed thee. Go in peace. (Layard, 1853, p. 663)

The greater the cultural gulf between the society to which historians belong and that which they investigate, the greater the mismatch between their interests and the available information. There is some sense in applying a set of questions derived from current monetary theory to the study of the monetary history of the British Empire during the nineteenth century. But there can be no sense whatever in an attempt to repeat the exercise with the Roman Empire of the second century AD: not a single question could be answered.

For such reasons, historians have to adapt their questions to their sources: in other words, they have to frame their questions with regard to the period and culture that they are studying and the surviving evidence. In this process, historians inevitably distance their concerns so far from those of economists that in extreme cases the latter no longer find the historians' research of any interest whatsoever.

When an economist and an economic historian put their heads together to investigate the economic history of a much earlier society, the inevitable clash occurs right at the beginning of the project, when drawing up a list of issues to be addressed. The economist is likely to suggest topics and problems that strike the historian as anachronistic and ahistorical, since available evidence will not be able to support such an inquiry. On the other hand, the questions raised by the historian – representing an attempt at mediation between what one would like to know and what the sources

disclose – may seem to the economist to be devoid of any economic significance. Indeed, the economist may mistakenly conclude that the economic historian is ignorant of economics.

Recently, especially in the United States, there has emerged a school of economic historians who, having been trained primarily as economists and being concerned above all with contemporary economic history, fail to appreciate the problems posed by the available sources. Concerned first and foremost with the theoretical 'model' that they have fabricated, and failing to unearth adequate sources to substantiate and verify the same 'model', they readily turn to so-called 'proxy evidence', assuming equivalences which instead should often be demonstrated.

It is of the utmost importance for the success of a given piece of research that it should clearly identify at the outset the problem that it seeks to address. This does not mean that the initial formulation of the problem must govern the whole of the subsequent research, for as the investigation progresses unexpected evidence may – and usually does – emerge, bringing to light imperfections, weaknesses or even downright mistakes in the theoretical models and working hypotheses with which the researcher began. To respond to this by digging in one's heels and blindly pursuing a preconceived approach is proof of a closed mind. Historians have to be always on the look-out for indications that they need to modify or overhaul their initial model. In other words, there must be perpetual feedback between the formulation of problems and the process of gathering evidence. It is a sign neither of fickleness nor of inconsistency to modify or reformulate the issues and models with which one is working: rather it is evidence of mental flexibility and intellectual honesty. The aim of research is not to twist facts to prove a theory, but rather to adapt the theory to provide a better account of the facts.