

Interview on a Historian's Life

For a collection of such interviews by

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1. What can you recall about History as being part of your early life and your first studies?

I read popular history books as a child, especially those directed at a previous generation of children, such as H. G. Wells and the historical matter in the old children's encyclopaedia *The Book of Knowledge*, and got a taste for dead people. My father was a constitutional historian at Harvard, and both my parents had a respect for the glorious dead as interlocutors, a respect that stayed with me. I remember my father and mother, both fierce agnostics, reading and discussing intensely, for example, the English Cardinal Newman's *Apologia Pro Vita Sua* (1854).

I attended a good private day school in Cambridge called Browne and Nichols that got me writing history in a high-schooler's way from age 14 on. What would have been my senior year of high school was spent *not* going to school, wandering with my parents in Italy and England --which gave me a lifetime love of Englishry. I went to Harvard College in 1964, intending in fact to major in history. A course on U.S. history from Frank Freidel and one on 19th-century Europe from William Langer did not fascinate me. Furthermore I found that being a history major required you to read an awful lot – and to withhold your political judgments, too (the year 1961 was before the age of candidly politically engaged history). Neither requirement charmed a not-very-scholarly 18-year socialist. So I switched to economics, which seemed more relevant for saving the working class.

2. How was your economic formation and who were the teachers that had influenced you?

In the summer after my freshman year I read the economist Robert Heilbroner's *The Worldly Philosophers*, a popular history of economics which has enticed numerous economists into the field. Me, for example. Decades later I reread this beloved book, to use it to teach undergraduates the intellectual history of economics, and found to my dismay that it was a potboiler from the left, and not good intellectual history. I had in the meantime acquired standards of historical scholarship, and Heilbroner, though a prince of a man, didn't meet them.

In the 1960s the economics on offer at Harvard was highly Keynesian in its macroeconomics and highly sceptical of markets in its microeconomics. It caused a drift in me 1960-1964 from folk-singing socialism to Keynesian policy to economic engineering. The most influential teacher in my senior year at college and early in my graduate study, also at Harvard, was John R. Meyer, a transportation economist and econometrician. Meyer had been a student as an undergraduate himself of the economic historian Douglass North at the University of Washington, Seattle. As a research assistant I (incompetently) helped John edit his collection of articles with Alfred Conrad, *The Economics of Slavery and Other Essays in Econometric History*.

Meyer taught me to think of economics as actually useable to think about economies—a view surprisingly rare at Harvard at the time—and to think especially about applying it to those dead people. Meyer’s colleagues in civil engineering at MIT on a transportation project I assisted in for two summers taught me also to ask always How Big, which became my main obsession as a historian.

I drifted away from transportation economics and into economic history, because the most intellectually charming person at Harvard’s economics department, in a period there with very few such people, was the economic historian Alexander Gerschenkron. I took his seminar in my second year, and the rest, you might say, is history. Gerschenkron, who incidentally was a friend of my father’s, presented in his very person a model of intellectuality. He persuaded the Ford Foundation and the University to support my research into British iron and steel as an instance of alleged “entrepreneurial failure.”

David Landes over in History at Harvard was the implied enemy, as was the entrepreneurial school at the Harvard Business School. In view of my shift late in life to believing that in fact entrepreneurship is central to the Great Enrichment of the past 200 years, I say now in jest: “The first half of my career I thought Landes and his love of entrepreneurship was silly; in the second half I thought it was the key to everything. Plus one minus one equals zero, I suppose!” I went to Britain in 1967-68 with my new bride, coming back to a United States I hardly recognized: Martin Luther King, Bobby Kennedy, Vietnam. A year and a half into my first job, at the University of Chicago’s department of economics (which earlier as a callow socialist and Keynesian I had spurned) I finally finished my dissertation. To my astonishment it won the prize as the best in Harvard’s department of economics that year. I was socialized as an economist, you see, not until much later as a historian, by holding joint positions in the history departments of the University of Chicago (1979-80) and then especially of the University of Iowa (1980-99), where I was very active in the department, and finally of the University of Illinois at Chicago (2000-2015), with sojourns in departments of history at Birkbeck College, London and the University of Manchester.

3. What can you tell us about your first years of teaching at the University of Chicago and your first areas of interest?

Robert Fogel had called up Gerschenkron early in 1968 and asked him who he had, and I was one of the people mentioned. I was flown over to Chicago in my Carnaby Street gear from Swinging London, and made an impression by talking back to the great economist George Stigler when he attacked me in the seminar. Milton Friedman was astonished at lunch when I admitted that I had *not* made money on the long-expected devaluation of the British pound in 1967. I reckoned that the admission had lost me the offer, but Milton was forgiving of the foibles of economic mortals, especially young ones.

By then I was starting to grasp how an economy worked, and so the ideological shift to the “conservative” Chicago School was not great. It would have astonished my leftie-Keynesian self a few years earlier that I ended up at Chicago. It was already in 1968 a fervent believer in the usefulness of economics as a tool for history. Being around Fogel, who was a brilliant, persistent researcher who shared

the belief in the uses of basic economic thinking, was very important. But everyone in economics at Chicago, such as A. C. Harberger, had the same conviction – so different from Harvard’s over-sophisticated skepticism about applied economics.

4. What do you think were the main contributions and shortfalls of the Chicago School?

As is so often true of human enterprises, the contribution was the same as the shortfall. At Chicago, as at very few other departments of economics in those days, people actually believed that, say, supply and demand curves, production possibility curves, the demand for money, and so forth *existed* in the world and could be *calculated*. Decades afterward I was struck by how an economist like Thomas Piketty trained in a different tradition was incapable of using such simple tools, mistaking the case for free markets in the way a bright leftish undergraduate might in the fourth week of his study of the subject.

5. Your first publications were on economic history, like *Economic Maturity and Entrepreneurial Decline: British Iron and Steel, 1870-1913* (1973) and the *Enterprise and Trade in Victorian Britain: Essays in Historical Economics* (1981). How did you become interested in economic history and how was your experience on working on archives and dealing with other things than formulas?

My first work, as you note, was on British economic growth and trade. My very first publication had been a result of another prize, for a good term paper I wrote for Albert Imlah, when he took over Gerschenkron’s graduate class in the spring of 1965. Barry Supple had taught the first term. Gerschenkron had had a heart attack a few weeks into teaching us about index numbers. After an immature paper on national income accounting after I got to Chicago was rejected, and I had slowly recovered my nerve, my first big historical paper was “Did Victorian Britain Fail?” in the *British Economic History Review* (1970). I answered the question with calculations that showed that the answer was, No. At Chicago, besides teaching British economic history to graduate students and American economic history to undergraduates (my language idiocy prevented me from straying from the Anglosphere), I was teaching the graduate students at Chicago “price theory,” as we called microeconomics there. It formed me as a confident – surely overconfident – young applier of economics to the past.

I am not an archival scholar but an essayist. I did a little archival work in London for my dissertation, but afterwards it was libraries, not archives, that were my place to find truth, such as my intense study during the 1970s of English open fields and enclosure. My chief historical joy has always been to find ways to *use* what others had dug out of archives, such as Jan Titow’s great *Winchester Yields* (1972), to test important propositions about those dead people. Sometimes the archival scholars don’t know what questions to ask (Titow is an example, bless him).

6. How did you come up with the essay “Does the Past Have Useful Economics?” (1976) and what were you trying to change?

I was challenging George Stigler, who was trying to eliminate from the graduate curriculum of the Department of Economics at Chicago a requirement that the students read former economists, such as Adam Smith and John Stuart Mill. It was called the “History of Thought requirement.” Stigler taught the required course, but wanted – exhibiting his reliable taste for barbarity – to drop it. He succeeded, against my protest. Harvard had dropped the requirement the year before I became a graduate student in economics there, and did not have any such lectures in the undergraduate program, either. And so until much later I, idiotically, did not read the old economists (except Keynes and Marx in other courses). But by 1975 I knew barbarism when I saw it.

Chicago retained for a while after, however, a required course in *economic history*, that is, the study of the past of economies such as Britain’s or France’s (as against the past of *economics*: itself, Smith, Say, Mill, Marx, Keynes, *et alii*; the ambiguity of the French word *économique*, by the way, makes it hard for French speakers to grasp the distinction). The Department then had in fact out of its two dozen or so members fully three economic historians, Fogel, Arcadius Kahan, and me. So I wrote the essay you mention, in explicit imitation of a blast against the history of thought that Stigler had written, “Does Economics Have a Useful Past?” (Answering: No.) My essay, defending history as a useful study in economics itself, became eventually the core of a little book called *Econometric History* (1987). In 1980, two months after I left Chicago in disgust, the Department abolished the economic history requirement. Now it produces, as most departments of economics do worldwide, young scholars who know nothing about the past of the economies they study or about the past of the subject they study. No dead people at all.

7. What would you say were your contribution to economic history?

In order, the finding that British businessmen did not in the late 19th century “fail,” that foreign trade was not an engine of British growth, that enclosures were not a big cause of British economic growth, that open fields were insurance schemes against localized disasters, that interest rates inferred from grain prices were extremely high in the Middle Ages, that the gold standard worked mainly through commodity arbitrage not gold flows, that the Industrial Revolution was caused by widespread ingenuity instead of investment, and finally, in my trilogy on The Bourgeois Era (2006, 2010, 2016), that liberal ideas, not capital accumulation or imperial exploitation, made us rich and free. I fancy that I was a pioneer in British cliometrics – though that is to downplay people like Clapham and Ashton and Rostow and Cairncross and Thomas who were the real pioneers from the 1920s to the 1950s.

8. From your book *Econometric History* (1987), how would you describe your experience with cliometrics, and how different were historians of economics in USA and Europe by that time?

The editors forced the silly title “econometric history” on it, I think because they didn’t want the economic methods praised there to take over the field in which they worked. In essence, such methods now are world economic history. The pity is that except in Sweden and a few other places the separate departments of

economic history (once very common in Britain, though never in the U.S.) have been absorbed by (that is, abolished by being thrust into) departments of economics hostile to a historical sensibility.

Furthermore, still in 1987 many departments of history itself in the USA had quantitative historians. Now the only numbers are page numbers. It is a loss to the study of the past, which after all sometimes turns on numbers. The size of the Atlantic and the East African slave trades, for example. The astonishing size of the Great Enrichment after 1800. And so forth. In 1987 a good deal of European economic history was practiced, and in some quarters still is practiced, in ignorance of economics, and often suspicious even of numbers. Roderick Floud and I tried to change that in Britain, which was then imitated elsewhere, with our volumes on British economic history. I believe we succeeded.

9. How can you clarify us about that humanities have to do with the sciences? And what would you say today about Economics: it is Art or Science?

I have in the past ten years or so come to understand that the humanities (*Geisteswissenschaften*) are the sciences of quality, of categories – what a thing is, as against how much there is of it. Thus philosophy concerns itself with the existence and character of this or that quality – *qualia* themselves vs. *quanta*, for example, to use the medieval terminology; or valid vs. invalid, to use the modern logical terminology; or virtue vs. vice, to use the categories of ethics; or one species vs. another, to use fraught category in biology. Literary study concerns itself with lyric vs. epic, say, or end-stopped vs. enjambed lines in poetry, or the sense of an ending, or the character of metaphor. Pure mathematics on such a view is part of the humanities, because it is not concerned with how much or how big, but *what*. Are all even numbers the sum of exactly two prime numbers? Yes or no? So is pure economic theory, which again is without scaling. What *is* an externality? A market?

Notice that to measure anything you have to know what kind of thing it is. The humanities, therefore, are – in addition to their core role as the study of human meaning – a first step in any descriptive or policy science. For example, the descriptive science or the policy science of economics.

Therefore it is madness to split the sciences and the humanities. The question whether economics is a science is thus solved. *Of course* it is a science, the way *les sciences* or *le scienze* are used in French or Italian (and in English before the middle of the 19th century).

10. In *How to Be an Economist* - *Though Human* (2000) you tell us about your interest in the humanities. How would you tempt somebody to go into the humanities?

I would not “tempt” them into the humanities. I would point out that if they are going to be any sort of good historian or economist or astronomer they need the first humanistic step of categorization, and they need to be good at it. Thus Marc Bloch or F. W. Maitland. And if their studies are going to have human meaning they need to be humanists as much as archival scholars or quantitative questioners. Lord Acton or Le Roi Ladurie.

11. From your book *Economical Writing* (2000) what can you tell us about the good rules for writing..., and how important it is not to be boring?

It is very important! The calls for narrative history or popular economics, which both such fields hear, are calls to be interesting and to write well, like the Civil War historian James McPherson or the economist and columnist Paul Krugman. In 2019 a third edition of *Economical Writing* will appear from the University of Chicago Press, which will explain all this further!

12. You started to publish about rhetoric of economics in 1983, and the books *The Rhetoric of Economics* (1985) and *Knowledge and Persuasion* (1994) articulates your contributions to the subject. Why do you criticize the "modernist methodology" and how important is the rhetoric in economics?

You forget *If You're So Smart: The Narrative of Economic Expertise* (1990), which is the second of the triad. The first is about metaphor, the second about narrative, and the third about philosophy. They are all connected, and say that mechanical and anti-humanistic methods in economics, and therefore in economic history, do not suffice. "Modernism" is merely the present name for a long, long tendency in the West of imagining that we have a machine for inquiry – Plato and the dialectic, Descartes and clear and distinct ideas, down to the positivists of the 1920s. Such machines of intellect are not evil. They have a role. But they are radically incomplete

13. What failures in economics can be related directly to its sleepwalking in rhetoric?

One big failure arises from not really testing How Big is Big. Economists do not realize, for example, that their rhetoric of "null hypothesis significance testing" is bankrupt and gives meaningless results, a point I made first in *The Rhetoric of Economics* in 1985 and then elaborated with Stephen Ziliak in *The Cult of Statistical Significance* (2008). Thus some economic historians think they are testing market integration by calculating "significant" correlation coefficients between prices of wheat in Poland and in Venice. They do not realize that they need a standard of How Big is Big derived from how we use language to speak of such-and-such places (Oxford and London, say) being the "same" market for wheat in 1400.

Another big failure is not realizing that we as historical scientists (and I include economists in it) are using literary methods of metaphor making and storytelling in our sciences, just as physicists use metaphors and geologists use stories. So we use them clumsily, because unselfconsciously.

And above all economists do not realize that they are deeply committed to ethics and ideology. They claim the opposite, actually.

14. You started your trilogy *The Bourgeois Virtues: Ethics for an Age of Commerce* (2006) right before the 2008 crisis. It was a good time to recall Adam Smith's words on ethics. How would you describe the Scottish Enlightenment's contribution to the knowledge of capitalism?

Yes, Smith on ethics is ever green. But economists (and I would suggest at least intellectual historians) need to read his other book, *The Theory of Moral Sentiments* (1759). I do not think the 2008 Crisis, though, is much of a reason.

15. What are the virtues of capitalism?

Trying things out. The only way to get new things, such as we have to an astonishing degree since the liberal revolutions of the 19th century let ordinary people “have a go” (as the English say), is through trying out commercially tested betterment. If an electric car in 1900 is a failure in the market, the age of internal combustion engines comes. If it succeeds in 2000, the age of electric cars comes. The government is ill-equipped to choose such winners.

The other virtue is massive altruism. A novelty does not survive a commercial test unless it is profitable. Being profitable means that the entrepreneur has found something that masses of people find desirable, such as central heating in cold countries or cheap air conditioning in hot. Being *unprofitable* means that you are harming people on balance, wasting resources to make things they do not want. Markets are the most altruistic system we have. Governments, by contrast, are systems of coercion, by definition producing what people do not want, worsened by corruption impossible in mutually advantageous exchange.

16. At what point in history we got ashamed of capitalism and what were the consequences?

We have always been suspicious of trade. I think it arises from the feeling that you always could have gotten a still better deal, if the other person had been more charitable. The rat! Briefly in liberal Europe and its offshoots we overcame the feeling sufficiently to encourage the Great Enrichment, yielding for a time what Schumpeter called a business-respecting civilization. Since 1848 to begin with and especially after 1917 we have been experimenting with a revival of the ancient hostility to trade. It is called state socialism or state capitalism, anyway the State.

17. What were Max Weber’s contributions to study of capitalism?

Large. But his most famous work, merely because it was the first translated into English in an age in which English social science became dominant, is *The Protestant Ethic* (1905). And it is flawed, as theologians and historians and economists have been arguing since shortly after it appeared. It puts forward, strangely for one of the main founders of modern sociology, a psychological theory of the “rise” of “capitalism” (Weber himself in fact had some of the same suspicion of the story here signalled by my use of scare quotes). The real change was sociological, what I have called the Bourgeois Revaluation after 1700, not the Protestant Ethic after 1517.

18. Would you say literature contributed with the idea of making big heroes and to underestimated normal working entrepreneurs?

Yes, but it’s getting better. Joel Mokyr and I have emphasized the ordinary person, he the ordinary engineer and I the ordinary-ordinary person, so to speak. But what matters more than psychology is sociology, which is to say the

atmosphere of acceptance within which the innovator works. I emphasize the Austrian-economics point that quite humble folk are as important in the mass as Edisons and Einsteins. "A million mutinies" is the relevant phrase, in a society allowing people to start a hair dressing salon or to change jobs easily.

19. In *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010) in what way do you question Marx's ideas about capital accumulation?

Comprehensively. We have to stop thinking of Marx as a front-line historian and economist. He wrote before the professionalization of history and before the neoclassical revolution in value theory of the 1870s, and so most of what he said about history and economics is mistaken. No fault of his, as it were. I am fond of annoying my right-wing friends by declaring that Marx was the greatest social scientist of the 19th century, without compare. But then I add to my left-wing friends that he got almost everything wrong. Which is why I do not have any friends!

20. Everybody is talking about Marx this year, how would you recall him as an economist?

I just said it. *Das Kapital: Kritik der politischen Ökonomie*, his only finished volume (Engels edited two posthumous volumes much later) came out in 1867, based on research in the 1850s and 1860s, which was a fallow time for economic thinking. The 1870s made up for it, but too late for Marx. He was building on Ricardo, who died in 1823, 44 years before *Das Kapital*. Marx didn't have the advantage of the 1870s in economics, which transformed – and enormously clarified – the field. And he was ill-equipped to take advantage of it even if he had lived longer, because he was terrible at mathematics. I admire Marx as I admire Weber (1905) and Karl Polanyi (1944) and other giants, whose brilliance gets them quoted long after they have been shown to be thoroughly mistaken. We want admired classics to be permanently true. But historical science does improve, and we need to keep up to date or else it will stop improving. And people are lazy: they don't like to have to read what came after, standing on the shoulders of the giants, but seeing further. Very few scholars interested in the economy bother to read beyond Marx or his descendant Polanyi. They think modern economics is merely an apology for "capitalism."

21. Do you think we need a new definition of capitalism?

I think we need to get rid of the word entirely. It is extremely misleading on all counts. For example, it leads people to think that economic change is all about piling up capital. It's not. It's about piling up ideas, under a liberal intellectual and economic regime. The funds to follow up on good ideas such as the railway or the modern university or containerization are easily found. And humans have always been capitalists, if it is understood as profit-making (Weber fiercely emphasized the point that gain is universal). What is amazing about the modern world is not large-scale enterprise or big accumulations of capital, but commercially tested betterment. Call it perhaps "innovism."

Exploration

22. How were big economist like Adam Smith and Marx as historians?

I've said what's wrong with Marx as a historian – he wrote too early, before we knew what we were talking about in matters such as the character of the medieval village. Smith is little better, and like Marx was fascinated by “stages.” In fact, Smith, following Montesquieu, was one of the inventors of the stage framework for history, which dominates us to this day, though it is often misleading. People, for example, have been commercial, trading as if in the “commercial stage,” for 70,000 years. We need to use what we have learned since 1776 or 1867 or 1944, not believe what the masters said merely because we love them.

23. In *Bourgeois Dignity* you also talk about Braudel, how would you describe his ideas on markets and “capitalists”?

Not very good. I realized he is worshipped in France, especially by an early generation, but allow me to be candid. Put beside Marc Bloch he is a midget though a pretentious one. Braudel was persuaded that “capitalists” were exploiters and monopolists, which is how he characterized *modern* markets. He was ignorant of economics, in the lazy way that so many historians are. I find his books interesting in detail and aimless and boring in the large. He was a scissors-and-paste historian, not a scientific historian (to use the categories that Collingwood introduced in *The Idea of History*). That is, he simply piled up all he could collect about, say, the Mediterranean, without asking and seeing his way to answering a question.

24. With *Bourgeois Equality, how ideas, not capital or institutions, enriched the world* (2016), you explained how the Great Enrichment happened. What can you tell us about it and how liberal ideas contributed to that?

To summarize 1,700 pages of what I hope is scientific history, I asked whether innovism was good and what caused it. I found it and its carriers, the bourgeoisie, to be good, and the underlying cause to be the accident of the birth of liberalism in the 18th century, Voltaire and Smith and Paine and Wollstonecraft. Making people free from traditional hierarchies – never perfectly so but more and more, 1776 to the present – made them bold to venture economically and intellectually and artistically and politically. Thus the modern world.

25. You have finished your trilogy right when everybody was starting to talk about inequality. Why do you think Piketty was wrong about it?

I can summarize a respectful 50-page review I wrote of his book by observing that he gets the accounting of “capital” quite wrong (he ignores, for example, human capital), has no account of the Great Enrichment that increased the ability to consume by the poorest by 3,000 percent 1800 to the present, and tempts people to indulge the sin of envy, when what the modern world has done is raise us all. It matters more to poor people, the ancestors of most of us.

26. If we were to write a history of charity, what would you say about it as an idea and who were the people that would get more interesting pages?

My student and friend Stephen Ziliak actually knows about the matter. All I can say is what I say in my forthcoming book, *Humane True Liberalism*, that we should help the poor – but quite contrary to, say, Catholic social teaching, that charity is *not* what helps them most. Having jobs after the Great Enrichment is what helps them to riches. The real wage of the average Frenchman has increased since, say, 1848, when socialism and “charity” first become the belief of all *bien pensant* folk, by 3,000 percent.

27. What are the challenges of liberal democracy today?

Its demise. The threats are to, from nationalistic populism and unrealistic (and in the end authoritarian) socialism, Russia now and Venezuela now. In two phrases, the threat is from either right fascism or left fascism, both dating back to Hegel. Anyway, fascism.

28. If you were asked to give something like «the biggest speech of your life», what would say were your main contributions to economics?

Explaining the Great Enrichment, with all the scientific tools of what might be called “humanomics,” an economics and history using all the kinds of evidence we have, *qualia* and *quanta*, from poetry to econometrics.