Economics 210a: Spring 2009

Introduction to Economic History for Berkeley First-Year Graduate Students...

Jan de Vries

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Why Study Economic History?

Last year Jan de Vries spent more time than I had in the past on what he called "apologetics"--outlining why we were requiring first-year Ph.D. students in economics to take an economic history course--and he gave a historian's answer to that question: a narrative, a particular individual story, a talk about the formation of the social sciences and the rise and fall of positivism and the subsequent vicissitudes of economic history as a subdiscipline within economics.

It struck me after last year's class that I should have taken up a bit of time to give the economist's answer to the question of why we make first-year Ph.D. students take economic history, so I will do so now.

I think the economist's answer goes roughly as follows:

Economics is the hyper-positivist of social science disciplines: believing that everything of interest can be reduced to law-like theoretical and empirical propositions modeled after classical mechanics; that what cannot be reliably, repeatedly, quantitatively, and empirically demonstrated does not really exist as knowledge; that the only good social science is a deductive, analytical, model-based, general, experimental science.

But this misses a lot. Because we are people like those whom we study, we have psychological access to our subjects' internal decision-making processes and motivations at a level that we cannot obtain from market price-quantity data. There is lots of interest that happens once and only once. Natural experiments are rare, and so if we restrict ourselves to positivist tools alone much is underidentified. The individuals' preferences--the "tastes" part of "tastes and technologies" are not primitive but are themselves the result of long and complex historical, sociological, psychological, and--yes--economic processes. You need thickly-described case studies and anecdotes looking out from people's insides before you can tell if your statistical results mean what you assert they mean.

Most important, every piece of economic theory is ultimately a piece of crystalized history. And you have a much deeper and more sophisticated knowledge if you know the history that led people to think that elaborating these particular theories was worth doing. If you just do the crystalized stuff--well, there is a sense in which your thought processes are then on crack, unable to properly process and reflect on the systems of analysis you are using.

Of course, there is a parallel answer to the question of why historians should be forced to take economic history courses. It has, I think, two parts. First, certainly since 1800 and perhaps since 1500, what is most extraordinary and salient about our

global society is primarily economic and scientific, so you cannot do post-1500 history without knowing economics anymore than you can do early Byzantine history without knowing theology.

Second, just as every piece of theory is ultimately crystalized history, so every individual historical narrative or judgment is based on a web of implicit social science theories. And your knowledge of the past is inadequate if you do not understand your implicit social science theories critically enough to be expert users of them.

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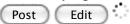
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