

Historical Hierarchies and the "Complication" of Economics: An Outline.

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1. In *Civilization and Capitalism, 15th-18th century* (three volumes 1979-1984), Fernand Braudel, the great French historian recently deceased, provides us with an overall scheme of the world economy that stems from his life-long work on the "histoire de la longue durée".

The central idea of the scheme — extremely useful for the "Ancien Régime" as well as for modern times (Braudel, 1977, p. 111) — is that social reality should be analyzed by means of a "three floor building". On top of everyday life — explains the author — the market economy prospers, which in turn is dominated by high altitude capitalism. Moreover, each floor of the building is connected to its counterparts inside the other sets of reality (social, political, cultural, religious) and unfolds within the geographical space. Hence, like in a relief map, the world economy can be seen as a succession of different altitudes, where central, intermediate and peripheral zones are composed, in different degrees, of non-market, market and top-capitalist sectors; and where the relationships of production of each sector worsen in material and social content as we move from the pinnacle to the base of the human pyramid.

Economic and non-economic sets develop through historical time: short, medium and long term. The latter is particularly used by Braudel to describe and explain processes of "centring", "decentring" and "recentering" of the system — from Venice, to Antwerp, to Genoa, to Amsterdam, to London (and eventually to New York). Hence, the directing centre may move from one town to the next, while the various altitudes of the structure may change their rank through the relative rise and decline of specific zones. At the same time, the overall economic and non-economic hierarchies reproduce themselves: this is the characteristic vertical feature of the system that is doubtless destined to be repeated in innumerable studies of social science.

2. This historical scheme can be seen as a development of the conceptualization already used by the author in *The Mediterranean and the Mediterranean World in the Age of Philip II* (1972). They both emerge from an intense dialogue with geography, sociology, ethnology, but not economics. Braudel's protracted efforts notwithstanding, the latter dialogue did not really take off (see e.g.; Le Goff, 1980; Gemelli, 1984).

Indeed, economic theory looks *prima facie* ill-equipped for explaining hierarchies. It is not developed out of a "vertical observation" as the historical scheme just mentioned (Braudel 1977, P. 35). Rather, it embodies a horizontal conception. For, according to the classical approach, given the quantities of the commodities produced, the condition of their production and the wage rate, the theory determines relative prices and the profit rate. And, according to the neoclassical approach, the allocation of productive factors, equilibrium outputs and prices and the distribution of income are determined once endowment-factors, productive techniques and consumers tastes have been provided. In both cases a single wage and profit (or interest) rate is accounted for.

This postulate, apparently useful for simple theorizing, may have been originally inspired by the formation of the internal markets of the XVIIIth century dominant countries — United Kingdom and France. Ironically, were this hypothesis confirmed, economics would have been based (among other things) on a *quid pro quo* between the reality of the system and a specific — albeit important — event. For the reduction of internal wage and profit differentials that the formation of national markets entailed would have been synthesized theoretically into a single wage and a single profit rate and attributed to the economic system as such. Through them the optical inversion that seems to be stemming from the observation of the system from above was inevitably strengthened. Verticality did not appear to be the product of the overall working of the system. On the contrary, capitalist development seemed to be unfolding in the centre, while the peripheries looked archaic, primordial and therefore precapitalist.

3. Though this school of thought has always been largely predominant, it is true, however, that economic theory can be "bent" to simulate a working of the economy comparable to the historical description provided by the scheme sketched above.

Let us consider, for instance, in a dynamic setting, the classical approach to the working of the economy and study the relation between the rate of growth of output and the growth rate of productivity generated by division of labour, internal and external economies and learning by doing which is usually associated with the names of Young, Verdoorn and Kaldor.

Generally speaking the firms, sectors and zones that are relatively favoured by the working of this relationship improve their relative position and are able to support higher wage rates, while the opposite is true for the units relatively penalized. These changes affect, in their turn, the shape and the internal ordering of the economic pyramid which, at the same time, reproduces itself. It follows, therefore, that this relation between output, productivity and wage rate of the market economy can be singled out as a cornerstone for the explanation of both the existence and the evolution of the economic hierarchy. Furthermore, it can be complemented with the economic analysis of everyday life and high altitude capitalism and gradually developed to approach the modern features of Braudel's historical scheme (Meldolesi 1985b).

4. This is, however, only a point of departure. Under close scrutiny, the gulf between our economic simulation and the historical scheme turns out to be still wide. For one thing: inside economics, history exists only as the starting point of the analysis (e.g. to ascertain the size of the labour force or the efficiency of productive techniques). History is here irredeemable; that is, in the present economic world, it is not supposed to perform any active role. For another: historical description and interpretation is obviously based on human events as they actually occurred, while economic theory builds its world of relationships out of the assumption of self-interest-seeking men (even when — as in classical theory — they are grouped into social classes).

Considering the latter point, let us briefly revert to development economics — one of the most perceptive sectors of the discipline. Ironically, one may recall, precisely at the time when decolonization and other Third World issues were climbing to the top of the international agenda, in 1948 and 1949, Paul Samuelson published two articles on the pure theory of international trade, according to which free trade should be relied upon to equalize *absolute* price factors in the trading countries!

No surprise, therefore, that, at about the same time, a new intellectual adventure was started under the title of development economics: a new economics for poor countries, explicitly separated from the traditional discipline. We are indebted (*inter alia*) to this current of thought — and particularly to the work of Myrdal and Hirschman — for invaluable insight into the problem of economic hierarchies.

5. In *Economic Theory and Underdeveloped Regions* (1957), Myrdal put forward the thesis of circular and cumulative causation of productivity differentials to shed light on social inequalities — this “unexplained general trait of social reality”. In *The Strategy of Economic Development* (1958) Hirschman elaborated on unbalanced growth and on polarization and trickling-down effects to show that regional inequalities are alternatively hardened or softened by the combined working of these effects.

But, in the end, this important intellectual current could not carry the day. Many positive results notwithstanding (like the new vitality imbued in economic analysis, the connection with social preconditions and social outcomes) development economics later experienced a serious decline. Commenting on this event, Hirschman (1981) suggested that the subdiscipline had been unable to match social and political requirements, not economic ones. And that, at the root of the problem, poor countries were supposed to behave like “wind-up toys”; and their people were assumed to be motivated by interests and not passions.

Returning with this idea in mind to our attempted simulation of historical reality, it is immediately clear that it suffers the same shortcomings. Human behaviour is standardized and curtailed to being interest-motivated. The overall working of the system, even the most elaborate we can think of, cannot but be a

pale shadow of a real process. And economic policy will not come out of the process itself: it will embody the bright ideas of a *deus ex machina* (an economist?) descending from heaven.

6. Is there any path available for overcoming this discouraging conclusion? Since, by definition, no way out exists in economics, one may try and walk the other way and address this question to Braudel's economic history. The lack of communication noticed above (par. 2) — one may now gather — was not an accident. Historical conceptualization comes out of a long process of observation and description of social facts. Braudel explains that he has been plunging into, and swimming in them, even forgetting for a while his starting hypotheses; these came back, transformed, once the long scrutiny eventually gave birth to historical concepts (a process that — as it has been suggested by De Maddalena (1983) — ends one step short of proper theorizing).

On the other hand, if one looks back to Braudel's experience, and beyond him goes back into French culture, for a century or so, searching for clues as to the ultimate roots of the *Annales* school of history, this laborious journey will eventually make one grasp — I believe — a chapter of the history of ideas which has yet to be written.

The first paragraph of the latter may deal with the well known fact that modern development of neoclassical economics in the two final decades of the XIXth century is generally presented in the text-books as the contemporaneous product of different schools: the English, the Austrian, the German, the Lausanne schools. Usually the absence of France — and particularly of Paris — is hardly noticed. But it is true, on the other hand, that Léon Walras tried to lead his way to Paris as early as in 1876.

In my opinion the "Paris anomaly" needs to be explained. Its underlying cause, as far I can see, should be looked for in the socio-political conditions created by the end of the century of revolutions (Furet, 1978, p. 16). This new age of republican and democratic France, marked by its own needs of civic cohesion and social improvement, finds a significant intellectual expression in the work of Émile Durkheim and of his school. Perhaps it is the very success of this "scientific sociology", which, at the beginning of the century, leaves no proper room for conceptual, ideological and normative economics — as François Simiand calls neoclassical thinking, in his endless critical reviews published in *Année sociologique* and *Notes critiques*. This veritable campaign in epistemology, together with the development of sociological influences on history, geography and economics, certainly contributed to the cultural background from which the *Annales* school eventually emerged.

7. Keeping these coordinates in mind, we may now return to our problem and ask: if it is true that Paris has been for a long time the intellectual capital of sociology, economic sociology, ethnology, cultural and economic history; if Braudel's historical scheme is a modern outcome of this very tradition; if economics in France — as Malinvaud reminds us (1986) — has been for a long time "Économie Politique",

does all this not hide — among other things — an intellectual potential for proposing a reform of the discipline of economics as well?

This is a field yet to be explored. However, on examination — I believe — it will be possible to discover at least one important clue. I am referring here to Durkheim's *homo duplex* (1914). Though sociology — he explained — is defined as the science of society, it cannot analyze human groups without eventually reaching the individual. His peculiarity consists in the built-in duality of human nature, between body and soul, between the world of sensations and sensitive tendencies on one hand, and the world of concepts and morality on the other. This duality, which Durkheim elaborated in his *Elementary Forms of Religious Life* (1912) has always been felt by men and refers to two aspects of our psychic life that oppose each other, like the personal and the impersonal, the individual and the social. Man cannot be either completely inward looking or completely outward looking: absolute egoism and absolute altruism simply do not exist.

To my mind, this point of departure appears to be more lively and realistic than the self-interest motivated man of the classical tradition or the maximizer under constraint (the "homo economicus") of neoclassical thinking. Durkheim's duality should be compared to the XVIIIth century one of interests and passions that Hirschman has rescued from oblivion (1977) and its potential of theoretical elaboration should be evaluated.

8. Indeed, in the last two decades Professor Hirschman has been working actively on the duality of human nature and behaviour: from exit and voice, to passions and interests, to economics and morality, to shifting involvements. The "complications" of the basic categories of the economic discourse — Hirschman believes (1985) — should stem from the analysis of the intricacy and multiplicity of the human condition.

Moreover this attempted reform of economic thinking should not be considered independent of the problem of hierarchies and of economic development. The socio-political aspect (par. 4 and 5) cannot be separated from the economic one — nor can it be treated as a precondition or as an offspring of the economic process. Hence, as we move from the bottom to the top of the ladder, it is not by chance that — as can be shown — sociopolitical relations by and large become "souple" and "doux": economic development influences human behaviour and at the same time is induced by the influencing of it.

Therefore, contrary to traditional economics, development policies cannot fail to tackle these complexities and their relation to productivity differentials. Moreover, they should study the economic and social weaknesses and potentials that history has accumulated and placed on the shoulders of the people, as well as the concrete day-to-day possibilities that open up through time. Finally: to be successfully elaborated and implemented (for example, to reduce inequalities or foster democratic freedom) development policies need to understand and build on the duality of the human condition and the shifting involvement which it entails.

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