

Politics and the Neutralization of History: A Reply

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Abstract

In his response to Arjo Klamer, Wolfgang Streeck and Adam Tooze, Francesco Boldizzoni continues his reflection on the public role of history, dwelling in particular on the uses and abuses of the past, history's problematic relationship with the social sciences, and the concept of "historical agnosticism." He concludes that the neutralization of history, and the construction of atemporal narratives, has gone hand in hand with the Atlanticization of politics.

Keywords

abuse of history – social sciences – Arjo Klamer – Wolfgang Streeck – Adam Tooze

I am grateful to Arjo Klamer, Wolfgang Streeck and Adam Tooze for their thoughtful comments on my essay. It is particularly fortunate to have three excellent scholars from different disciplinary backgrounds – economics, social science and history – engaging in conversation on the public use of history. Since all of us seem to share similar views of the technocratic *Zeitalter*, my reply will concentrate on some controversial issues that have been raised about the relation between history, politics and economics.

My position on mainstream economics can be summed up quite easily. Economics has emulated physics for over a century but has often claimed for itself the status of mathematics, that is to say the status of a formal science that is not subject to empirical refutation. After all, logical consistency is all that matters to mathematicians. The postwar transition from economic theories to "models" consolidated this tendency. A model does not have to describe

reality in an accurate way to offer useful insights.¹ This proved to be an effective way to silence critics. However, since economics, unlike mathematics or metaphysics, is a social science, it is entirely reasonable to demand that it should help understand the economy in a meaningful way and formulate sensible policy guidelines. Indeed, nobody who is familiar with the epistemology of the social sciences would expect them to predict the future. They are called instead to make sense of the real world. The first question then is: Do the tools of mainstream economics as a whole help us understand the production, distribution and consumption of wealth in society? I do not think so.

A second question follows from this observation: Why? The reason has only partly to do with the abstract nature of theoretical exercises. The main problem is that the tools of the self-fashioned formal science of economics are not neutral. Axiomatization conveys ideology all the way down, from model building to policy implications. Scientism has the function to protect the ideas of the free market preachers from public scrutiny and evaluation in the light of the available evidence.² Moreover, once packaged in textbook form, this peculiar fusion of preanalytic cognition, deductive processing and normative prescription tends to encourage people to behave in an antisocial way, as Stephen Marglin has brilliantly argued.³

Modern society needs and deserves a better economics, and the history of economic thought offers plenty of examples of alternative approaches, most of which have been sidelined in the second half of the twentieth century. To begin with, it would be good to restore some pluralism within the profession.⁴ Any effort in this direction, such as Arjo Klamer's, is most welcome. But this is going to be an extremely difficult task, as mainstream approaches and the prevailing ideology of neoliberalism tend to be mutually reinforcing.

I will now come to Adam Tooze's objections on the terrain of historiography. For our debate to be fruitful, however, it must be framed in rigorous intel-

1 Philip Mirowski, *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics*, New York, Cambridge University Press, 1989; E. Roy Weintraub, *How Economics Became a Mathematical Science*, Durham NC, Duke University Press, 2002; Mary S. Morgan, *The World in the Model: How Economists Work and Think*, Cambridge, Cambridge University Press, 2012. For a broader account, see Geoffrey M. Hodgson, *How Economics Forgot History: The Problem of Historical Specificity in Social Science*, London, Routledge, 2001.

2 Thomas Piketty, *Capital in the Twenty-First Century*, Cambridge MA, Harvard University Press, 2014, p. 32.

3 Stephen A. Marglin, *The Dismal Science: How Thinking Like an Economist Undermines Community*, Cambridge MA, Harvard University Press, 2008.

4 John E. King, "A Case for Pluralism in Economics," *The Economic and Labour Relations Review* 24.1 (2013), pp. 17–31.

lectual terms. According to the Liddell-Scott lexicon, *pseudes*, when applied to things, means “lying, false, untrue.” The antonym given is *alethes*, or “true.” Pseudohistory is false history, not metaphorical history or history that does not comply with some strict standard, such as, for instance, reliance on written rather than oral sources. Even the narratives of Leopold von Ranke are “metaphorical” and “synecdochic,” as Hayden White has shown. At the same time, the issue he cared most about was “resistance to the authority of ‘preconceived ideas,’” which found expression in his resolute inductivism.⁵ After the linguistic and deconstructionist turn, it would be all the more naïve to exclude metaphor, analogy, intuition and creativity from the heuristics of what is substantially a craft. But one thing is to argue that truth is unknowable and its pursuit entails an unavoidable element of subjectivity. A different thing is to argue that truth does not exist or that it exists and can be freely altered as a result of ignorance or malice.

Umberto Eco has elucidated this distinction with elegance. More than concentrating on *intentio auctoris* (the author’s supposed intent) and *intentio lectoris* (the reader’s own projections onto the text), interpretive cooperation between reader and text has to bring to surface *intentio operis*, or the meaning of the work itself, through a careful job of contextualization. In other words, regardless what the author might have had in mind and what the reader wants to see in the text, interpretation is ultimately bound to the text. When the text’s clues are overlooked, the boundary is crossed between interpretation and arbitrary use. As Eco puts it in *The Limits of Interpretation*, “An open text is always a text, and a text can elicit infinite readings without allowing any possible reading. It is impossible to say what is the best interpretation of a text, but it is possible to say which ones are wrong.”⁶

It is not even a question of setting up “sound” positivism against more open and flexible constructions as often pseudohistories are informed by neopositivist methodologies. Just as the positivist history of Langlois and Seignobos, which set the standard in the France of the Third Republic, they are inspired by the natural sciences, though in a different way. The history of Langlois and Seignobos consisted in a mere collection of facts that were accurately gathered and verified, but lacked any interpretive effort, according to the slogan “It is

5 Hayden White, *Metahistory: The Historical Imagination in Nineteenth-Century Europe*, Baltimore, Johns Hopkins University Press, 1973, p. 165ff.

6 Umberto Eco, *The Limits of Interpretation*, Bloomington, Indiana University Press, 1990, p. 148.

useful to ask oneself questions, but very dangerous to answer them.”⁷ Those which I refer to as pseudohistories, of the neoclassical and neoinstitutionalist type, are not afraid of answering all sorts of questions – and they usually tackle big questions. But in doing so, they assume the existence of a single explanatory principle, working in a simple and mechanical way, and the propagation of this logic throughout human history. If earlier positivist historiography was characterized by textual fetishism, here the text is either absent or twisted, extrapolated, interpolated and decontextualized at one’s pleasure. It has to fit the naturalistic explanatory model superimposed on the facts. By contrast, many historians would agree that history-writing is largely based on *Verstehen*. As such, it is a necessarily imperfect and provisional product.

The same flaws that plague ahistorical social science, and are so effectively described by Wolfgang Streeck in his piece, are transferred to history, which is replaced with path dependence. The paradoxical outcome is an approach to the past that suffers from “historical agnosticism.” Although I cannot use this occasion to expand the argument that I barely sketched in section v of the essay, I hope that a more detailed analysis of Acemoglu and Robinson’s *Why Nations Fail* will serve the purpose of clarification.

Of course, the *rhetoric* of Acemoglu and Robinson (henceforth A&R) insists on institutions, not culture. Institutions, they say, generate “market incentives” (note how the prime mover is always economic utility, as posited by the neo-classical theory of action). Under certain institutional circumstances, it may be more rewarding for a society to adopt the technology of the gun rather than those of the wheel and the plow. But where do institutions come from? One possibility is that institutions are a product of culture and this is what the authors admit up to a point. To the question “Is the culture hypothesis useful for understanding world inequalities?,” they respond: “Yes, in the sense that social norms, which are related to culture, matter and can be hard to change, and they also sometimes support institutional differences, this book’s explanation for world inequality.” However, they soon qualify their conclusions with the following caveat: “But mostly no, because those aspects of culture often emphasized – religion, national ethics, African or Latin values – are just not important for understanding how we got here and why the inequalities in the world persist.”⁸

7 Quoted in Marc Bloch, *The Historian’s Craft*, Manchester, Manchester University Press, 1992, p. 14. Charles-Victor Langlois and Charles Seignobos, *Introduction aux études historiques*, Paris, Hachette, 1898.

8 Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, New York, Crown Publishers, 2012, p. 57.

Another possibility is that institutions are a product of chance and this interpretation of the work would be supported by the rather dry account A&R offer of institution building in several countries. Institutions are taken as given, in good positivist fashion, so that historical change becomes a problem of comparative statics. Consider the following description the book gives of the early formation of “extractive institutions” in Kongo, prior to the Portuguese arrival in the late fifteenth century:

The Kingdom of Kongo was governed by the king in Mbanza, subsequently São Salvador. Areas away from the capital were ruled by an elite who played the roles of governors of different parts of the kingdom. The wealth of this elite was based on slave plantations around São Salvador and the extraction of taxes from the rest of the country. . . . Taxes were arbitrary; one tax was even collected every time the king’s beret fell off.⁹

Bad institutions were already there – like self-legitimizing political structures originating from Mars – and kept those lands in “miserable poverty.” People would have learned how to use the plow and draw income from land if only taxation had been less unpredictable. If you believe that geography does not matter, then it is perfectly logical to expect agriculture to thrive in the tropical rainforest. Give them the right incentives and hunter-gatherers will magically turn into Adam Smith’s “bartering savages.”

When it comes to explain current underdevelopment, the play is based on the same script, with a different cast:

Mobutu created a highly extractive set of economic institutions. The citizens were impoverished, but Mobutu and the elite surrounding him, known as Les Grosses Legumes (the Big Vegetables), became fabulously wealthy. Mobutu built himself a palace at his birthplace, Gbadolite, in the north of the country, with an airport large enough to land a supersonic Concord jet, a plane he frequently rented from Air France for travel to Europe.¹⁰

Again, Mobutu “creates” bad institutions, laws and rules. But should we believe that Mobutu himself was created *ex nihilo*? The shame of the Westerners’ role in the slave trade and modern colonialism is duly acknowledged as is expected

9 Ibid., p. 88.

10 Ibid., p. 83.

from a politically correct account, and yet these are presented as unfortunate accidents that added to inherent social evils.

So far what A&R say. But what do they mean? What is the *intentio operis*? The authors may well feel convinced that institutions are a product of chance and path dependence, rather than culture and history, but as a matter of fact the kind of institutions they praise are those of Atlantic democracies. The more they resemble the institutions of Britain and the United States, the more inclusive they are and the more conducive to economic success. Is it really by chance, then, that these institutions have emerged in, and have been circumscribed to, a small part of the world populated by peoples who clearly have much in common – the Anglosphere?

Such an explicit statement would not be politically correct nowadays. This is why A&R have to disguise the cultural conundrum by means of what they call “natural experiments.”¹¹ They take twin cities along the US-Mexican border like Nogales, Arizona and Nogales, Sonora and show that the former is affluent and the latter poor in spite of their cultural similarities. They do the same with South Korea and North Korea. But the “experiment” is no more than a rhetorical device; it merely shifts the problem to a different level. Indeed, the institutions of Nogales, Arizona do not originate from Nogales, but from Washington D.C. and Phoenix, and have been shaped over the decades by WASP lawmakers. From there come the political system and the laws. Likewise, the institutions of South Korea are a product of the strong US influence over the country after World War II.

The problem with A&R is not their *implicit* idea that culture has an impact on economic outcomes. The problem is their view that 90 per cent of the world’s nations have “failed” because they are not as rich or “democratic” as a handful of Western countries. This is based on the unwarranted assumption that all human societies find growth supremely desirable but some of them are prevented to achieve it by some sort of social deficiency. In other terms, A&R *naturalize* a culture-specific set of social preferences (wealth acquisition/GDP growth), *universalize* the particular means by which some countries have successfully pursued it (the liberal capitalist state), *downplay* physical and environmental constraints, and *dismiss* the historical examples that, for good or bad, contradict their model (Wilhelmine and Nazi Germany, the Soviet Union, present-day China and so on).

11 This method is theorized in Jared Diamond and James A. Robinson (eds.), *Natural Experiments of History*, Cambridge MA, Belknap Press, 2011. It is interesting to point out that Diamond is a biologist.

This bundle of assumptions is something they share with Douglass North and his colleagues (henceforth NWW). There are just slight terminological differences. On the one hand you have “inclusive institutions” and “open access societies;” on the other hand “extractive institutions” and “limited access societies.” The two approaches also have similar eschatological underpinnings. The final outcome of history (and the ultimate goal of development policy) is the Atlanticization of the world in both political and economic terms. But since NWW, unlike Condoleeza Rice and other Hoover Institution hawks, know that this is a stage that non-Western societies are normally not ready to achieve, most of their theoretical efforts are focused on the transition phase. They believe that humans are naturally violent and that means to contain violence must be devised before underdeveloped countries can reach the Promised Land. The underlying idea, already familiar to the medieval scholastics (who condemned it) and to the various defenders of consequentialism, is that a little evil can be tolerated in order to achieve a greater good. However, the point I wish to stress is not this ambiguity in defining what is acceptable as an *intermediate step* toward free market liberalism but rather the implied eschatology.

The work of the North team is not only theoretically flawed (I leave it to the reader to decide whether it is also morally questionable). It is, above all, misleading as an account of economic history. Again, a few excerpts taken from their World Bank volume, *In the Shadow of Violence*, will illustrate the point. According to Patricio Navia, who wrote the report on Chile, in this country violence remained under control for the most part of the twentieth century because “the landed oligarchy and the industrial sector kept close relations with the military.” Then in the early 1970s there was an “increase of violence potential, expressed in the political organizing of the working class and the marginalized urban poor who supported Allende.” The activities of these dangerous left-wingers prompted the Pinochet coup of 1973. He goes on saying that “the Chilean economic miracle took off during the latter part of the Pinochet dictatorship” (i.e. around 1985) and that “the Pinochet regime did not embrace neoliberalism from the start” as it was “more preoccupied with eliminating the Marxist threat.” It could do so only once it had “stabilized the economy,” which “suffered badly from the crisis triggered by the Allende regime.” It was the “carefully designed institutional system of checks and balances” put in place by the constitution of 1980 that “would protect private property and consolidate a neoliberal economic model.” Pinochet’s constitution was such enlightened that it already contained the seeds of the post-Pinochet republican era:

Thus, democracy in Chile flourished within the constraints imposed by the dictatorship. Despite the fact that it was designed to limit and prevent democracy, the 1980 constitution became the tool used by the democratic opposition to bring an end to the Pinochet dictatorship.¹²

In an effort to minimize the failure of the policies of the Chicago boys, Navia even changes the chronology of events and claims that such policies were not made until after 1980! But “Chile is the country where these neoconservative policies and reforms” had been applied in the most “radical and consistent fashion” since 1974, as the future finance minister Alejandro Foxley wrote in 1983. Monetarist experiments, including the “shock treatment” of 1975–76, led to considerably weaker and more unequal growth compared to the period 1960–70, and to deindustrialization. Several indicators show a “simultaneous deterioration of employment, wages, per capita consumption,” and diminished “access to housing, education, and health.”¹³

The most tragic outcome of deregulation was the devastating debt crisis that hit the country at the beginning of the 1980s. In 1984 Carlos Fortin observed that the tenth anniversary of the coup was marked by “a catastrophic economic situation” and an “unprecedented level of social unrest” resulting in the rise of political opposition to the junta. The Chilean economy eventually recovered from the crisis of 1982 because Pinochet *abandoned* the monetarist cause and undertook massive nationalizations in the financial sector. It is also well known that, until the end of the dictatorship in 1990, the government kept the copper industry, the country’s leading exporter, under state control. That there was a Chilean miracle performed by the Chicago school is a fairy tale spread by Milton Friedman and revived today by his followers.¹⁴

Tooze finds that these accounts of long-run development are inherently “political.” I agree. The neutralization of history pursued by economic natu-

12 Patricio Navia, “From Limited Access to Open Access Order in Chile, Take Two,” in Douglass C. North et al., *In the Shadow of Violence: Politics, Economics, and the Problems of Development*, New York, Cambridge University Press, 2013, pp. 271, 277.

13 Quotes are from Alejandro Foxley, *Latin American Experiments in Neoconservative Economics*, Berkeley, University of California Press, 1983, pp. 41, 48; tables 6 and 7 on pp. 45–47. On deindustrialization, R.N. Gwynne, “The Deindustrialization of Chile, 1974–1984,” *Bulletin of Latin American Research* 5.1 (1986), pp. 1–23.

14 Carlos Fortin, “The Failure of Repressive Monetarism, Chile 1973–83,” *Third World Quarterly* 6.2 (1984), p. 310. Fortin served as deputy secretary-general of UNCTAD from 1990 to 2005. See also Jean Drèze and Amartya Sen, *Hunger and Public Action*, Oxford, Oxford University Press, 1989, p. 229ff. Milton Friedman, “Free Markets and the Generals,” *Newsweek*, January 25, 1982, p. 59.

ralists always hides a political agenda. I have never thought or said that this intellectual activity and the related practice of social engineering are carried out for their own sake. As to the other charge, that I “misread” their politics, it deserves a few more words.

In *Land und Meer*, a text written in esoteric language that perfectly fits Tooze’s concept of “metaphorical history,” Carl Schmitt outlines his philosophy of history by means of a few intuitive images. The fundamental opposition between land and sea represents the opposition between two ultimately incompatible views of international coexistence. One is the continental doctrine, founded on the respect for boundaries. Law is land-based and rooted in a spatial order. The other approach is founded on the principle that boundaries can be violated. Seen from an island, the world has no nations but only harbors. There are no borders in the sea. All world trade is free trade and international law is the law of the strongest:

As the severance of land from sea became the fundamental law of the planet, one would witness the mushrooming of theories, expositions and even scientific systems by which people tried to convince themselves of the wisdom and soundness of that position. . . . Outstanding students of political economy, lawyers and philosophers would work out those systems, and our great grandparents would accept them as the obvious truth. . . . Here you can see that the great Leviathan had exerted its power over minds and hearts, too. Of all the signs of its domination, it is indeed the most remarkable.¹⁵

Am I *overinterpreting* the high priests of Atlanticism? Maybe. Am I overlooking nuances that would reveal “self-critical currents” and “signs of movement within the enemy camp?” The point is that those which to Tooze appear to be substantial differences do not impress me very much. For example, it seems to me of little interest that, while Reinhart and Rogoff’s work was used to back up the views on austerity expressed by a Republican presidential candidate, Acemoglu and Robinson’s book was instrumental in disproving some other views of the same candidate on the Middle East. Seen from the European mainland, these differences, which can be understood only in terms of US party

15 Carl Schmitt, *Land und Meer: Eine weltgeschichtliche Betrachtung*, Leipzig, Reclam, 1942. The quote is taken from Simona Draghici’s English translation (*Land and Sea*, Washington DC, Plutarch Press, 1997, pp. 48–49) which I have slightly amended. On Schmitt’s philosophical “double-talk” see Nicolaus Sombart, *Jugend in Berlin 1933–1943. Ein Bericht*, Frankfurt a.M., Fischer, 1991, p. 255ff.

politics, fade away. What Behemoth is interested in are Leviathan's moves on the seas.

Coming back to Europe, when Tooze rebukes me for envisaging a stationary state he is making the same mistake of developmental teleologists. He seems to be confusing a particular historical phase (industrial capitalism) with history itself. The stationary state of postindustrial economies, whose modest economic performance goes hand in hand with demographic stagnation, is not the end of history for the very simple reason that human history is not the history of economic growth. The latter is, to paraphrase Gilbert Rist, a "Western belief" rooted in the ideology of the Enlightenment.¹⁶ Indeed, John Stuart Mill made clear that "a stationary condition of capital and population implies no stationary state of human improvement," even though, as the authors of the Club of Rome report observed in 1972, there is "no guarantee that the new society would be much better . . . from that which exists today."¹⁷ The only certainty is that history began long before industrialization and before capitalism, and will continue beyond industrialization and beyond capitalism.

What I see as an urgent task for historians and the historically minded social scientists is working out a strategy for historicizing capitalism, as Streeck wisely suggests. For too long our disciplines have vainly attempted to evade this concept and refused to understand capitalism as a historically determined socioeconomic formation involving culture, power, technology, social relations, and a distinctive political and juridical framework. Without tracing it back to the original "conquest of the seas, in its specific, historical context," we cannot make sense of anything around us, be it European supranationalism, financial globalization or the development of underdevelopment.

16 Gilbert Rist, *The History of Development: From Western Origins to Global Faith*, London, Zed Books, 2014.

17 John Stuart Mill, *Principles of Political Economy*, London, Longmans, 1909 [first edn. 1848], IV.6.9. Donatella H. Meadows, Dennis L. Meadows, Jørgen Randers and William W. Behrens III, *The Limits to Growth*, New York, Universe Books, 1972, p. 174.