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The New History of Capitalism and the Methodologies of Economic History

Vincent Geloso, George Mason University, vincentgeloso@hotmail.com
Judge Glock, Cicero Institute, judge@ciceroinstitute.org

Abstract

The rise of the "New History of Capitalism" as a subfield of historical studies has magnified differences between economists and historians which started to grow during the 1970s. We describe what is and what is not new about the New History of Capitalism and explain how the different methodologies of economists and historians often cause confusion about their fields' respective advantages. We also emphasize that these different methodologies allow ample room for collaboration between the disciplines.

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Introduction

After decades of relative neglect, history departments are once again interested in economic history, albeit under the rubric of the "New History of Capitalism." (Jennifer Schuessler 2013). To students of economic history, this should be a welcome development. It promises to widen the sphere of both scholars and readers, and could offer new insights on a subject that in recent decades has been dominated by economists alone.

So far, however, there has been no rapprochement between history and economics. In fact, both sides have issued blistering critiques of the work of the other, and each side's citations of the other are largely limited to disparagements. In this article we will show that the two sides can indeed learn from each other, as long as they understand that they are operating with different methodologies and therefore offer answers to different types of questions.

To summarize, economists will continue to have a comparative advantage in analyzing datasets and proposing causal connections between forces operating across broad areas of economics, society and politics. Historians, by contrast, will continue to have the benefit of detailed study in archives, and a more intimate knowledge of institutional detail, so that they can discover how small groups of economic actors acted (or how they understood themselves to act), as well as the rules of the game under which they acted. Although such statements about differing competencies are seeming commonplaces, the advantages and disadvantages of each type of study are often ignored in the debates about economic history.

When either field tries to provide answers which their methodologies are not capable of giving them, the results are often lamentable.[1] In recent years, some historians have engaged in a kind of failed intellectual imperialism into economic questions. Many new historians of capitalism have provided sweeping causal explanations of grand historical trends, most importantly, the impact of slavery on capitalism, using only scattered qualitative evidence, or misunderstood datasets, as well as some questionable theories. At the same time, some economists have too readily dismissed the detailed investigations of historians and have failed to see how the non-quantifiable forces, such as ideas, cultures, and even individuals, can shape economic history. As a result, these economists have made some equally false causal connections which historians have rightly rejected.

The assiduous new work of historians has provided valuable insights into the field of economic history, insights that economists can, and should, use in their own work. In turn, historians can, and should, use the insights of economists to provide some of the intellectual framework and empirical evidence that their own work sometimes lacks. If both sides can learn to learn from each other, the New History of Capitalism could prove to be the dawn of a new union, rather than the beginnings of a new rift.

Why Did Economic History Become Divided?

From the origins of their disciplines, both economists and historians have worked together on economic history. At first, the methodological divisions in the field were minimal, since both sides were content to use narrative and qualitative evidence, or simple descriptive statistics presented in tables, to explain most subjects. But, during the 1960s and 1970s, both history departments and economic departments began to reevaluate their past work, and to take a harder look at quantitative data. History departments took their cues from the *Annales* school of France and writers like Fernand Braudel, who aimed to study "history from the bottom up." This meant assembling data on phenomena like consumption and demographic patterns,

[1] Of course, historians and economists can and have used the methodologies of the other discipline, and we encourage such work, as we detail below. This article, however, recognizes that each side's advantages will continue to lie in their respective methodologies, and we will identify the two fields, as well as associated others, mainly by the methodologies behind their work.

which data were analyzed in a semi-Marxist framework that highlighted class conflict and economic exploitation.[2] Meanwhile, in economics departments, economists engaged in a frontal attack on traditional qualitative historical arguments by assembling their own datasets, and by running regressions on them (often manually, which meant long and complex matrix operations). Their goal was to apply economic theory and statistical tools rigorously to the study of history, a practice that became known as cliometrics. While some historians were involved in this exercise, the thrust came from economists who saw the work of previous historians as insufficiently grounded, theoretically and empirically.[3] Yet, in the early stages of cliometrics, both historians and economists drew on each other's work, and the methodological and ideological divisions of the fields were surmountable.[4]

The beginning of the end of the new quantitative alliance can be dated to the publication of Robert Fogel's (later a Nobel Laureate) and Stanley Engerman's *Time on the Cross: The Economics of American Negro Slavery* (1974a; 1974b), a book which garnered widespread attention, from *Newsweek* to television talk shows. Although the work drew on recent historical analyses of slavery which seemed to point to a relatively more benign slave regime, its claims that slavery was an economically dynamic force, one in which the health and well-being of slaves compared favorably to free workers, outraged the historical profession.[5] The fact that the book was based on detailed but often poorly-presented econometric evidence that historians felt incapable of evaluating, especially in an era when punch-cards and primitive computers made such evaluation difficult, furthered the divide. The subsequent econometric debate on the issues raised by Fogel and Engerman, on topics such as economies of scale in slave economies, became highly intricate and technical, and led many historians to attack the entire econometric method. Historians began to draw away from economic questions and quantitative evidence in general.[6]

For the next few decades, historians and economists operated in increasingly distinct spheres. By the 1990s, when the historian Charles Sellers (1994) could argue in *The Market Revolution* that "pre-capitalist" Americans could not be understood using economic analysis at all, the divorce was complete.[7] Historians, attached to the "cultural turn", allied ever more

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[2] In a parallel to some of the modern students of capitalism, quantitative historians in the United States offered summer seminars to teach students new quantitative methods not available in typical history courses (Margo Anderson 2007). Many of the journals started in the 1960s, such as *Historical Methods* (founded 1967) and the *Journal of Interdisciplinary History* (1968), aimed to reach across disciplines. At the same time, historians like George Rogers Taylor were still often cited in economics journals. For a late continuation of this trend toward quantitative history, see Thad W. Tate and David Ammerman (1979). The move towards quantification was also prominent among historians in France and Canada. In France, beyond the *Annales* school, for which, see Fernand Braudel (1992), this was well exemplified by scholars like Emmanuel Le Roy Ladurie who collected human stature data to measure living standards indirectly (see Laurent Heyberger 2011). In Canada, it was exemplified by Fernand Ouellet (1966), who spent years in archives collecting information to create a price history of Canada between 1760 and 1850 to explain a protracted agricultural crisis.

[3] See, for example, Douglass North (1968) and Peter Temin (1969).

[4] At least 5 percent of all historians listed "economic history" as their focus in the 1970s. That rate is about 2 percent now (Peter Coclanis 2010); For continued collaboration at the time, see, for example, *Journal of Economic History* 28, no. 4, (Dec. 1968). For the move towards quantification in that journal, see Robert Whaples (1991).

[5] For contemporary works which seemed to point to the relative cultural and material independence of African-Americans during slavery, see Eugene Genovese (1976). For response to Fogel and Engerman, see Herbert Gutman (1975).

[6] Much of the detailed econometric work in Fogel and Engerman was left for a second, cross-referenced volume that was even less accessible than the first. See also Jeffrey Hummel (2012), Peter Kolchin (1992), and Thomas Haskell (1979).

[7] The separation of the fields was a gradual one. As late as 1995, a survey of members of the Economic History Association (EHA) identified as many historians as economists, and, even more

with research coming from anthropology and English departments, and began analyzing culture as a collection of "texts", and listening to the voices of previously marginalized groups, which rarely included either the business owners or the politicians who were at the center of much of previous economic history research. Ideology in history departments moved away from the classical Marxist focus on the inevitability of economic struggle, and instead embraced new "Foucauldian" ideas, which emphasized cultural battles, multiple types of "domination" outside of economics, and the contingency of historical events.[8] At the same time, the economics profession began to reemphasize neoclassical assumptions and theories of utility-maximizing individuals. In the process, economics became ever more empirical and mathematical. Economic history itself became a more isolated subfield in economics.[9] By the early 2000s, there seemed to be little that each group could say to each other, and no reason to try.

In the mid-2000s, a handful of historians became more interested in both economic history and business history, and the 2008 financial crisis intensified that interest. In that year, Harvard created a "Program on the Study of U.S. Capitalism", which allowed historians to focus on economic questions, and which was soon copied on other campuses.[10] To help history students study a subject in which their normal graduate courses offered little assistance, Cornell University started its "History of Capitalism Summer Camp" in 2014, with classes like "Financial Analysis" and "Business Strategy" not offered in typical history curricula.[11] Columbia University Press began publishing its "Columbia Studies in the History of U.S. Capitalism" series in the same year.[12] The New History of Capitalism offered the prospect of reuniting the history departments' resources and interests with the work of decades of economic history in economics departments. But as already noted, the promise of this potential reunification has not (yet) been realized.

Is the "New History of Capitalism" New?

Although in some sense a self-admitted rebranding exercise for the study of economic and business history, there do seem to be some distinctive aspects to the New History of Capitalism. One relates to its intellectual debt to thinkers such as Karl Polanyi, and another relates to the extension of these ideas through thinkers such as Michel Foucault and other cultural theorists.

Scholars such as Polanyi (1944) provided the intellectual background for the New History of Capitalism by arguing that the "capitalist" mentality of the modern era was

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surprisingly, both historians and economists tended to agree on the answers to most questions posed to them (Robert Whaples 1995). Today, the EHA is almost wholly economic. Most historical students of "capitalism", by contrast, attend the Business History Conference or the Policy History Conference and publish in their journals.

[8] See, Dorothy Ross (1998).

[9] The rise of the "neo-institutionalist" movement around figures such as Armen Alchian, Barry Weingast, and Douglass North was itself an outgrowth of earlier economic history work, as was some of the new "Public Choice" economics movement, but these tended to look at institutions themselves as emerging from traditional self-motivated behavior, and thus were an extension of neoclassical doctrines into a new sphere (see Vincent Geloso 2018).

[10] Now simply "Program on the Study of Capitalism": https://studyofcapitalism.harvard.edu/.

[11] "History of Capitalism Summer Camp," Cornell University ILR School, http://hoc.ilr.cornell.edu/summer-camp.html. Some of the Cornell faculty have also published a primary source reader in the history of capitalism aimed at college students and history of capitalism courses (Louis Hyman and Edward Baptist 2014).

[12] http://cup.columbia.edu/series/columbia-studies-in-the-history-of-u-s-capitalism?supapress_order=publishdate-asc. One of the authors of this article has a book in this series: Judge Glock (2021).

fundamentally distinct from all previous ones, and was pervaded with economic motivations not applicable to previous periods.[13] Polanyi and his followers argued that long periods of human history were characterized by "pre-capitalist" mentalities, and thus concepts of economic rationality as defined by both classical and neoclassical economics were invalid in many societies. One of those followers, Alexander Chayanov (1986), argued that there was a specific peasant mode of production which economic analysis could not reach. In this view, peasants possessed limited ability to interact with markets, which meant they neither learned the economic view of markets, nor had a chance to engage with market behavior. Sellers (1994) adopted similar beliefs in his *Market Revolution,* as did subsequent historians.[14]

The new historians of capitalism can reasonably be described as "polylogists", a term coined by the economist Ludwig von Mises (1947, 75) to describe the thought of Polanyi and his followers. Polylogists argue that ideas are constructed in a specific context to justify a given power structure, but they in turn affect how that power structure operates. Thus there can be an entirely different economic logic specific to a class, a group, or a time period. In their conception, uncovering the background of an exponent of a particular viewpoint is necessary to explain the origins of their ideas.

The new historians of capitalism emphasize their debt to Polanyi. Seth Rockman (2014, 453) described an edited volume, *Capitalism Takes Command* (Zakim and Kornblith 2012), as making "gestures toward Karl Polanyi's *The Great Transformation"*. In an interchange in the *Journal of American History,* Philip Scranton urged historians of capitalism to deal with the array of "great transformations that reach well beyond Karl Polanyi, but that resonate with his insights" (Sven Beckert et al. 2014, 509). The new historians of capitalism also frequently adopt the rejection of economic rationality that was present in Polanyi's work. For example, Baptist (2016, 234) claims that economists err in assuming that economic actors choose their "actions based on a clear, even quantifiable understanding of their own economic self-interest". Beckert (2015, 182 and 501) explicitly relies on the logic of Polanyi regarding "land, labor, and money as fictitious commodities" to argue that capitalism transformed the mindsets of workers and entrepreneurs.[15]

Unlike earlier Marxist economic historians, the new historians of capitalism are determinedly *not* determinists. They do not posit a singular pathway of economic evolution leading to capitalism, or communism. They instead take the cue of thinkers such as Foucault, who emphasized the fundamental contingency of all historical events and epochs.[16] Like Foucault, the new historians of capitalism emphasize how ideas and culture shape economics, rather than the reverse. Capitalism, in their view, is not an inevitable historical creation, but the byproduct of particular struggles over ideas and cultures. In this sense, they can be seen to stand Marx on his head, even while relying on his, and Polanyi's, basic insights about the importance of group domination and conflict as motivators for history. Rockman "half-jokingly" argues that the field might be called "*Marxish* since its commitment to that tradition often

[13] For more extreme critiques of "market mentalities," see Polanyi (1947).

[14] See also Laura da Graca and Andrea Zingarelli (2015).

[15] Jonathan Levy (2017) also adopts Polanyi's rejection of rationality when he states, regarding slavery in the antebellum US, that "if capital sought only the most profitable prospective outlets, rationally speaking, much capital would have shifted out of southern slavery and into industry (…) but it did not." Unlike many earlier followers of Polanyi, many new historians of capitalism such as Baptist and Levy aim to show how capitalism pervaded many more spheres, including slavery, than was once suspected, but they also emphasize that different kinds of "capitalism" carried distinct ideologies and practices. Of course, part of the problem in this debate is the new historians' conscious avoidance of a definition of "capitalism," a word that economists often think is suspiciously vague.

[16] Hyman defined the new field as "both Foucault and regressions," although, besides Hyman himself, there have been precious few regressions (Shuessler 2013). See, for example, citations to Foucault and his importance to historians in Edward Baptist (2016, 461 and 466) and Julia Ott (2013, 235-236).

begins and ends with the project of demystifying capitalism". In this case, demystifying means discrediting the idea that capitalism was either "inevitable" or "natural," rather than the result of cultural and ideological battles (Rockman 2014, 447). When the editors of *Capitalism Takes Command* argue that their book was a "collective attempt to 'bring the economy back' into American social and cultural history", it is clear that their goal was explaining how social and cultural forces controlled economic ones, rather than the reverse (Rockman 2014, 453). The emphasis on the cultural aspects of all economic activity, and on how the fundamentally different "mentalities" shape different capitalist and pre-capitalist orders, demonstrates that the New History of Capitalism is not just old economic history wine in new bottles.

Economic Methodology and the Claims of the New Historians of Capitalism

The most provocative claims and the most vituperative debates about the new histories of capitalism have concerned slavery. To summarize, the new historians of capitalism have argued, counter to Fogel and Engerman, that slave productivity was based on systematic and increasing "torture", not a combination of negative and positive incentives, and that slavery and cotton production were essential to the rise and growth of the industrial economy and modern capitalism (Baptist 2016; Beckert 2015).[17] Economists have not been favorable to these claims, and their critiques seem to point to some basic methodological mistakes and misunderstandings by the new historians of capitalism.

Economists today do not go as far as Fogel and Engerman in arguing for the productivity of the slave regime, or in supporting their particular focus on economies of scale of slavery, but they do build off some of their earlier work. Economists generally see slavery as an important, but still limited, force in the earlier American and global economy, one which still relied on incentives, including, of course, the constant threat of physical violence, but which was constrained by basic human responses to positive and negative reinforcement. Economists also argue that slavery, if anything, slowed down economic development (Eric Hilt 2017; Hummel 2012; John Majewski 2000; Alan Olmstead and Paul Rhode 2018; Gavin Wright 2007).

These modern debates on slavery, just like those over Fogel and Engerman's original work, have only illustrated the profound gulf between the work of historians and economists. Yet the debates have also highlighted some basic methodological issues that historians must acknowledge if they are going to engage with economists on their own turf. For one, the importance of quantitative evidence for answering some questions should be accepted by all. While historians argue that a focus on numerical evidence can distract from qualitative subtleties, they themselves often use terms that indicate quantitative, but imprecise, arguments, such as "more" or "less" or "increasingly" or "usually".[18] Fogel used to challenge his students to look at any page of an American history textbook for the use of such words, and he claims they never failed to find one (Naomi Lamoreaux 1998). Insofar as historians want to make numerical claims, such as the importance of cotton to industrial production, they need to use commonly accepted datasets, or explain the value of new ones, and base their implicit or explicit claims around them.

Both sides also need to understand the value of "counterfactuals" (see Hilt 2017). Historians have been less enthusiastic about counterfactual history, which they see as a poor stepsibling to "alternative history", or fictional accounts of alternate historical universe.[19]

[17] They claim that new scholarship has "allowed us to understand American economic development as 'slavery's capitalism'" (Beckert and Rockman 2016, 1). See also Scott Reynolds Nelson (2015).

[18] See concerns of historians about the limits of quantitative data in Anderson (2007, 257).

[19] See typical theorizing about alternate history in Gavriel Rosenfeld (2002) and Edgar Vernon McKnight (1994)

Economists, by contrast, see counterfactuals as simply the price of admission for making any causal claim. In other words, to say, *Because of X, Y happened* is equivalent to saying that *Without X, Y wouldn't have happened*. Such a statement approaches a logical truism and is necessary for any analysis of the past. For economic historians, this idea was crystalized in Fogel's much-celebrated work on American railroads (1964), and the now-forgotten, but equally great, work of Albert Fishlow (1965) on the same topic. Both economists investigated the relevance of railways to American economic growth by creating a counterfactual America where canals and turnpikes had been the main sources of transportation. One can disagree with their conclusion that railways did not exert a decisive influence on economic growth, but when one does so, one must again revisit a counterfactual to show why railroads were important relative to a world without them (Dave Donaldson and Richard Hornbeck 2016). When Baptist and Beckert argue that slavery was a building block of the American economy, an economist would ask, how can they know without a counterfactual? Most economists, for instance, point to evidence that slave societies are poorer in both the short- and the long-term than equivalent societies that lacked slavery.[20] By contrast, historians of capitalism have imported the anti-counterfactual stance of thinkers such as E.H. Carr (1984), who claimed that the multiplicity of causes for any event meant attributing importance to any one cause was impossible. The economist would answer that a multiplicity of causes does not mean the absence of causation.[21]

The work required to build counterfactuals is not different from the normal work of the historian who delves into archives. As such, it does not necessitate a wholesale revolution in historical training or engagement with complicated econometric debates. Asking the question "Did the Stamp Act lead to the American Revolution?" means asking "if there were no Stamp Act, would there, or would there not, have been a Revolution?" For explicitly quantitative claims, it means demonstrating how causality can be inferred by connections or correlations between events.[22] Much causation, even in the economics profession, is established by simple demonstrations of changes before and after some event. For instance, Wright's recent work (2013) demonstrating the importance of the Civil Rights Act of 1964 relies on tables and graphs showing economic trends before and after the Act, and in the process makes a convincing case of causality. This sort of understanding can and should be *de rigeur* in all empirical analyses of economic history, but it can be applied to historical events in general.

Finally, historians of capitalism need to understand better both the value and the limits of the ideas that undergird much contemporary economic research. New historians of capitalism tend to throw jibes at strawmen like the putative hyper-rational and emotionally-void *homo economicus* (Beckert 2015, 210; Rockman 2014; Richard White 2017, 883).[23] The truth is that from the beginnings of the field, economists have viewed the idea of a calculating economic agent as a useful tool, rather than an exact description of human nature. John Stuart Mill said that "no political economist was ever so absurd as to suppose that mankind are really thus constituted", but he found such a model useful. In general, it has been (Mary Morgan

[20] The work of Daron Acemoglu and James Robinson (2019), among others, has shown how slave societies and societies founded on "closed access" orders tended to have less economic growth over the long-term. See also Nathan Nunn (2008), Robert Margo (2016) and Trevon Logan (2020).

[21] If one works in a classic Marxist or Hegelian framework, of course this hostility to counterfactuals is easy to understand, since their theories were based on a strict determinism that denied that history could turn out differently. But there is no need to be indebted to Marxist thinkers to be hostile to counterfactuals. One can find opposition to counterfactuals in several conservative thinkers such as Michael Oakeshott (1991) and Francis Fukuyama (1992). We thank Mark Koyama for pointing this out.

[22] See also Robert Bates et al. (1998). We thank one anonymous reviewer for suggesting this example.

[23] We also mentioned passages in Baptist, Beckert and Levy earlier in this article.

2012, 140-141). The related idea of "methodological individualism", or the study of social actions through the lenses of individual interest, which motivates much of economic research, is also, as its name indicates, a method rather than an exact description of reality. It too has shown its value in producing interesting results. One does not need to adhere to these ideas as exact descriptions of reality to understand that they can be helpful in some places and at some times.

Economics generally abides by the pragmatic (as the term was used by thinkers such as Charles Pierce and William James) view of ideas, namely, that, "by their fruits you shall know them". The fruits of the economic methodology have indeed been abundant and have been harvested in disciplines from political science to criminology to education, even if they cannot offer a complete description of human life and history. As Alfred Marshall (1885, 25) argued, "Economics … is not a body of concrete truth, but an engine for the discovery of concrete truth". Once this basic methodological underpinning to economic research is acknowledged, historians can use that engine, or show where it has its limits and where other types of research or ideas will allow further exploration.

This richer conception of economic methodology can help disarm some critiques of classical economic theory from the new historians of capitalism. For instance, Polanyi and his followers argue that most pre-capitalist peasants were so disconnected from markets and so risk-averse that the assumptions of classical economic rationality did not apply. However, this statement is not as antithetical to economic theory or methods as might appear on first glance. Economists would merely reframe the argument by saying that a disconnection from markets shows that there were high transaction costs that limited the ability to exchange. Transaction costs are a key component of modern economic theory and help explain why certain forms of production are privileged over others in certain periods (Ronald Coase 1992, 713-719; Peter Leeson 2020). High transaction costs can also lead to other types of economic institutions that, while communal in nature, actually can be explained with economic theory.[24] As for risk-aversion, economic historians familiar with the work of Deirdre McCloskey (1976; 1991; McCloskey and John Nash 1984) on the "efficiency" of scattered plot farming in Medieval England argue that individual economic actors may care about "tail events" (extreme occurrences) and may prefer to trade off lower average returns for more predictability, without any denial of their "rationality". This, as McCloskey and others pointed out, was consistent with the constraints that peasants faced. There is no need to state that there are different forms of rationality, simply that there are differing constraints and different preferences at different times. Thus economic methodology and the analysis of seemingly "uneconomic" behavior do not have to exist in tension.[25]

What Economics Can Learn from History

Although historians and economists today often work at cross purposes, and although current ideological barriers inhibit cooperation, there are areas where their fields can combine productively. The future of each field relies on further exploring those areas that they can, albeit enhanced with the understanding, data, and efforts of the other field.

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[24] See the following examples: Alain de Janvry, Marcel Fafchamps (1992); Fafchamps and Elisabeth Sadoulet (1991); Fafchamps and Susan Lund (2003); Sheilagh Ogilvie (2001).

[25] The only effective critique of the economic methodology in this situation would have to show that peasants wanted less food or goods for the same amount of work, or that they wanted to work more and grow less, all other things equal, which is all that economics posits. Most other claims about pre-capitalist mentalities, such as the idea that peasants had set levels of consumption that they aimed at rather than a "maximizing" amount of consumption, are compatible with typical economic ideas of diminishing marginal utility, or with different individual demands for balancing leisure and work–see also Mark Koyama (2012). The recent work of behavioral economists also shows how certain "biases" and "tendencies" in human behavior can be incorporated into an economic framework.

A basic understanding of both numbers and causality is important for historians, but historians' best contributions to economic history will continue to be in their detailed qualitative work and their extensive knowledge of social and political settings. Historians can help economists get the facts, timing, and institutional background straight for their own quantitative work. For instance, Jessica Lepler (2013) uses detailed archival evidence to pinpoint the timing and reasons for different bank failures in New Orleans, New York, Liverpool, and London in 1836 and 1837. Her book challenges existing chronologies of that panic, and shows how the speed of information travel can be crucial to a financial panic's propagation. This work can be seen as a valuable extension and refinement of the *Jacksonian Economy*, Temin's (1969) economic history classic, and should be essential for any future economists working on the panic.

Insofar as many economists have sought to analyze the origins of new economic institutions and policies, historians can check to see if the quantitative estimates align with contemporary policymakers' own evidence. For instance, many researchers have analyzed the origins of railroad regulation in the United States, using regressions to discover different factors determining legislators' votes (such as rural or urban constituencies, or number of railroad lines, in their district). Samuel DeCanio (2015), however, has also shown how Representative John Reagan of Texas and a handful of allies proposed early federal railroad regulation to support the Pennsylvania Railroad company. No amount of quantitative evidence was going to discover this early inspiration for pushing reform (DeCanio 2015; Keith Poole and Howard Rosenthal 1994).[26] Similarly, some correlations found through empirical analyses, such as the relative attachment of American Catholics to specific urban locations, can be explained by several features of Catholic parish life in mid-twentieth century America, such as the size and cost of their church "plants", as John T. McGreevy (1996) demonstrated. These sort of explanations require a detailed historical understanding that moves far beyond existing datasets and the usual tools of economists.

Some economists have in fact already adopted such methods, often by tying them into economic frameworks such as "Public Choice" theory. For example, Patrick Newman (2018) studied the political motives behind the adoption of the Sherman Antitrust Act of 1890, and how it related to Senator John Sherman's desire for revenge against Michigan governor Russell Alger and trusts associated with him. Also, Louis Rouanet (2021) studied the origins of the Bank of France founded under Napoleon Bonaparte's consulate. Rouanet highlights that the objective of the Bank was to transfer wealth to politically connected banks via a monopoly privilege on the issue of banknotes. Both Newman's and Rouanet's papers rely little on econometric evidence but are rich in economic theory and qualitative investigation. More importantly, both papers draw heavily from the work of historians with a methodology similar to that of the new historians of capitalism.

Insofar as individuals or small groups can have an impact on history, as they sometimes can, historical research provides the best means to discover those effects. Of course, biography, that proverbial dataset of one, is an important tool of historical research. For instance, few would deny that some US Presidents, such as Franklin Delano Roosevelt or Lyndon Baines Johnson, exerted a decisive influence on economic history, as did some central bankers such as William McChesney Martin. Biography is essential for understanding these individuals' impacts.[27] Writers like William Cronon (1983; 1992) have demonstrated how small bands of Puritan farmers, or small groups of Chicago stock and futures traders, could

[26] In this case, Decanio Poole, and Rosenthal are all political scientists, but the latter two researchers tend to use methods familiar to economic history, while the former relies on a more narrative, historical approach.

[27] For reforms based on Roosevelt's own understandings, see Kenneth Davis (1995); Daniel Roland Fusfeld (1956). For Johnson, see Robert Caro (2003); Joshua Zeitz (2018).

influence the shape of economic institutions in ways no pure empirical analyses would predict. Individual businesses, such as the Ford Motor Company or General Electric, have of course been crucial in shaping the course of American economic history, yet the study of individual businesses often means forsaking the generalizable statements that economists specialize in (David Hounshel 1985; Thomas Parke Hughes 1993). In fact, economists, for all their trumpeting of "entrepreneurs", are often reluctant to allow individual actors and businesses to upset tidy "equilibriums".[28] Historians of individual businesses can help push them out of their comfortable stasis.

Insofar as ideas can have their own independent force in history, again historians can make a contribution. Although few economists would deny that ideas have some motive force, most are reluctant to engage in analyzing them. Yet the "revealed preferences" of politicians, economists, and other policymakers, who expend much of their lives debating the merits of different ideas, show that ideas are important. Unfortunately, unlike the ideas of some businesses that can be tracked through, for example, patent applications, political and economic ideas rarely leave an empirical footprint. Although the sub-field of the History of Economic Thought engages with some of these political and economic ideas, it spends much less effort tracing their effects outside of the academy. Works like Kim Phillips-Fein (2010) on the rise of the conservative movement are therefore helpful in explaining the role of ideas in policy-making. Similarly, Charles Postel (2009) challenges typical economic interpretations of the era by showing how the Populist movement relied on economic-style arguments about the benefits of organization, rather than on typical radical agrarianism. Such ideas can obviously have an impact, even if it is hard to measure precisely.

It is true that some economists have made extreme claims about the benefits of economic methodology, and historians (and anthropologists, and sociologists, and psychologists and others) can provide correctives to this excessive economic imperialism.[29] They can show when simple economic explanations do not suffice to explain human actions in spheres like politics, where self-interest can be a paramount, although not exclusive, reason for political action. They can also show where the opinions and ideas that underlie our understanding of our "self-interest" shape our actions. On a more basic level, economists' often hasty dismissals of other disciplines, and their lack of concern with other methodologies, often lead to the sloppy use of historical sources, to which historians can again provide a corrective.[30]

Sometimes, however, economists want historians to give answers to questions which historians' basic methodology cannot provide. For instance, Hilt, in reviewing Philips-Fein (2010), notes the author's lack of interest in the causal explanations for the success of some political groups and not others. (Hilt 2017, 526). We agree that one can try to demonstrate such causal connections, but for large groups that would often involve statistical evidence, and historians are least equipped to analyze such evidence. Although it would be a blessing to have more statistics in historical training, historians' comparative advantage will remain elsewhere.

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[28] There are, of course, exceptions, from Joseph Schumpeter to Israel Kirzner, but their insights about the importance of individual entrepreneurs are often difficult to incorporate into mainstream economic theory.

[29] Gary Becker's Nobel Address, although emphasizing that economics was a "*method* of analysis, not an assumption about particular motivations," argued that the "rational choice model provides the most promising basis presently available for a unified approach to the analysis of the social world by scholars from the social sciences" (Becker 1992). For the particularly high self-regard of the economics profession, and their relative absence of citations to other disciplines, see Marion Fourcade, Etienne Ollion, Yann Algan (2015)

[30] For an example of the dangers of mistreatment of historical sources, see the debates between David Albouy (2012) and Daron Acemoglu, Simon Johnson and James Robinson (2012).

What Historians Can Learn from Economists

The methodological hurdles of history are easier to surmount for economists than the other way around, and some economists have written notable historical works. Most often, economists have answered questions that attract little interest among historians. For instance, economists interested in monetary and financial policy understand the importance of particular individuals and institutions in shaping this field. Economists like William Silber (2012) and Allan Meltzer (2003) have written impressive books examining the people and policies behind American monetary policy. Sebastian Edwards (2018) examines how financial participants planned and then reacted to the lawsuits on the US departure from the gold standard. Economic works such as these can expand historians' views of acceptable subjects of research.

Much empirical economic research does not rely on econometrics, but still provides detailed data, tables and graphs that historians tied to a more traditional narrative history are often loath to include in their own work, but should. Robert Gordon (2017) or Alexander Field (2011), for example, mainly use tables to describe decades of Total Factor Productivity growth, a topic which does not trip lightly off the tongues of historians, but which is essential to understanding economic growth in general. Carmen Reinhart and Kenneth Rogoff (2011) provide centuries of data on financial crises that would be indispensable to any historian analyzing one or two of these panics for a more classic, narrative history.

Historians may not be able to engage with all of the methodological nuances of econometric analyses, yet they can gesture to an emerging consensus and findings that have garnered broad acceptance. For instance, one of the most consistent findings of economists over the past seven decades is that failed monetary policy was essential in causing, or exacerbating, the Great Depression in the United States and abroad.[31] Yet many historians still teach the Great Depression as if its sole cause was the Stock Market crash of 1929, with little discussion of the Federal Reserve, or the international gold standard.[32] Thus historians should incorporate this economic background of the crisis into their own writing. Even historians who do not feel comfortable engaging with some of the econometrics can therefore learn from and incorporate this consensus into their own works, just as economists who do not wish to delve deep into the literature on some topic can learn from the historical consensus about certain periods, ideas, and people.[33]

Conclusions

Economists and historians have become ever more distinct in their methods and their ideas, but that does not mean they cannot assist each other in their work. The fields have a long tradition of collaboration, one that took only a temporary hiatus from the 1970s to the early 2000s. This tradition could, and should, be renewed.

While each discipline should do more to learn the methodology and conceptual background of the other, both should continue to understand that their comparative advantage rests in studying distinct issues with distinct methods, and that the increased methodological divisions between the two camps can be a blessing rather than a burden. As long as economists and historians offer distinctive forms of scholarship, they can be, in the language

[31] Of course Milton Friedman and Anna Schwartz (1963) inaugurated this line of study, using no more than basic tables and charts to show correlations of output and inflation with the money stock. For related works, see Ben Bernanke (1983); Christina Romer (1992) and Barry Eichengreen (1992)

[32] For a typical popular history, see Selwyn Parker (2010). For more modern historical interpretation which focuses on monetary policy, see Rauchway (2015).

[33] One particularly potent example of successful importation of economic ideas by historians is Majewski (2009), which documents the importance of geographic factors determining the type of agricultural development in the South.

of economics, complements rather than substitutes for each other. And as long as they work together with that understanding, their collaboration will improve the output of each field.

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