



## Editorial

Economics, innovation and history: Perspectives in honour of Nick von Tunzelmann<sup>☆</sup>

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## ABSTRACT

This introductory article raises a methodological challenge for scholars of technical change and innovation, on the one hand, and historians of technical change, on the other. We ask to what extent have economists and historians of technical change engaged in cross-fertilisation with regards to methods and the identification of relevant questions. We then provide an overview on the use and methods of history within the field of Economics of Technical Change and Innovation Studies (ETIS), which is traditionally considered as 'history-friendly'. We locate the work and intellectual heritage of Nick von Tunzelmann among that of a small group of scholars in which history and economics of technical change have co-habited happily. We reflect on the variety of historical methods proposed by the contributors to this special issue, who were invited to respond to the above methodological challenge. Finally, we propose a way ahead in terms of the identification of relevant questions and pertinent methodological approaches.

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## 1. Introduction

Economics of Technical change and Innovation Studies<sup>1</sup> at large (ETIS from now on) is widely perceived as a history-friendly field of research (see, von Tunzelmann, 1990; Freeman and Louçã, 2001; Fagerberg et al., 2006, 2012a). The conference entitled 'Technical Change: History, Economics, Policy' was a *festschrift* in honour of Professor Nick von Tunzelmann held in 2010 at SPRU, at the University of Sussex, the pioneering centre of ETIS research where Nick von Tunzelmann spent some thirty years of his academic career. Those participating in the conference were asked to provide historically oriented papers on technology and innovation. Interestingly, the response included articles based on a variety of methods of 'using' history. Some used long-established archives and presented findings as narrative accounts, others referred to historical data to empirically test hypotheses, and still others examined recent and contemporary phenomena using narrative representations. However, while the contributing scholars consider themselves by and large as innovation scholars, very few of them would consider themselves as historians. The range of approaches and the sense of belonging to a particular disciplinary community – history of

technical change and innovation – vary widely among these scholars.

When we invited contributions to this special issue, we posed a two-fold question:

- (i) Why and how do economists of technical change and innovation scholars use history?
- (ii) How do historians of technical change interact with ETIS scholars, if at all?

The resulting special issue is an opportunity to reflect and (re)consider the role, methods and use of history in the ETIS field, which somewhat resonates with the evolution of economics and economic history as disciplines over the past century.

Economics and economic history have debated their turbulent relationship at times by serenely accepting their distinctiveness, at other times divided by the assertion of a supposed superior common quantitative method, dating back to the advent of cliometrics in the late 1950s<sup>2</sup>, which has not been free from harsh critiques (for an interesting assessment of this evolution, see Freeman and Louçã, 2001). More recently, an *American Economic Review* (AER) special section in 1985, with contributions from Solow, Arrow and David among others, helped clarify the ways in which history was used

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<sup>1</sup> The ETIS field in our definition reflects an historical evolution itself. It includes both the original generations of economists of technical change, and later developments of the field of innovation studies at large, which also includes scholars of other disciplines with no explicit economic orientation.

<sup>2</sup> It has been claimed (see Freeman and Louçã, 2001) that the first cliometric 'manifesto' dates back to Meyer and Conrad's (1957) *Journal of Economic History* article on *Economic Theory, Statistical Inference and Economic History*. The cliometric method was then applied in their study of slavery in the ante-bellum South of the US, published the following year (Conrad and Meyer, 1958).

by economics, and also lamented the ways in which it was not, but should have been. Lamoreaux et al. argued, in 1999, that:

To the present day, the Business History Conference is dominated by trained historians, whereas the Economic History Association is controlled by trained economists. Despite large areas of common interest, the professional reference groups, not to mention the norms about what constitutes interesting questions, pertinent evidence, and persuasive arguments sometimes seem alarmingly different. Moreover, in the absence of a compelling new interdisciplinary effort, this divergence seems likely to endure. (Lamoreaux et al., 1999, quoted in Freeman and Louçã, 2001)

Echoing the AER special session, we called for a similar reflection upon the ETIS field and the use and methods of history within it, to honour the work and intellectual heritage of Nick von Tunzelmann. He, among those few scholars like Nathan Rosenberg, Paul David, Joel Mokyr and Deirdre McCloskey, is an ‘orthodox’ economic historian who has added to the ‘heterodox’, interdisciplinary and (then) young ETIS field.

The papers contributing to this special issue cover a representative variety of conceptual and methodological approaches to the use of history in the ETIS field. The present article reflects on the way that they address the questions above, and challenges both ETIS scholars and historians of technical change to bridge the two fields.

Before critically reviewing the individual contributions, we first question what is history and where the debate over the use of history in economics has led so far (Section 2). We then move onto how history has been used in the ETIS field, with an overview of the common intellectual roots (Section 3). We next locate Nick von Tunzelmann’s academic career(s) as an historian and economist of technical change, his contributions, intellectual heritage and influence within the field (Section 4). Finally, we critically appraise each of the individual articles in the special issue (Section 5.1) and provide an *ex post* assessment of the conceptual and methodological achievements and challenges ahead for the use of history within the ETIS field (Section 5.2). Section 6 offers some concluding remarks.

## 2. What is history?

Before going into further detail on the role of history in the ETIS field, we should first consider history itself, what it is and how it is carried out. The Oxford English Dictionary offers the following definition of history with a capital H:

That branch of knowledge which deals with past events, as recorded in writings or otherwise ascertained; the formal record of the past, esp. of human affairs or actions; the study of the formation and growth of communities and nations.

However, debates within the field through the late 20th century undermined this view of an authoritative and singular “formal record of the past”. The various turns of the late 20th century – the linguistic turn, the feminist turn, the postmodern turn – all eroded the sense of a singular authority defining the past. Following the influential book ‘*What is History*’ by Carr (1961), the field seemed to settle on a position where history is a continuous process of interaction between the historian and her facts. Historians strive to be reflexive, are conscious of the sources that they select and the significance that they give to them. However, even while recognizing that its narrative representation is subject to linguistic authorship, the epistemology of history is relentlessly empirical. It is generally believed that the evidence can deliver some approximation of the

truth, which may be achieved through interrogating the data in a theory-testing sense.

History’s relationship with the social sciences, and economics in particular, is entangled in the search for positivist science. This can be simplified to a bipolar position where narrative history either falls in and out of favour against ‘scientific history’ or ‘economic determinism’. Hobsbawm’s (1980) rejoinder to Stone (1979) on ‘The Revival of Narrative’, argued that there was actually more continuity to both approaches than may appear in changing fashions. For example, interests in more micro-level subjects tend towards coherent singular chronology narrative while interests in ‘big why questions’ tend towards structures and multi-causality. But as Hobsbawm put it: “So long as we accept that we are studying the same cosmos, the choice between microcosm and macrocosm is a matter of selecting the appropriate technique. It is significant that more historians find the microscope useful at present, but this does not necessarily mean that they reject telescopes as out of date.” (1980: 7).

This metaphor of scientific instruments is germane. Gaddis (2002) argues that history is much more similar to the natural sciences than the social sciences in the way that resource and data collection iteratively interacts with problem definition. In particular, Gaddis points to the similarities with physical history as produced by astronomy, geology and evolutionary biology. Here methods typically begin with a subject phenomenon that is treated essentially as an outcome, and the research is directed towards understanding the processes that led to this outcome. Gaddis argues that historical processes and outcomes are complex, like those of astronomy and earth sciences, and so there is a high tolerance for multi-causal explanations and interdependent variables, a tolerance that is not present in much of the social sciences.

In spite of the differences between traditional history and social sciences, a succession of distinguished economists has tried to articulate the value of history to economics. For example, Solow argues in a special section of *American Economic Review* that history provides social and temporal context, which is too often forgotten in the search for a general economic model (Solow, 1985). Arrow (1985) argues there are two uses of history, firstly as empirical evidence with which to test theory, such as time-series studies, and secondly as a means of understanding conditioning of economic phenomena. Similarly to Solow, this means an appreciation of the influence of different contexts, and perhaps how the present came to be. Even contemporary cross-country comparisons, for example, can be better understood by reference to history, which can show similar (or different) ‘stages’ of development. Conversely, Arrow points out that historians are essentially trying to understand a particular event, and will use data and possibly social science theory for that purpose, while social science is aimed at general principles.

There are impressions that since the financial crash of 2008, attitudes in economics seem to have changed in favour of history. “Historical work has new interest and new status. Even economists, who usually have little time for history lessons, humbled perhaps by their role in recent cataclysmic events, appear to have new respect.” (Humphries and Hindle, 2009: 1). This is reflected in debates in *The Economist*, with the view that “Economic history should be at the heart of the economics instruction” (Pettis, 2010, echoing Schumpeter and also Rosenberg, 2011), as we shall see in the next section.

## 3. History, Economics of Technical Change and Innovation Studies: tracing common intellectual roots

The ETIS field traces its intellectual heritage to Smith, Marx, the Austrian School and most importantly to Schumpeter, who tried to bridge economics and history in the early 20th century.

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