

I

‘Reculturalisation’ in economic and social history?

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1. Introduction

In September 2000 the Dutch Posthumus Institute invited Peer Vries (Leiden), Jack Goody (Cambridge), Arthur Wolf (Stanford), Ulrich Wengenroth (Munich), John F. Wilson (Belfast) and Willem Frijhoff (Free University of Amsterdam) to discuss ‘the cultural thing’ in economic and social history¹.

The task of obtaining a clear picture of the possible significance of culture, cultural factors or (new) cultural history in the field of economic and social history is no easy matter. Lynn Hunt and other new cultural historians have expressed severe criticism about the whole historical endeavour of economic and social history. Culturalist approaches in history share some basic idealist positions: we should talk about people in history who are motivated by pictures or structures in their mind and who create their own reality. Thought and language have a power of their own and mediate, encase and influence behaviour.

Economic and social historians tend to concentrate on the observable behaviour of people and the historical evolution or structure of their practices. Pragmaticians that they are, they would try to reduce or to avoid the problem of how we can ever know what people, especially ordinary people, were thinking. If led by social and economic theory, they would use or try to develop rather simple black boxes about individual decision making, the role of costs and social sanctions. Of course, as Walter Licht remarks, the culturalistic response is “What shaped reactions? What understandings, values or visions affected decisions? That is critical.”² This small

1 The N.W. Posthumus Institute is an inter-university co-operative institute for economic and social history in the Netherlands (<http://www.kun.nl/posthumus>). The Conference, held at the University of Nijmegen, was organised by Paul Klep and Loes Lemmens (nwp@let.kun.nl). The author thanks Peer Vries and Jan-Pieter Smits for their comments.

2 Lynn Hunt (ed.), *The New Cultural History* (Berkeley 1989), Introduction; Walter Licht, ‘Cultural History/Social History’, in: *Historical Methods* 25 (1992) 37-42.

collection of papers comprises various positions, the most 'cultural' one being that presented by Willem Frijhoff.

Economic and social historians tend to *make use* of the actual great variety of human behaviour and the individual reactions of people in order to locate and to explain 'normal' behaviour. Variety in behaviour often has only a functional significance for them. They try to explain history on a level of generalisations and comparisons. They do so, with some success, in order to isolate basic ingredients, to understand the complexity of major historical developments and variations on a macro level: in ecological and urban conditions, household and demographic regimes, technological systems, working conditions, productivity capacities, volume and patterns of trade, and the shifting of social tensions and power relations.

However, the question arises how the variety in economic and social behaviour itself should be understood and can be explained. More basically, the social and economic structures or patterns that are now understood by our generation of historians were not necessarily known or even relevant to people living in the past.

As long as little or nothing is known about people's specific 'mental programming', their perception of reality and the implications of it for their behaviour, it remains impossible to draw a direct line between our perception of social and economic structure and historical human action. Frijhoff advocates cultural research about the historical individual as the most radical remedy. Or is it the introduction of 'cultural factors' or 'economic and social institutions' that will be the new cultural inspiration in economic and social history? Or perhaps there are other approaches?

It is clear that 'culture' is not a simple notion, and that the methods to study it vary greatly. To what extent can 'culture' be a meaningful concept in economic and social history? How can it contribute to a better understanding of historical developments and of differences according to region, sex, class or whatever?

Because 'culture' is a very complex and multiple notion, it might be rewarding to think about the concept itself before starting to use it. What kind of scientific starting points should be kept in mind? What would be safe ways to deal with 'culture' in the practice of historiography? What could be promising prospects of 'culture' in economic and social history? And finally, how should a 'culturalisation' of the field be perceived in the evolution of the field of economic and social history? This small collection of papers endeavours to contribute to a further discussion of these questions.³

3 No attention will be devoted to 'culture' as an economic and social asset or product, although the contribution of Willem Frijhoff will treat this by way of an example of a cross-fertilisation of economic history and art history. See the overview of David Ormgod, 'Art and its Markets', in: *Economic History Review* 52,3 (1999) 544-51; an early quantitative example in the field is: W. Brulez, *Cultuur en getal. Aspecten van de relatie econo-*

2. A short history of 'deculturalisation' of the field

It would be a rewarding enterprise to analyse how 'culture' was present in traditional economic and social history and why and how it was – in mainstream research – displaced in the 1960s and 1970s by serial, quantitative, cliometric, econometric and social science approaches.

Actually, Good Old Economic History (before 1920) had strong 'cultural' characteristics. This was not an 'opera house conception of culture' concerning art and literature or the spirit of the age. R.M. Hartwell mentions not only the involvement of good old economic historians with political ideas (criticising capitalism) but also their strong sense of the interdependence of social, economic, political and institutional processes, and their comparative outlook on economic and social change in the long run. A strong concern with the (legal) limitations to freedom of economic action was another characteristic. Pure economics was considered of little use in explaining historical economic change and the economic historians incorporated religion, custom, law (including property rights), institutions and politics into their explanations of economic change.⁴

During the forty years between 1920 and 1960, mainstream economic and social history did not fundamentally change this type of analysis. There was a less strong sense for general explanations of economic and social change and contributions to theory. In contrast, the field developed an empirical, sectoral, thematic and class-oriented bias, in national or regional settings, with some hope for new generalisations in the future. There was not a general appreciation of quantitative methodology and certainly not a theoretical backbone of rational behaviour that would dominate the historical narrative. It was also a period of growing methodological divergence between history and the social sciences. The latter became more theoretical and autonomous in their own fields: sociology, psychology, economics and anthropology. Economic and social history displayed a pragmatic mixture of historicism and positivism.

Famous authors who presented new generalisations, such as H. Pirenne, B.H. Slicher van Bath, J.H. Clapham, J. U. Nef, T.C. Cochran, and F.C. Lane studied

mie-maatschappij-cultuur in Europa tussen 1400-1800 (Amsterdam 1986); in economics see for example Arjo Klamer ed., *The Value of Culture: on the relationship between economics and arts* (Amsterdam 1996) and the *Journal of Cultural Economics*. Recently Maxine Berg made an explicit connection between the 'glamour sector', fashion, consumption behaviour and product innovation: Maxine Berg, 'French Fancy and Cool Britannia: the Fashion Markets of Early Modern Europe', in: *Fieri e Mercati nella Integrazione delle Economie Europee. Secc. XIII-XVIII* (Prato 2001 forthcoming).

4 R.M. Hartwell, 'Good Old Economic History', in: *Journal of Economic History* 33 (1973) 28-40; Fritz Redlich, ' "New" and Traditional Approaches to Economic History and Their Interdependence', in: *Journal of Economic History* 25(1965) 480-95.

economic development in a broad societal way, and devoted much attention to the influence of institutions and actors. They would use quantification for some part of their argumentation in their work. Culture was implicitly strongly present in the way they dealt with the embedding of economic phenomena in law, institutions, economic policy and the norms and values it enshrined. The cultural issue was also shown by an inclination to deal with particular and unique historical phenomena such as countries, regions, cities, entrepreneurs and certain periods.

Social history developed in much the same way. From the 1920's onwards, several types developed that showed various cultural elements dealing with interrelations of internalised social values and actual behaviour. Before the second world war, analytical German social history in the tradition of Max Weber dealt with the influence of religion and institutions in major social developments like capitalism, social disorder and impoverishment. The British and American daily life history brought to the forefront the historical importance of the ways of thinking and behaviour of ordinary people. The Old Labour History dealt explicitly with working class experience. According to E.P. Thompson, class was a cultural as much as an economic formation, and 'although class experiences are largely determined by productive relations (...) class consciousness is the way these experiences are handled in cultural terms: embodied in traditions, value systems, ideas and institutional forms'.⁵

The same applied in the case of the *Annales* (since 1946 entitled *Annales. Economies, Sociétés, Civilisations*). Recently Georg Iggers has shown that the importance of 'culture' in the *Annales* varied over time. Marc Bloch and Lucien Febvre had a broad outlook, which was no longer based on a political framework. They did not deal with a central political institution in their narratives about French feudal and rural history, but with complexes of interpersonal relationships related to each other by economic, social, cultural and also political ties. They devoted a great deal of attention to geography. However, this was always a 'human geography', an interaction of regional collective consciousness and social structure, and physical space. This might be labelled a 'regional culture'. In this consciousness, religion was important, but of even more fundamental importance was the language spoken, which shaped thought processes. Therefore, for Bloch and Febvre semiotics was more important than economics in understanding history.⁶

In French historiography it was Fernand Braudel himself who narrowed the importance of ideas, tastes and attitudes. In his view the external world of climate, biology and technology imposed strict limits on what people would think and do. He thus paved the way for narratives of regional histories that were strongly based

5 Cited by David Brody, 'The Old Labor History and the New: In Search of an American Working Class', in: *Labor History* 20 (1979) 123.

6 Georg G. Iggers, *Historiography in the Twentieth Century. From scientific objectivity to Postmodern Challenge* (Hanover and London 1997)

on serial and quantitative work. During the 1960s and the 1970s the Annales 'laboratories' developed a strong interconnection between history, quantification, economics, demography and sociology in the field of the history of the Ancien Régime (Pierre Goubert, René Baehrel, Emmanuel Le Ray Ladurie, Ernest Labrousse, François Furet).

To the extent that cultural history survived, the increasing influence of anthropology had a very specific effect in culturalistic research. French structuralism in the 1960s tended to reduce the cultural aspect to 'cultural codes'. These keys to human behaviour would govern the thought and actions of the group. In the view of Ernst Breisach, one consequence of this 'structuralist view of culture' of Lévi-Strauss was that, in much of work of the Annales, human beings were not seen as acting individuals.⁷

In the field of economic history we know that post-1945 an a-cultural, quantitative and 'scientific' revolution took place that was still stronger and more closely connected with particular theories. Quantification itself was not new, of course. Descriptive statistics had become available from the inter-war period in price and wage histories, and in agricultural, trade and monetary history. Although there was a good deal of 'measurement without theory' the phenomena of short-term and long-term fluctuations in the economy, and their causes and effects, were intensely analysed (F. Simiand, C.E. Labrousse). In the 1950s and 1960s, however, a kind of shift occurred. Economic historians – especially in the United States and later also in Europe – were stimulated in a crucial way by econometric studies and the theoretical and structural approach of leading economists such as S. Kuznets, W.A. Lewis and F. Perroux in problems of (under)development and growth processes.⁸

Quantification and theory were now increasingly focused upon macroeconomic processes that would encompass and interrelate individual economic sectors and countries. As Fritz Redlich remarked in 1965, this new approach tended to disregard institutions and borderlines. The strongly positivistic New Economic or Cliometric History was born, although at the same time traditional economic history using the hermeneutic – that is the interpretative 'understanding' – method continued to exist. Without actually using the word 'culture', Redlich observed that new and old economic history were interdependent. In his view, the effort to under-

7 Georg G. Iggers, *Historiography*; Peter Burke, *Sociology and History* (London 1980) 23-27. Critical even negative about the neglect of the deciding and acting historical individual by the *Annalistes*: Ernst Breisach, *Historiography. Ancient, medieval and Modern* (Chicago 1994 2nd edition) 372-74.

8 Herman van der Wee and Paul M.M. Klep, 'Quantitative economic history in Europe since the second world war: survey, evaluation and prospects', in: *Recherches Économiques de Louvain* 41,3 (1975) 195-218.

stand the variety of historical experiences by traditional historical methods would prevent new approaches in economic history from pure model building.⁹

Measurable concepts of growth and structure increasingly gained in popularity. Underdevelopment was a very topical issue in the 1950s and 1960s. Economists, demographers and sociologists as well as historians felt a challenge to contribute to this debate by looking at historical experience. They were able to do so because of the high applicability of economic and social science concepts throughout time and place. Although not without problems, the applicability was indeed impressive in terms of measurability, comparability and usefulness for explanations of historical change.

At the level of enterprises, A.D.Chandler proposed focusing upon the very process of entrepreneurial decision making. The motives of, the alternatives open to, and the action taken by individual decision makers were perceived as strongly determined by organisational aspects and the external world, and less by individuals. In his early work he introduced the 'structural' concept of the managerial enterprise in which visions, attitudes and norms were strongly modelled into 'rational strategies' where independent cultural factors were no longer needed. Compared to traditional entrepreneurial history with its great visionary entrepreneurs, the new interrelation of managerial sciences with history had the same kind of 'deculturalisation' effect as growth theory and demography had done in the field of development.¹⁰

This did not mean that cultural elements were deliberately excluded. Leading economic historians like D.C. North proposed expanding neo-classical theory on decision making (theories of choice) by a further development of theories of household economics, the enterprise, and the state. At the same time he advocated – without mentioning the word 'culture' – the historical study of the 'changing rules of the game', including protection and justice and their related transaction costs.¹¹

In the same period, demographic and social history underwent a de-culturalistic influence by demography and sociology. The work of F.W. Notestein and A. Coale on the demographic transition and its interaction with economic development was highly influential.¹² The French Institut National d'Études Démographiques and

9 F. Redlich, 'New and Traditional Approaches to Economic History and their Interdependence' in: *Journal of Economic History* 25(1965) 482, 491-93.

10 A.D. Chandler Jr., 'Decision making and Modern Institutional Change', in: *Journal of Economic History* 33 (1973), 3-4, 14-15. For a French plea in favour of organisational theory in the history of decision making: Patrick Fridenson, 'Les Organisations, un nouvel objet', in: *Annales* 44(1989) 1470-75.

11 D.C. North, 'Beyond the New Economic History' in: *Journal of Economic History* 34 (1974) 2-6.

12 D.V. Glass and D.E.C. Eversley (eds.), *Population in History. Essays in Historical Demography* (London 1965) and D.V. Glass and Roger Revelle (eds.), *Population and Social Change* (London 1972).

the Cambridge Group for Population and Social Structure contributed to a demographic population history. The formal technique of the 'reconstitution of families' by Louis Henry, Michel Fleury and E.A. Wrigley became widely used. It became very usual to think of demographic regimes and transformations, the family economy approach, social mobility, social stratification, social infrastructure, ecological conditions, patterns of (uneven) exchange between regions, and arrangements of power in the world, in the state and in social organisations. These new 'structural' concepts enabled historians to study the social context of people in a comparable way in time and between regions.¹³

Inspired by theoretical concepts and models in econometrics¹⁴, quantitative demography and structural social science¹⁵ a strong wave of measurement of historical variables and coefficients developed. This quantitative approach to demographic, economic and social phenomena tended to simplify or to externalise the cultural dimension that was not measured in the same way.

In quantitative models and explanations, the various visions and attitudes of historical people became modelled in a very particular form that assumed a degree of unified and homogeneous way of thinking, acting and reacting (assuming invariable situations such as perfect market competition, rational behaviour of actors, and the predominant effect of economic costs and social sanctions). Similarly the cultural dimension could not be important in demographic and economic explanations because by its very concepts it was implicitly supposed that culture did not develop in the short term ('given' preferences, tastes and institutions).

The exciting combined power of economic and demographic theory and measurement promised historians the prospect of describing and explaining historical developments at the level of the whole society, the enterprise, the household and the individual. The definitions of these economic and social science concepts were imported from the practice of 'autonomous' economic, demographic and social science in which changing culture was not an important issue. In a certain sense, economic and social history imported an a-cultural approach. Implicitly, the cultural complexity of the measurable variables was regarded as less important for historical explanation than the historical inference and coherence of those variables.

13 Ernst Breisach, *Historiography*, 340-41, Peter Burke, *Sociology and History* (London 1980), Chapter 2 (Social Structures) and Chapter 3 (Social Change); Maarten Duijvendak and Pim Kooij, *Sociale Geschiedenis. theorie en thema's* (Assen/Maastricht 1992)

14 See for states of the art of quantification in economic history during the 1970s: C.H. Lee, *The Quantitative Approach to Economic History* (London 1977), Wolfgang Zorn, *Einführung in die Wirtschafts- und Sozialgeschichte* (München 1974) 51-82.

15 See for a state of the art during the 1970s about the theoretical and quantitative approach in social history: Peter Burke, *Sociology and History* (London 1980), ch. 2 (social structures) and ch. 3 (social change).

In the 1960s and 1970s it was certainly not only this quantitative ‘pure’ economic, demographic and social theory that promised a great power of understanding and synthesis of history. There were still more classical approaches. The ‘cultural’ or regional and local geographic approach still flourished. Political and institutional history continued to offer a framework of visions, attitudes and power that could be seen to dominate economic and social issues.

Marxism was another approach. The study of productive forces and the social distribution of income also had a cultural component of sorts: the ideology of the period, and the ideological conflicts between social antagonists was an essential factor in historical development. Therefore, deculturalisation of economic and social history was only partial, and especially related to theory-led history.

3. Reculturalisation, or the problem of individual preferences, values and behaviour

There are signs of a culturalistic revival of the social science part of economic and social history. The Posthumus Conference itself is one of them. What are some of the main features and problems of ‘culture’ in the present field? In a certain sense we don’t need to concern ourselves with ‘traditional’ economic and social history (including biographies and the history of ideas). This kind of research is still operating on the level of the history of individual actors, organisations and institutions and their ambitions, decisions, significance and role in society. This branch has been active since the late nineteenth century, and will continue to be so. It seems to be more interesting to look at those parts of the field that have been strongly influenced by social science theory and methods.

One very obvious point lies in the relationship between economic history and economics. To the extent that economic theory would (re)encompass culture again, a specific effect on the practice of theory-minded economic history can be expected. Or, vice-versa: if theory-led historical research were to produce new ideas about the influence of culture, we can expect an effect on economics (and also on demography and sociology).

In ‘The role of culture and institutions in economic history: can economics be of any help?’ – the second contribution to this small collection of papers – the historical theorist *Peer Vries* presents an analysis of this mutual relationship. After dealing briefly with the conceptual problem of culture, Vries shows that the use of cultural variables displays a confusing variety of ‘cultural traits’ at the micro-level (such as elements of work ethic, economic rationality, inclination to risk-taking and many others) and broad ‘civilisational’ concepts, exemplified in religion and ethnicity. Vries stresses that ‘value’ and ‘preferences’ in consumer behaviour do not mirror a pure rational choice, but rather a choice under the constraints of a

bounded rationality in a society or social group with dominant values. Therefore, culture should be operationalized into specific and quantifiable definitions.

Even more important, these cultural variables should be embedded in theories specifying (1) how in a cross-section view different economic virtues, norms and attitudes would explain differences in decision making in markets, households, organisations and governments, and (2) how cultural changes would influence economic decision making in the long term. As the neo-classical economist North signalled in 1974, 'perfect markets' and other rigid limitations can be made more 'cultural' by the study of changing transaction costs, contracts, and property rights. Actually, North did not use the word 'cultural', but showed himself in favour 'to broaden the frame of reference' of neo-classical theory by a theory of the state, a theory of choice, a broader theory of property rights that would include changes in transaction costs and contracts, and a household economy theory that would bring fertility into economics.¹⁶ Much of this has been realised in the last 25 years. Vries now expects the *New Institutional Economics* to 'solidify' culture in neo-classical economic theory. This way of reculturalising economic history would imply a loosening of the neo-classical ties of both 'rational choice' and 'perfect markets'.

Explicit thinking about the cultural factor is also visible in another field where economic models have organised much research during the last few decades: the decline of fertility. Various economic rational actor models have been used in this field. The strongest one – in the Princeton Project – attempted to explain controlling behaviour of parents on the basis of changing economic opportunities ('literacy', 'occupation'), while the possibility of people's changing preferences was not really taken into account. The essential idea of the rational actor model is that 'incentives' matter. If they change, the behaviour of individuals will change in a predictable way. The research efforts of the Princeton Project, followed by numerous others, were not an unqualified success. Many researchers, including the renowned economist of the family Gary Becker, have tried to enrich the rational actor model that looks only at changing opportunities; their theories now also encompass a discussion of changes in values and tastes.¹⁷

4. Reculturalisation of what? Models and cultural approaches

Reculturalisation of economic and social science history seems to be possible along quite different ways. We can try to enrich rational actor models to make them more cultural, or we can try to develop cultural explanations as a radical alternative to rational actor models. In a methodological paper on fertility decline, published in

16 North, 'Beyond the New Economic History', 2-4.

17 Gary Becker, *Treatise on the Family* (Cambridge 1981, 1991 2nd ed.).

1993, Robert Pollak and Susan Cotts Watkins analyse more precisely the relationship between 'cultural explanations' and 'rational actor model explanations'. This analysis seems to me very interesting as a starting point to discuss the various forms of cultural-inspired economic and social history that have been visible in recent years.

Firstly, the authors show that some 'cultural' explanations are not explanations at all. This is the case, for example, if culture serves simply as an 'identifier' locating a practice in time and space. 'Religion' is a case in point: we may demonstrate that fertility differs between religions, without explaining why this might be so. Various religions are here simply pointing at particular cultural spaces that for some reason show differences in fertility, without telling us why. Another type of non-explanation is to look at the residual of variations that have not been explained by other (economic, demographic) variables and to label the result as the result of a 'cultural change' or a 'regional culture'.

Secondly, although many economists now accept that culture 'works' in the rational actor model, they disagree about whether culture operates through the changing opportunities in the world (availability of contraceptive technology, changing standards of living, for instance) or through changing preferences (preference for fewer children, acceptability of contraceptives). Richard Sutch – on the opportunities side – views culture as a set of constraints within which economic creatures maximise utilities (for instance voting in favour of a law against the sale of contraceptives), whereas Ronald Lee views culture primarily as a preference structure. In both cases, however, culture is used within a rational actor framework.

Thirdly, some cultural explanations are an alternative to the rational actor model, because they are not decomposed into opportunities components and preference components. If culture is a pool of ideas negotiated in a specific collectivity that might change over time, then it is the social thinkability of birth control that is essential. This thinkability implies concrete conversations in social networks about information on techniques, the legitimacy of using these techniques, and the legitimacy of the opportunities they offer. Conversations create a commonality of perceptions, for instance on household consumption or the value of children.¹⁸ And here 'culture' in a more 'civilisational' sense enters the scene.

Identification of conversational networks is possible by using 'cultural identifiers': thus we will find specific groups with a common language, the same ethnicity, or religion, dress signal, gender, class, property ownership, or economic activity. For each 'cultural' group or perhaps even each individual there is a different perception of the totality of preferences and opportunities. There is no cultural unity in society, as implied in the rational actor model, no possibility to think in homogeneous space. The study of individuals and their groups is crucial for writ-

18 About 'opinion leaders' and 'trend setters': Robert A. Pollak, 'Interdependent Preferences', in: *American Economic Review* 66 (1976) 309-20.

ing history here and a general model of the behaviour of individuals rather a-historical.

Finally, as a kind of compromise between the second and the third approach, the rational actor model could accept that there is a bounded rationality (for lack of information and communication, for instance). However, how can we specify the boundary between choice behaviour and non-choice behaviour, and its historical changes? Culture, in the sense of negotiated thinkability of preferences and opportunities in social networks might help us to understand the processes at work here.¹⁹

This analysis warns the reader that 'culture' cannot be simply 'integrated' into social and economic science history. It shows various paths. One wonders now about the theoretical relation between '*New Institutional Economics*', 'culture' and economic history. The second type of Pollak and Cotts Watkins seems to fit best. In his contribution, Peer Vries shows that references to culture and institutions now abound in economics and economic history. He points to the development of not only a conceptual development of 'consumer preferences' but also 'producer preferences'.

Explanations of the *New Institutional Economics* seem to be consistent both with certain cultural explanations and with rational actor explanations at the same time. Nevertheless, there is still the possibility that economists see economic institutions as phenomena that simply divide space and time. If so, they think implicitly of social, geographical and historical spaces with an autonomous, perhaps rather eternal 'cultural' character. If institutional economists think of institutions solely in terms of particular (for instance national) 'sets of constraints' with different transaction costs, governing the opportunities for economic creatures who are maximising utilities, then they offer no cultural explanation at all. Pollak and Cotts Watkins would tell us that they should not use the word 'culture' at all. And anthropologists would concur, albeit for different reasons.

In the following section concerning the historiography of the Rise of the West we will encounter an interesting example of the first type ('no cultural explanation at all') and some endeavours to integrate measured 'cultural factors' into the tradition of the rational actor approach and model building. Later on in this introduction we will encounter the contribution of Willem Frijhoff, who presents ideas that come close to the third type. He is in favour of research that would seem to develop alternatives to the rational actor model by using a cultural approach to the individual dimension.

19 Robert A. Pollack and Susan Cotts Watkins, 'Cultural and Economic Approaches to Fertility: Proper Marriage or *Mésalliance*?', in: *Population and Development Review* 19,3 (1993) 467-68,

5. From Kuznets to Landes: the cultural explanation of the Rise of the West

Although he did not use the word ‘culture’ on a single occasion in his famous contributions about the spread of modern economic growth, Simon Kuznets was certainly concerned about the substance of it. According to Kuznets, ‘political and ideological processes’ and ‘non-economic and non-demographic social institutions and beliefs’ might be the source of some major disturbing problems in society. In his view they were generated by modern economic growth in the developed countries, and by the gradual spread of such growth throughout the world. He was well aware that ‘views shared by the major groups in the population’ were of crucial importance in influencing individual and social activity. These views, ‘while subject to change as economic and social conditions change (...) have their own pattern of life.’ Discussing the situation in underdeveloped countries he stressed that not only Western policies but also ‘native traditional views and values’ that had survived in various places were creating inducements for but also obstacles to the diffusion process of modern economic growth in underdeveloped countries.²⁰

Kuznets regretted the absence of quantifiable variables concerning views and values that would contribute to a further explanation. An interesting breakthrough in comparing the influence of culture of countries is the approach to measuring work-related values. In 1980 Geert Hofstede published an influential study on ‘differences in thinking and social actions’ in 40 different nations. He used 116,000 individual questionnaires of the HERMES international attitude survey programme in 1968 and 1972. The basic theoretical idea is simple. Complex society can exist because people have a ‘mental programme’ that makes human behaviour to some extent predictable. ‘Culture’ here takes the form of these ‘programmes’ that are partly strictly individual and unique, partly shared with others. If culture is a patterned way of thinking of a social group, then values are individual preferences, or conceptions of the desirable, and norms the values held by the majority. On the individual level values are developed in early childhood.²¹

Hofstede identified four quantifiable dimensions of value systems which effect human thinking, organisations and institutions in predictable ways. In his view culture is to be operationalized by (1) Power Distance (the extent to which the society (or social group) accepts or rejects unequal power), (2) Uncertainty Avoidance (the extent to which people do or do not feel threatened by uncertainty), (3) Masculinity-Femininity (the relative emphasis on achievement and success on the one hand and caring for others and quality of life on the other) and (4) Individual-

20 Simon Kuznets, *Economic Growth of Nations. Total Output and Production Structure* (Cambridge Mass. 1971) 349; Simon Kuznets, *Modern Economic Growth. Rate, Structure and Spread* (New Haven and London 1966) 459-60.

21 Geert Hofstede, *Culture's Consequences. International Differences in Work-Related Values* (Beverly Hills and London 1980) ch. 1 and 2.

ism-Collectivism (the extent to which people look to themselves and their immediate family, or the existence of a we-consciousness and a preference for group decisions). Some scores are set forth in Table 1.

Table 1. Scores of some countries on Hofstede's cultural dimensions

	Power Distance	Uncertainty Avoidance	Masculinity	Individualism
Denmark	18	23	16	74
Norway	31	50	8	69
Great Britain	35	35	66	89
Germany	35	65	66	67
Netherlands	38	53	14	80
USA	40	46	62	91
Japan	54	92	95	46
Taiwan	58	69	45	17
Belgium	65	94	54	75
India	77	40	56	48
Mexico	81	82	69	30
Philippines	94	44	64	32
Mean 40 countries	52	64	50	50

Source: Hofstede, *Culture's Consequences*, 315.

Recently, Radislav Semenov used these cultural variables to explain cross-country differences in systems of industrial finance and industrial relations. The causes of differences in market (as opposed to bank) ownership of firms, in participation of pressure groups in public economic policy formation, and in centralised bargaining between labour and capital could be well explained by these cultural factors. The ways in which those industrial relations are settled proved to be closely related to differences in national cultures as established by Hofstede.²²

In the view of Kuznets, underdeveloped countries were 'delayed' and were awaiting major required political and institutional changes. Rising expectations would strengthen their resolve to change, although this could create 'explosive possibilities'. What he is really telling us is that 'modern' preferences and 'adequate' institutions should be considered to be crucial, and in this sense he accepts cultural elements in his explanation. Kuznets felt that economic opportunities alone could not explain the uneven spread of modern economic growth in the world, but –

²² Radislav Semenov, *Cross-country Differences in Economic Governance: Culture as a Major Explanatory Factor* (Tilburg 2000).

using a kind of diffusion theory – ‘in the long run’ they would. Is he telling us that in the long run culture does not matter? Was this his way of justifying the exclusion of the cultural element from his quantified economic growth model? His view seems to be that in the long run divergence processes of regional economic growth would transform into convergence, thanks to rational actors and to time.²³ This proved not to be the case.

There is something intriguing in the ‘cultural thing’ here. Why not leave the rational actor explanation altogether? The ‘explosive possibilities’ – which did indeed develop in various areas, especially in Africa – refer to the awareness of Kuznets that economic growth can affect the psychological climate in a country in an unpredictable way and can create severe disintegration and political tensions instead of a new uniform ‘modern’ economic culture that would give full rein to modern technology.

Nevertheless, his non-quantified narrative of blockades against economic growth would fit a basically cultural approach to economic growth. The growth process itself can cause new – even contradictory – sets of personal values as well as social norms in a society. Elsewhere, it has been suggested that ‘economic complexification’ can create three different types of mental interactions, of which only one is peaceful: conflict, totalitarianism, or in the best case, ‘democracy’, some consensus about the most important things to do.²⁴

This is not the place to discuss the terrible consequences of implicit modernisation theory in economic theory and history, but I would mention here that there is also another alternative to the rational actor explanation and the cultural explanation. I refer to the view of Wallerstein that preferences and opportunities, as well as the cultural system itself, should be viewed in terms of dependency between societies.²⁵ Marxist interpretations are as inconsistent with rational actor explanations as some cultural explanations are, but for some reason they do not seem to be very much in vogue today. The whole idea that economic production, human reproduction and social distribution are closely related to each other in a systematic way that would even determine people’s mental programming, including their values, social norms and whole culture is still intriguing.

23 Simon Kuznets, ‘The Gap. Concept, Measurement, Trends’, in: Simon Kuznets, *Population, Capital and Growth. Selected Essays* (London 1974) 302-04.

24 See for a discussion about the role of mentalities in economic convergence and divergence in the work of Kuznets and Wallerstein: P. Terhal, *World Inequality and Evolutionary Convergence* (Rotterdam 1988). These studies are discussed by P.M.M. Klep and E. Danneels, ‘Convergentie of divergentie? De Belgische en Nederlandse economie tussen 1850 en 1880’, in: E. Aerts, B. Henau, P. Janssens and R. van Uytven (eds.), *Studia Historica Oeconomica. Liber Alumnorum Herman van der Wee* (Leuven 1993) 262, 272-273.

25 E. Wallerstein, ‘Modernization: requiescat in pace’, in: E. Wallerstein, *The Capitalist World-Economy* (Cambridge 1979) 133.

Returning to the issue of the Rise of the West, it should be noted that Peer Vries also discusses this intercultural theme in his contribution to this Posthumus collection. He points to the 'old and still dominant tradition' that assert fair competition and *laissez-faire* in Western history to be the essential ingredients in its success, and the opposition of many scholars – including Braudel – to this view.

In the present studies of the economic history of the West, Vries identifies a major underlying debate concerning institutional preconditions for economic growth and its cultural origins. He regrets a certain lack of clarity in specifying institutions, that in history and theory their role is not unambiguously established and that quantification is weak. Even in the case of a measurable concept like transaction costs, most of the work remains to be done. Many narratives about institutions seem to suggest opportunities, not to prove necessities.

One of the famous recent interpretations about the Rise of the West is the work of David Landes, *The Wealth and Poverty of Nations*, published in 1998. At several points in his book Landes discusses the problem of culture in economic development, and tries to find cultural explanations for diverging developments between the West and the rest of the world. In his view, 'culture makes all the difference'. This of course, is a highly interesting hypothesis to discuss.

Jack Goody was invited to the Posthumus Conference to comment upon this major synthesis: *Culture and the economy: Landes and the Wealth of Nations*. Not surprisingly, this analysis by an anthropologist turns out to be highly critical. Goody tries to find out what 'culture' does in Landes' narrative of economic world history.

Goody discusses three possible ways of viewing 'culture'. The first is the unexplained 'residual category' variable in economics, a supposed element called 'culture' which hinders economic life from operating in the most efficient way. This approach is of little help in specifying how cultural factors might cause economies to develop in different ways. The second one is a true anthropological 'inclusive' approach of 'culture', which would be roughly equivalent to Ruth Benedict's 'learned behaviour' in specific societies. For this type of anthropology, every human action is contained within culture. A culture is the specific adaptation of a social group to its environment. It is not a variable. This kind of approach would divide the world into spaces, into 'cultures' that each would have different systems of economic, demographic and social preferences and opportunities, with differently bounded rational actors. Such a general concept of culture is not sharp enough ('has an unacceptable level of over-generality') to explain divergence and convergence of economic growth in various areas of the world.

The third possibility is to use 'culture' as an explanatory variable. Goody shows that this is not an easy path of research to follow. 'Culture' does not seem to work consistently; it can support as well as limit 'enterprise' or 'competition', for example. Goody gives a list of examples of elements in Western culture that paved the way for economic growth that were also present in other societies: scientific and

technological revolutions, individualism, mobility, private property, the commercial city, the republican idea, technical inventiveness. 'Culture' should not be used in the sense of complexes of mentalities and practices that make economic developments possible or impossible. Goody opposes ideas such as: if a country permits reason and the market to rule, its economic development will follow. If culture is used in an explanatory way, 'cultural specifics' should be found and measured like economic ones. Here the work of Hofstede comes to mind: specific cultural factors in a social group concerning values that intervene directly into the economic rationality and people's behaviour.

6. The concept of culture and varieties of cultural history

David Landes tried to make culture an explanatory category in economic and social history, but he failed, at least in the eyes of Jack Goody. 'Oversimplification' is one of his most friendly qualifications. This analysis leads us to a deeper concern about the scientific aspects of the concept of culture and various applications of it to historical research. Since this cannot be a complete overview of the problem, I will restrict myself to some aspects of the workability of the idea of culture and cultural history as to the economic and social history.

In his contribution *Culture, culture, culture* the American anthropologist and demographer *Arthur Wolf* presents a short history of the concept of culture in anthropology. The idea that 'culture' is something 'autonomous, self-governing and indispensable' is an American invention and does not help us. Referring to the famous list of 169 definitions of culture assembled by A.L. Kroeber and Clyde Kluckhohn in 1952, and recent developments of postmodernism and evolutionary psychology that have probably doubled these numbers, Wolf comes to a firm point: culture is just a splendid cover for a conceptual mess. Such a position would discourage everyone working at 'Reculturalisation'! And it would certainly have warned David Landes, one might suppose.

The first part of Wolf's paper concerns the history of the difficult question 'what culture would be'. Is it what is done and believed by people? Or what significance things and behaviour have to people, and the consequences of this for their behaviour? Kroeber (1917) talks about a 'superorganic world of thoughts and ideas independently influencing the individual', 'an accumulation of solutions to the problems posed by living together and making a living', 'an archive of values and ideas'. It creates language, religion, social order, technology, the arts. Benedict (1940) refers to 'the learned aspect of behaviour of particular people' whereas Geertz (1966) characterises culture not as concrete behaviour patterns, but as 'a mental programme' of symbolising, a human capacity to give significance to things and behaviour, 'a substitute for the instincts we lack' so people can operate successfully.

The second part deals with anthropological perceptions of cultural differences between societies. According to Kroeber (1951) differences in fashion, sculpture, literature are caused by different 'social styles that are selective with reference to values'. Benedict (1934) looks at conduct in formal and ritual settings that would be the result of different superorganic and spiritual styles. Geertz (1973) stresses that different cultures are different webs of significance made by distinct social groups. This is a semiotic conception of culture, to be observed in performances or structured events.

Sharp and Wolf display a deep distrust of these types of societal approach to culture. In their view this 'culture' is a kind of scientific dreaming by anthropologists, derived from looking at behaviour patterns. The concept of culture as an independent system or a fundamental way to understand a society is thus a problem, an obstacle to understanding. If one tries to do research on human behaviour, it is preferable to apply much more restricted cultural concepts, such as values, preferences, social norms and laws, and their effects in society.

This discussion leaves the economic and social historian who tries to think about culture in some state of alarm. Since there is a kind of disciplinary hybrid of anthropology and history, should we not be aware of big conceptual problems in cultural history too? In this sense, the contribution of Wolf underlines the critical conclusions of Jack Goody about the historical analysis of Davis Landes.

In his overview of the relationship between history and anthropology Jordan Goodman discusses the pragmatic use of anthropologist's work by historians, and the general lack of interest in theory of history among historians. He is being kind, since he could have added: especially economic historians. He shows that the work of certain cultural historians – such as Nathalie Davis – is inspired by a concept of culture guided by Clifford Geertz. Goodman strongly criticises Davis's advice that historians should stay away from the anthropologist's profound issues of interpretation of culture. Too much historians' work is only pragmatic, only partially connecting to anthropology and history.²⁶ We follow his advice, but as far as we can see thanks to Goody and Wolf, Davis seems to be quite right. However, there is an astonishingly great variety of 'culture' in history.

This is not the place to discuss cultural history and its varieties, as Peter Burke has done recently. A number of things seem important. First of all, some cultural history is simply protest, a radical alternative to traditional history. The new cultural history can be seen as a general critique on traditional history and its world of fragmentation and specialisation. New cultural history now claims to have the synthetic power for understanding history, like political history, geography, Marxism and economics have claimed successively since the nineteenth century. I will try to

26 Jordan Goodman, 'History and Anthropology', in Michael Bentley (ed.), *Companion to Historiography* (London and New York 1997) 786-87, 790-91.

discuss only an aspect of it: the theoretical significance and systematic 'connectivity' or integration of cultural history for economic and social history.

According to Goodman, recent cultural history takes two basic forms: anthropological inspired 'new cultural history' (or anthropological history) and a pragmatic 'culturalisation' of themes in the sense of 'the cultural history of X', where X can stand for anything. The latter approach seeks to discover what the *mentalités* are about a specific topic that is studied: consumption, labour, advertising, clothing, food, sugar, tobacco, drugs, the telephone, electricity and lighting, plastic and the pencil. of Goodman's criticism is that these thematic culturalistic approaches are fragmentary and lack a unifying discipline, which could be found in new cultural history.²⁷ Interestingly, Goodman does not mention attempts to enlarge the framework of neo-classical thinking about culture.

In the paragraph 4 of this contribution, some references were made to the analysis of Pollak and Cotts Watkins about the relationship between cultural explanations and 'rational actor model explanations'. Goodman's anthropological history seems to fit their third type: cultural explanations as an alternative to the rational actor model. Goodman offers no examples of the second type, where culture is integrated in some way into a rational actors framework.

This is not by accident. To a large extent, the rise of 'new cultural history' can be interpreted as an appeal against theory-led social and economic history. The main arguments in its favour are the following. (1) There is an unsolved problem of the black boxes in economic and social theory that is used in historical analysis and explanation. Straight lines between social structure and individual behaviour are drawn by extremely simplified ideas about the human mind and its influence on behaviour. (2) 'Our' anachronistic historical patterns in the real world, constructed with the help of social and economic science concepts (patterns that would explain people's behaviour) should be questioned by the fact that ultimately 'reality' is constructed in a very personal way in the minds of historical individuals, who are children of their time and social group. (3) It is well known that systems of thought and concepts of language mediate and influence understanding of reality

27 Goodman, 'History and Anthropology', 792-94. He refers to: J. Brewer and R. Porter (eds.) *Consumption and the World of Goods* (London 1993), J. Rancière, *The Nights of Labor. The Worker's Dream in Nineteenth Century France* (Philadelphia 1989), T.J. Lears, *Fables of Abundance. A Cultural History of Advertising in America* (New York 1994), J. Roche, *The Culture of Clothing. Dress and Fashion in the Ancien Régime* (Cambridge 1994), L. Camporesi, *Bread of Dreams. Food and Fantasy in Early Modern Europe* (Cambridge 1989). Id., *The Magic Harvest. Food, Folklore and Society* (Cambridge 1993), S. Mintz, *Sweetness and Power. The Place of Sugar in Modern History* (New York 1985), C.S. Fischer, *America Calling. A Social History of the Telephone to 1940* (Berkeley 1992), D.E. Nye, *Electrifying America. Social meanings of a New Technology* (Cambridge MA 1990), J.L. Meikle, *American Plastic. A Cultural History* (New Brunswick NJ 1995), H. Petroski, *The Pencil* (New York 1993).

and actual behaviour of individuals. Mainstream economic and social historians would argue that we cannot know what people really think and that therefore we study observable decisions and behaviour. The culturalistic criticism would be that culture – perhaps measured by cultural variables – might explain things better simply because culture matters.²⁸

It is clear that it is not an easy task to find a way through the various culture and cultural history approaches. The conceptual mess is terrible indeed. Moreover, culture should reinforce economic and social history, not dissolve it. This means that in people's mental programmes (various and shifting) preferences is an important topic, as is the problem of (various and changing) bounded rationality.

Looking at the big theoretical problems of anthropologists concerning the nature of 'culture' and the many ways 'culture' can be used, it is hardly surprising to learn that 'new cultural history' is just an umbrella for various theory-led approaches of cultural history. However, they all share an idealist's position: pictures held in the mind are crucial in history.

Walter Licht discerns three types of approaches. First, there is the almost nihilistic deconstructionist position of Derrida and LaCapra. Subjects of analysis are filled with incomprehensible contradictions, so there is simply no need to analyse or to explain. Licht supposes that few historians would adopt this position. Second, a less nihilistic deconstructionist perspective – close to the work of Michel Foucault – tells us that all knowledge is constructed, and can therefore be known. Researchers of the past should discern the premises of various constructions of thinking. The third stance is that individual mental programming – that always encases future action – is constructed by perceived social reality: social conflict, social control, and dialogue. This comes close to structural thinking.²⁹

In his contribution *Uneasy History: some reflections on ego, culture and social institutions* the social and cultural historian Willem Frijhoff advocates a cultural approach to the individual in society. In his view 'culture' is not a target of research or a field of an historical discipline. As to his work, cultural history is a methodological approach to give full scope to the understanding of the individual and his or her choices, actions, views, representations. Of course, the individual should be seen as interrelated with the surrounding social setting, but certainly not easily reduced or simplified to a model of the individual that can be used in historical research. Frijhoff would oppose reductionism as long as possible. The 'ego' is a credible subject of history writing, because in the individual a 'bundle of meanings' and opinions comes together that complicates the process of making choices

Frijhoff's advocacy of a cultural approach to the micro-level does not mean that he would not link this to group taste and group values. However, individuals pertain to a variety of social groups and institutions. Hence there is a multiplicity of

28 Licht, 'Cultural History/Social History', 37-38.

29 Licht, 'Cultural History/Social History', 39-41.

motivations. Where economic and social history would think in simple group cultures and institutional cultures, the cultural approach of the individual would take into account the individual complexes. These complexes express autonomy, integrity and identity of the individual, whereas social and economic history 'mostly, if not exclusively, looks for its effects in the social sphere'. This is quite an extended research programme compared to traditional social science history.

In paragraph 4 I presented how Robert Pollak and Susan Cotts Watkins analysed various relationships between 'cultural explanations' and 'rational actor model explanations'. In their third type, cultural explanations are an alternative to the rational actor model. Frijhoff should be located here. It is clear now why Frijhoff points to the problem that cultural historians do not feel at ease with economic historians, and particularly so when economic historians and economists deal with culture. This is true even when both use the same words: culture, values, institutions. Culture should be understood more as question, not a solution. It is not surprising that Frijhoff criticizes Landes too, where culture stands out as 'legitimising stories' and an alibi for not looking after more complex causalities.

The kind of cultural explanation that Frijhoff would propose is not the economic 'cultural variable' approach or something like an anthropological 'cultural system' that is behind reality and that should be understood. It is more to show the way people deal with things, talk about them, interpret them, adapt to them. Micro-studies of historical communities or very small objects in history like an event, an individual, a ritual, should be welcomed.

However, how can the results of this cultural approach contribute to the field of economic and social history? Or, how 'normal' are these cases if we want them to play a role in some form of general (economic and social) history? Frijhoff proposes studying cultural 'conventions' as composed and developed by individual actors in society, created by changing combinations of informal individual actions and formal social institutions.

An example of 'culturally inspired' economic and social history will conclude this collection of papers. This contribution relates something like a 'national culture' to economic performance. There is an old debate about the role of diminishing quality of entrepreneurship in British economic decline since the nineteenth century. The contribution of *John F. Wilson* deals with *Business Cultures and Business Performance*. He links entrepreneurship to a business culture that is embedded in a *national culture system* and focuses in this system upon specific characteristics of the British educational system. The interrelationship between education and decline has been discussed widely in a more general sense³⁰ but Wilson now traces connections between British business performance, the capacity to develop ade-

30 Recently: Michael Sanderson, *Education and economic decline in Britain, 1870 to the 1990s* (Cambridge 1999).

quate managerial strategies and a national culture system that created relatively hostile preferences for competitive managerial capitalism, with its traditional elite education as one of its key dimensions.

7. Some conclusions

The development of the historiography of the field of economic and social history suggests that there is a long-term historical swing in interest taken in the issue of culture. We seem to be entering a period of revival after a phase of de-culturalisation. There are some serious risks involved. 'Culture' is not an easy category that can be integrated in a simple way with existing variables used hitherto. Various strategies for incorporating 'culture' are possible, and wrong approaches are also possible.

The endeavour to explain the Rise of the West shows that 'culture matters', but also that a pragmatic and eclectic way of dealing with 'culture' does not work. Culture which is merely a label for behaviour explains nothing. It seems necessary to specify very clearly – as Hofstede has done – which elements in culture – in preferences for instance – would be relevant to the explanation that one tries to design and how these cultural specifics would be described or measured.

Hofstede's research shows in which ways we can think about measurable cultural specifics that are relevant to the process of making economic choices: power distance, uncertainty avoidance, masculinity, individualism. Some label-like concepts such as religion, region, class, ideology and language suggest that there is some homogeneity of cultural specifics inside these labels: Roman Catholicism, agriculture, women, labouring class, Communism, Chinese language, being Dutch, or whatever.

However, it has been demonstrated that this is a strongly oversimplified view. The reason is that preferences of individuals within each label can differ widely because of various degrees of engagement with a general ideology or norm within that cultural label. Some of these label-like cultural systems seem to have a large common pool of norms and ideologies in which individuals or sub-groups make their own engagements, while others stay close to one very precise system of individual preferences and institutions.

Finally, three basic points for the courageous researcher can be summed up here:

- a. If you want to explain historical developments in geographic and temporal spaces with heterogeneous economic and cultural conditions and engagements – where we can expect that rational actors would make choices in different ways because of different cultural environments – you have to theorise about the interaction of changing economic opportunities on the one hand and about changing patterns of preferences or institutions on the other. How are you going to measure these cultural differences or changes?

- b. If you want to exclude the influence of cultural differences in economic or social explanation, you need to be careful in ensuring that you are dealing with a space that displays homogeneous cultural specifics in preferences and institutions. If spaces (regions, social groups, periods etc.) are not homogeneous in this sense, you should distinguish sub-spaces that meet this cultural requirement. A point worth noting: this procedure comes close to the tradition of good old economic and social history: take countries, or even better regions, and use an historical periodisation ordered by phases of institutional development.
- c. If neither works: try a radical cultural approach of the individual who is dealing with personal perceptions against social institutions, and follow the cultural innovators.