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Conference Report: *Economic Narratives in Historical Perspective*

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Economic Narratives in Historical Perspective. Workshop organized by the German Historical Institute London and held at the GHIL, 28–9 April 2022. Conveners: Jeremy Adelman (Global History Lab, Princeton University), Laetitia Lenel, and Alexander Nützenadel (German Research Foundation Priority Programme 'Experience and Expectation: Historical Foundations of Economic Behaviour' at the Humboldt-Universität zu Berlin).

When Nobel laureate Robert J. Shiller published his book *Narrative Economics* in 2019,[1] he triggered a discussion among economists on the effects that narratives have on economic behaviour. Remarkably, Shiller introduced his thesis neither by reflecting on narratology, nor by giving a contemporary example. Instead, he took a historical example, one that dates from the Roaring Twenties.[2] This alone illustrates the vast heuristic potential that historical perspectives might contribute to this issue.

At a two-day workshop held in London in April 2022, economic historians gathered to discuss the role of narratives in economic decision-making. As the title indicates, the organizers suggested flipping the focus from narrative economics to the economic narratives themselves. Emphasizing that the causal processes behind stories and their ability to shape the behaviour of economic agents has so far received only scant attention, they invited contributions that investigate how economic narratives were constructed in the past, how they were transmitted and circulated, how they informed choices and behaviour, and what their social or economic consequences were. In their opening remarks, the organizers pointed out that economic narratives often revolve around the same concepts. They therefore decided to structure the workshop and the contributions around three dichotomies that have proved to be particularly important in history: namely, development/underdevelopment, crisis/recovery, and growth/decline.

In his opening lecture, William H. Sewell (University of Chicago), reflected upon the concept of 'narrative' and how to adapt it to economic history. Sewell defined narratives as key tools for handling

[1] Robert J. Shiller, *Narrative Economics: How Stories Go Viral and Drive Major Economic Events* (Princeton, 2019).
[2] Ibid. p. ix.

complexity which necessarily simplify reality. This, however, causes numerous epistemological problems. Narratives, he claimed, can be proved to be definitely false, but not definitely true. Historians in particular face a dilemma in that 'successful' narratives usually stick to contemporary claims. Their analyses therefore risk either being anachronistic or failing to capture the public interest. This, Sewell argued, poses a particular challenge for economic history, since its objects are narratives emerging from economics, and therefore often claim to be timeless. Examples of such narratives, according to Sewell, are the idea of business as an exchange of commodities and that of business cycles. In order to avoid giving the impression of what he called a 'pastlessness of the past', Sewell suggested focusing on the historical changes that narratives undergo. How do narratives shape economic processes and how do the ensuing changes feed back into the narratives themselves? Here Sewell pointed particularly to the significance of economic narratives for capitalism and the close relationship between the economic profession and capitalism.

Following a comment by Frank Trentmann (Birkbeck, University of London), the discussion revolved around the relationship between economic narratives, capitalism, and what Sewell called capitalism's restlessness, something that might be triggered by the directional dynamic of narrative thinking. Trentmann and Laetitia Lenel also discussed the importance and implications of other, non-sequential narrative forms, while Mary A. O'Sullivan (University of Geneva) alluded to economic historians' role in creating and circulating sequential narratives about men glorified for their contribution to economic development and technological progress. On a more general note, Trentmann pointed to the important bifurcation in the 1960s and 1970s between economic knowledge production and the social sciences. How, Trentmann asked, might we bridge that gap to bring culture back into economics? This point was taken up repeatedly over the next day.

Margarita Fajardo (Sarah Lawrence College) opened the session on 'Development and Underdevelopment', which was chaired by Jeremy Adelman. Fajardo's talk on the twentieth century as a century of development identified the Global West and the Global North (mainly the Soviet Union) as protagonists of a golden era of development.

She pointed out that the roots of neoliberalist scholarship lie in the pursuit of economic development. Since the state-directed economy of the Communist bloc did not produce prosperity, deregulation was regarded as a key to wealth. This narrative has shaped economics to the present day. Fajardo explained how Latin American economists and policymakers created their own narratives of development. Bringing in their voices, she argued, might change the grand narrative.

Vanessa Ogle (University of California, Berkeley) explored how the narrative of development shaped concrete economic practices. In the 1950s and 1960s the British Crown allowed several Caribbean islands under its control to become tax havens. One of the main reasons for this was that these colonies were loss-making, as they could not export natural resources or any other goods of value. Ogle demonstrated how the institutions in charge made use of the narrative and ideology of development to deregulate tax on the islands. According to this narrative, these economically underdeveloped territories should be allowed to establish themselves as tax havens to attract companies and investors. This would benefit the people living there and take them off the foreign-aid budget. This narrative, Ogle argued, was 'assertive' but ultimately false: offshore companies did make the islands less costly to the Crown, but they were not favourable to development.

The following talk by Anne Ruderman (London School of Economics and Political Science) examined how the capitalist narrative of a world consisting of 'goods' (both immaterial and material) contributed to the economic underdevelopment of the African continent. Ruderman outlined how seventeenth- and eighteenth-century companies knew what goods to take to Africa in order to purchase slaves. She also drew attention to our own stories as economic historians and the questions we do not ask, highlighting how our own narratives may reinforce those of the actors involved. By asking whether slavery caused the Industrial Revolution or capitalism, Ruderman claimed, economic history tends to ignore how the mechanisms of trade contributed to underdevelopment, and also leaves out African actors.

Laetitia Lenel opened the second session on 'Crisis and Recovery', chaired by Mary O'Sullivan. Lenel explored how surveys, a new forecasting tool developed in the 1940s, prompted the emergence of the concept of rational expectations, and how this understanding led to a new narrative of how different economic actions were linked in time. In the context of the crises of the late 1980s and early 1990s, this new narrative motivated the Federal Reserve to become more transparent, enabling the formation of rational expectations in the first place. Lenel drew attention to how economic narratives emerge and how they come to shape economic actions, highlighting particularly the role of crises. She identified crises as pacemakers of the transformation of narratives, and argued for a focus on the reciprocity of crises and narratives. Narratives, she argued, not only play a causal role in the unfolding of crises, with crises also transforming our narratives, but our notions of crisis are themselves products of earlier economic attempts at sense-making.

While Lenel focused on dominant narratives within the economic community, Tiago Mata (University College London) provided an overview of the genesis of narratives of crisis in the popular media. He introduced his reflections by considering the example of the journalist John McDonald, who moved to New York during the Great Depression and later became the ghost writer of Alfred P. Sloan's memoir, *My Years with General Motors*.[3] Mata demonstrated how McDonald used game theory as a universal pattern to produce thrilling stories on abstract economic topics. As another example, closer to the present, Mata took a Pulitzer Prize-winning series of articles on 'America and the World a Decade after 9/11', published by the *New York Times* in 2011 under the headline 'The Reckoning'. The series reconstructed crucial decisions leading up to the global economic crisis of 2008–10. But, Mata argued, in spite of the title, there was no reckoning in the economic sense. The articles stuck to common political narratives instead of using economic ones to explain the origins of the crisis to a wide audience.

In the final talk of the session, Mary Morgan (London School of Economics and Political Science) addressed the history of business cycle research. By the late nineteenth century, economists had started thinking about periods of crisis and recovery of five to ten and fifteen

[3] Alfred P. Sloan, Jr., *My Years with General Motors*, ed. John McDonald with Catharine Stevens (New York, 1963).

to twenty-five years. Morgan pointed out that visual presentations of economic narratives were nationally distinct. But although each nation developed its own graphs to represent the dynamics of business cycles, all of them were predictive as well as 'retro-understanding'. By emphasizing supposedly repetitive processes, they indicated 'where we stand, where we come from and—maybe—where we go'. Morgan highlighted that the role of narratives in general, and especially of business cycle models used by agents whose aim is to change the economy, is so far under-researched, emphasizing the vast potential of exploring the relationship between economic decision-making and nationally distinct visual representations of economic ideas.

Trevor Jackson (George Washington University) opened the third session on 'Growth and Decline', chaired by Alexander Nützenadel, asking how economic narratives such as 'growth and decline' migrated to other spheres. Jackson showed that recovering the theological aspects of economic narratives may illuminate when and why narratives stick, emphasizing particularly the importance of economic narratives for capitalist imaginations. He compared, for instance, the narrative of economic growth to narratives of religious redemption, and drew parallels between the economic and theological connotations of terms such as 'deservingness'.

In some respects, the report by Stephen Macekura (Indiana University Bloomington) on economic growth as a narrative carried on from Jackson's talk. Macekura outlined different types of growth narrative that proved to be particularly powerful in economic history, with some of them illustrating the theological aspects of the idea of economic growth outlined by Jackson: growth as a promise of future gain and a means to create consensus; growth as a narrative that helped to define the Cold War; growth as the justification for a particularly Whiggish interpretation of Western narratives of development; and growth as an escape from natural and environmental constraints. In his concluding remarks, Macekura raised the question of how the growth narrative was challenged by current problems as it relied on an energy regime of cheap fossils.

Sebastian Schwecke (Max Weber Forum for South Asian Studies) spoke on the conditions governing lending in contemporary India. He defined lending as a way to 'turn "unpresent" future expectations into present money'. To this day, Schwecke stressed, the Indian government decides the conditions of creditworthiness. To enforce this and prevent 'unqualified' people from taking out loans, India has exempted credit contracting from the rules of contractual law, one of the cornerstones of liberalism. However, a system of private moneylending has emerged, which provides loans to supposedly 'unqualified' people. Since the government has failed to stop this, it consistently challenges governmental predictions that otherwise might be self-fulfilling.

Mary O'Sullivan closed the session, speaking on the relations between economic practice and economic discourse. She particularly addressed the concept of profit as an analytical and a historical lens. Focusing on European textiles in the early modern period, O'Sullivan compared how profits were understood and generated operationally with how they were constructed intellectually.

In her closing presentation, Mary Morgan showed how scientists use narratives first as a sense-making technology; second as a form of representation; and third as an inference. After giving an account of the three different roles, which she illustrated by reference to reflections from the history and sociology of science, Morgan explored how economic actors make sense of the economy by narrativizing, and how these narratives are transformed by events. These points were taken up in the final discussion, which focused on the relationship between economic narratives and economic practices, and the role of economic experts. On a more self-reflexive note, participants discussed the relationship between our own narratives as economic historians and the narratives of our actors, and why it is just now, in the era of fake news and framing, that narrative figures prominently in the work of scholars in different disciplines. It was discussed whether scholars have turned to the topic because grand narratives have recently been challenged, demonstrating once again the importance of reflecting on the constructedness of the world.

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