

Challenges of doing Research in the History of Economic Thought: a Latin American perspective ♦

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Abstract

The researcher who works on the history of economic thought in Latin America faces three basic challenges, namely: 1) crossing disciplinary boundaries, since the field requires familiarity with neighboring areas of investigation, such as philosophy, sociology, and psychology, among others; 2) recognizing that past is past, that one's favorite author or school of thought can bring some light to society's present choices and policies, but, due to their particular context, should not stand as their final arbiter; 3) starting local, becoming universal, i.e. while preserving the universal content of economics, realizing that it must pay due respect to the historical, geographical and institutional diversity of its subject matter.

Keywords

History of Economic Thought. Latin America.

Resumo

O pesquisador que trabalha na história do pensamento econômico na América Latina enfrenta três desafios básicos, a saber: 1) atravessar barreiras disciplinares, pois o campo requer familiaridade com campos de investigação vizinhos, como filosofia, sociologia e psicologia, entre outros; 2) reconhecer que passado é passado, que nosso autor ou escola de pensamento favoritos podem lançar alguma luz sobre as escolhas e as políticas atuais da sociedade, mas, em virtude de seu contexto particular, não devem constituir seu árbitro final; 3) começar local e tornar-se universal, isto é, preservar o conteúdo universal da Economia e ao mesmo tempo reconhecer que ela deve atentar para a diversidade histórica, geográfica e institucional de seu objeto de estudo.

Palavras-Chave

História do Pensamento Econômico. América Latina.



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1. Introduction

I will start by thanking Jimena Hurtado and the steering committee for this invitation. I was flattered at my name being chosen to deliver the first Subercaseaux lecture at this conference. Actually, I became “speechless,” as I told Jimena by email, and was overcome by mixed feelings. I felt slightly insecure—after all, Jimena told me that this Subercaseaux lecture is supposed to “recognize the contribution of distinguished members of our community,” and that talking about my work and current interests “could be especially encouraging for young scholars.” What a responsibility!

On top of that, the invitation came as a reminder that I am not getting any younger, therefore... I will take this opportunity to tell some stories about how I came to work on the history of economic thought, describing three basic challenges that I was forced to confront during my long-lasting career. Okay, I was asked to talk about my academic track, and this will probably be the occasion where I will say the pronoun “I” more times in all my teaching experience, but, you can relax, I will try not to embark on an ego trip.

My second reaction to Jimena’s email was: “Who is this fellow Subercaseaux?” with the name bringing to my mind just a pale memory. Then I went to Google, and, immediately thereafter, I went to my Brazilian colleague and friend Mauro Boianovsky. Together with Alain Alcouffe, Mauro recently wrote a very interesting paper on Subercaseaux (Alcouffe and Boianovsky 2013). Some of you may not know that Guillermo Subercaseaux was a prestigious Chilean economist, the author of “El papel moneda,” published in 1912 and two years later published in France as “Le papier monnaie.” In a period of major controversies between gold standard and paper-money supporters (*oreros* and *papeleros*), both within and beyond Latin America, Subercaseaux turned to historical research to build a theory of inconvertible paper-money. As pointed by Mauro and Alain, Subercaseaux exemplifies a case where the international transmission of economic ideas moved from the periphery to the center, which was (and still is) a rather unusual trajectory.

In this introduction, let me also explain why I chose this backdrop to illustrate my lecture. I am borrowing from the cover of one of Albert Hirschman’s most famous books, *Journeys toward progress*. Hirschman in turn borrowed from Paul Klee’s painting, “Highways and byways.” The

painting shows a complex web of highways, byways and forks, all of which lead in the same upward direction as the highway approaches water. Each fork on the road poses a choice problem, so that even if people (or, for that matter, countries) are all ultimately looking for economic development, they nonetheless will face many dilemmas ahead.

[My path through the history of economic thought does not show the same upward movement, of course, but Klee's painting can symbolize my personal exploration, the crossroads in my journey, and, more generally, the hopes that guide the future of our countries.]

I want to focus this morning on three very important challenges that a researcher who decides to work on the history of economic thought from a Latin American perspective is bound to face.

2. Crossing Boundaries

Let me begin this session with a personal note. I did my undergraduate and graduate studies in the social sciences department. After getting my PhD, I took a teaching position in the economics department of the University of Sao Paulo. I am thus interdisciplinary, due to the choices that I made during my academic and professional life.

Uskali Maki (2017) defines well the crucial role of interdisciplinarity in discoveries, but, simply from first-hand experience, I know that it is quite a challenge. Once I became involved in teaching students from the economics department, I found a haven where I could capitalize on my comparative advantages, and this was the recently born (in Brazil) field of economic methodology.

Thus, my research on the history of economic thought was preceded by my work and teaching experience in economic methodology. In the first phase of this movement, I shifted from philosophy and ethics to what I called the "pre-history" of economics. This is the title and subject matter of my 1988 book. Under the inspiration of Albert Hirschman's *Passions and interests*, and of the French anthropologist

Louis Dumont, I reviewed the work of some important Modern Age philosophers who were part of the epistemological and moral transformation that made possible the emergence of political economy.

During this period, I was particularly attracted to analysing a possible connection between two 18th century moral philosophers, Bernard Mandeville and Adam Smith (Bianchi 1988). I defined the big picture behind this connection as a replacement of a deontological type of ethics by a teleological, consequentialist one. Adam Smith never endorsed Mandeville's thesis that private vices bring about public benefits. He refused to accept this "fallacy of composition," as described by Annie Cot.

[As you might know, this afternoon, Annie will present a paper where she analyses not only Hirschman's development economics but his later books as well. She defines Hirschman as a cultivated, inventive and often forgotten historian of economic thought (Cot 2017).]

However, returning to Smith and Mandeville, although Smith refuted Mandeville's thesis, he did not take the behavior of the butcher, the brewer, or the baker as morally reprehensible—at least as long as they did not practice abusive pricing or sell rotten merchandise.

In sequence, together with two former students, Rubens Nunes and Antonio Santos, I decided to delve into classical political economy (Bianchi and Santos 2007, Bianchi and Nunes 2003). Here again, my standpoint was deeply influenced by the philosophy and methodology of economics. Crossing boundaries between disciplines was indeed my vocation, and, furthermore, the byway that I chose to follow to make myself useful to the economics department.

My intellectual interests next shifted to the Latin American School of Economics, namely, the work of Raul Prebisch. In synergy with another former student, Cleofas Salviano Junior, I conducted a rhetorical analysis of two pieces that Prebisch wrote at the same period (Bianchi & Salviano 1999). The first of these examined essays was "Estúdio Económico de América Latina 1949," which framed the theoretical support of the Latin American School; the second was the so-called "Manifesto" presented by Prebisch one year before, at CEPAL's general assembly in Havana.

In a 2003 paper, I argue that the fact that both documents were addressing different audiences explains their very different argumentative styles. Prebisch wrote the *Manifesto* for a Latin American audience composed of businessmen and government staff who were concerned with the future of their countries. This lay audience identified with nationalistic pro-development theses and was already convinced that Latin America needed to become industrialized. For this first audience, Prebisch built a discourse that would legitimize their beliefs on theoretical grounds. In the *Estúdio*, however, the circumstances were different: addressing a second audience, a specialized one, demanded a radical change. Prebisch was now in charge of writing an official document that would be read by the regular audience of UN publications, mostly outside Latin America. Given its neoclassical background and share of liberal, non-protectionist ideas, this second audience required Prebisch to utilize specific communication skills.

Crossing boundaries is a constant in the biography of Albert Hirschman, and much has been written about that aspect. Hirschman was a frequent traveller, a compulsive one, I dare say. He would engage on a trip to the countryside of Uruguay in a period of unpaved, almost impassable roads, and write a meticulous report about his impressions: the people he met, the food he ate, the landscape, the herds, the houses, the driver. In 1964, he left his house just across the street from New York's Central Park, with his two daughters inside, to travel the world with his wife Sarah acting as his assistant. This trip lasted almost an entire year, spent in visits to development projects in Asia, Africa, Latin America, and Europe. These are just two small examples out of many possible ones.

Physical mobility allows an investigator to have multiple perspectives of his object of study. In this regard, Boianovsky's presidential address to the HES meeting this year, on "Economists and their travels," is worth reading. According to Mauro, no consensus has emerged in the history of economics about the role of traveling as a source of new ideas. Von Mises, for example, characterized economics as an "aprioristic endeavor," which could perfectly be carried out by "armchair theorists." George Stigler, in turn, talking about Malthus, argued that he could have done his field research in London or Cambridge, with a much lower cost-benefit ratio.

Perhaps Stigler and Mises were afraid of flying, I suspect they were slightly lazy and had a tendency to get homesick. Mauro did not endorse their point of view about the irrelevance of traveling as a source of learning, and neither do I.

Both my father and grandfather were very adventurous. My grandpa was born in a tiny village in one of the poorest Brazilian states, Piauí. He moved to Rio de Janeiro, more than 1,000 miles away, to study medicine. As soon as he graduated, he embarked on a Portuguese ship that took part on the Boer (Anglo-Dutch) war, and, for five whole years, he worked as a board doctor. My dad was sort of a globetrotter; once he circled the world from west to east and then the other way around during the same year.

I did not inherit my father and grandfather's spirit of adventure, but I am sure that traveling contributed much to the originality of Hirschman's and other development economists' work. By crossing geographical boundaries, learning different languages and acquiring the corresponding mental structures, becoming familiar with different cultures, Hirschman earned this sense of otherness, the capacity to look at the same thing from different angles, as if he were more than one single person. This capacity brings the economist closer to the anthropologist, helping turn the exotic into the familiar and vice-versa.

Physical dislocation was even more important in a period when transposing geographical barriers was hard and time-consuming. Hirschman had this rare ability of seeing things from the outside; he could even look at himself from the outside. In fact, the severe critiques that he made of the work conducted by foreign advisers could ultimately rebound on him, and he was aware of that, as I claim in a 2010 paper. There is a projective mechanism in the criticism that Hirschman addresses to the visiting-economists. In his role as 'money doctor', he felt compelled to learn from past mistakes, both his own and those he observed in others. (This does not imply, however, that he lacked flaws.)

Raul Prebisch was not such a frequent traveller, but he was able to think in terms of Latin America, which, coming from an Argentinean, is quite a lot. As we know, by mid- 20th century, Argentina was, by far, the wealthiest and most industrialized country on the continent.

3. Past is Past

I am now moving to my second challenge, which implied (and still does) recognizing that past is past. Doing research about the history of ideas demands developing specific skills. It involves digging deep into the authors' writings, carefully reading the documents in their personal archives, investigating their biography and their institutional and social contexts. It does require some measure of reverence, but certainly not mere appraisal. Let me tell you, young people: our saints have feet of clay!

Given the fascination that we all share for history, and our enchantment with the history of ideas, we are tempted to ignore this very simple rule, namely, that we should leave the past to rest. Our favorite author or school of thought can bring some light to our present choices, and to our country's present choices, but he/she is no divinity, and we should not take him/her as the final arbiter of our present decisions or of the policies that our country should follow.

Hirschman was not an easygoing person, and throughout his professional life he became embroiled in some struggles, as we learn from Roger Sandilands, Michele Alacevich and others. One of these struggles involved Lauchlin Currie, a Canadian economist who also worked for the Colombian government. When I was researching Hirschman's journey in Colombia, I presented a paper at the 2006 HES annual meeting, and Roger Sandilands was my discussant. Well, Roger shared with me his historical and practical knowledge and gave me some good advices. At a certain point, however, I had to tell myself: "All right, Ana Maria, Hirschman and Currie had a noisy tug-of-war, but you don't have to get personally involved, neither should you try to decide which of the two had the best policy recommendations to offer—past is past."

[Andrés Álvarez, Andrés Guiot and Jimena Hurtado (2017) wrote a paper on the quarrel between Currie and Hirschman based on substantial archival research. As they told us yesterday, this is a chapter of a more extended research project.]

The Hirschman versus Currie episode was not the only debate in which Hirschman became personally involved. To name a few other examples, he opposed Paul Rosenstein-Rodan and other supporters of the balanced-growth approach to development; he confronted the Latin American structuralists; he criticized economists who favored overall planning; and he refused to adopt cost-benefit analysis to evaluate development projects. When working on his book about development projects, he was accused of “lack of solidarity” with the World Bank’s point of view. The irony is that his research was being sponsored by the World Bank, whose economists highly recommended cost-benefit analysis!...

If taking sides is not a good strategy for historians of thought, as I claimed before, making of controversies a focal point of investigation certainly is. Intellectual quarrels can provide plenty of useful clues to help scholars carry out their research. When conflicts become too personal, however, the historian has to eliminate the noise coming from mere gossip to try to discern the big picture behind it.

Therefore, when working on the history of ideas, we should try to abstain from being judgmental in terms of asking which side is right? Which was the correct policy? Whom should we blame? And this can be accomplished through an effort to understand ideas in their proper setting.

Given my background in the sociology of knowledge, I was fully aware of the need to examine the intellectual and social scene where ideas come to life. In addition, during my research in economic methodology, I felt drawn toward the work of Deirdre McCloskey (Donald, at the time) on rhetoric. The “rhetorical turn” motivated numerous Brazilian economists, and we devoted several pages to qualify economics as a specific type of discourse. In my case, I went to rhetorical analysis, guided by Chaim Perelman and his female and often not mentioned co-author, Lucile Olbrechts-Tyteca.

With Vivienne Brown, I learned that interpreting a text is a play of two contexts: the context of the author, i. e., the meaning he/she gives to what he/she writes, and the context of the interpreter, roughly equivalent to the audience. Identifying canonical texts such as *The wealth of nations* helps to establish the credentials of the economic discipline by providing chronologies through which it is able to register its achievements and advances.

Building a canon produces a linear sense of historical continuity, as if economists of the past were engaging in an ongoing conversation. This tends to remove the historical distance between them and us.

Now, the history of ideas demands a de-canonizing discourse, as Brown puts it. We have to place texts in their proper context, situate them in the setting where they were born. We need to question the linearity of the discipline's history, explore its diversity, make room for a greater range of voices to be heard. Canons are monolithic, whereas deconstructing them generates plurality. Research in the history of thought does not imply promoting a session where we invoke our favorite economists, the spirits of old times, as if they were our contemporaries.

In this connection, I see rational reconstruction as a valid mode of conducting research in the history of thought because it dresses up past ideas in modern outfits. Rational reconstruction shows how concepts, theories and methods evolve over time. One example would be scholars working in Regional Economics; they have developed sophisticated measures to identify key sectors of the economy by leaning on Hirschman's notion of linkages.

We must keep in mind, however, that rational reconstruction can ultimately dispense with the history of thought, as Mark Blaug came to acknowledge. This is a lengthy discussion and I shall not go into it here. The point is that historical reconstruction is essential, in the sense of trying to find out what the authors actually intended to say, as difficult as this may be. Investigating economists of the past requires paying due attention to their intellectual and social background, as well as the institutional context in which they were able to express their ideas. This demands a careful reading not only of their writings, but also of the previous generation of thinkers.

We should read Adam Smith, therefore, trying to get as close as possible to how his contemporaries reacted to him, always keeping in mind the social and political problems that he faced. We must ask questions that typify a rhetorical analysis, in line with Perelman: what was his intended audience like? Was Smith addressing specialized audiences? With whom was he arguing?

This is what I tried to do in my work on Adam Smith, Raul Prebisch and Albert Hirschman: stand in their shoes, but also acknowledge that they are not our contemporaries. The world was different, they faced different problems, and their policies have no direct relevance for present times.

4. Starting Local, turning Universal

So far, so good. Now comes my third and perhaps most difficult challenge, that of moving from my rather small world, my concerns with the specificities of Latin American societies, to the wider global domain, which includes the wealthy part of the world and its academic circles. At a certain point in his career, Hirschman verbalized an overwhelming sensation: he realized that, in trying to build a theoretical framework appropriate for less-developed countries, he reached conclusions that were true for economies worldwide. He discovered that by looking for the specific, he came full-circle and met the universal. I quote:

It appears, therefore, that the very characteristics on which I had sought to build an economics specially attuned to the less developed countries have a far wide, universal range, and that they define, not a special strategy for the development of a well-defined group of countries, but a much more generally valid approach to the understanding of change and growth. In other words, I set out to learn about others, and in the end learned about ourselves (Hirschman 1984).

Would a Latin American economics make sense? Should the social sciences abandon the pretense of building universally applicable theories? I once wrote about this, and my answer then was, and still remains, negative.

Although the *cepalinos* and Hirschman claimed that the general theories they had learned needed qualifications, they did not try to build an altogether new theory. Prebisch postulated a critical attitude toward the mainstream theory of international trade, both in its Ricardian and neoclassical versions. He criticized the “false sense of universality” of this theory and stated that its general laws did not apply to the world economy as a whole, given the unequal share of the fruits of international commerce between central and peripheral countries.

Nevertheless, Prebisch did not intend to undermine traditional economic theory. In fact, the *cepalinos* recommended building educational institutions where such ideas would be taught. Familiarity with the basic tenets of mainstream economics would allow the students to make the necessary adaptations, tailoring the theory to the specific conditions of peripheral countries. In short, the *cepalinos* did not renounce the idea of building a universal theory – rather, they argued that this theory would not be able to acquire a universal scope without paying due respect to the historical, geographical and institutional diversity of its subject matter.

Building a Latin American economics would not make sense. We cannot dissociate economics, or even history of thought, from what is going on in the rest of the world. Investigating the history of economic thought in Colombia, Brazil, Chile, Greece, Myanmar—indeed, everywhere—calls for interacting with the international community, going to its meetings, and submitting papers to international journals (with the well-known high risk of rejection). In this regard, the Latin American Association has a crucial role, namely, that of promoting and disseminating research and teaching of the history and methodology of economics inside and outside Latin America.

What tools should we employ to reach the international academic community? Let me share with you some practical recommendations, drawn from my personal experience. If we want our work to be recognized beyond our national borders—and we should want this—we must bear in mind the need to address a universal audience. This implies, in the first place, that we must learn to communicate in English. For us Brazilians, this is quite obvious because few countries in the world speak Portuguese. This may not be so salient for a Spanish-speaking researcher. The point is that English is now our *lingua franca*, our common language. Writing in English is still difficult for me, but by trying hard over many years, I have gradually acquired the necessary skills to be understood.

But there is more at stake. We must carefully evaluate what kind of audience we aim to address when presenting our work in international seminars. There are foreign economists interested in the thought-provoking ideas that we produce in this part of the world; however, let us admit, there are not many of them. Few scholars who were trained in the most prestigious schools in the US or Europe are particularly attentive to what goes on south of the Equator. With the help of ALAHPE, we must

occupy their space, as we have been doing at the HES, the European Society and other meetings. We must convince them of the importance of reading Kemmerer, Prebisch, Furtado, and others. They have to realize that the ideas of these Latin American economists are relevant to the events in their hemisphere, that these ideas can help them to think about their own economies, or even stimulate them to think in a counterfactual manner. We must begin by standing in their shoes, trying to see the world from their perspective, learning how to communicate in their language; only then will we manage to establish a common ground of concerns.

5. Minor Challenges

Besides these three challenges, namely, crossing boundaries, leaving the past to rest, and becoming universal, some other minor challenges did arise in my forks and byways. One of them was rather amusing (at least, as I look back upon it now). It happened when Michele Alacevich and I found out that someone had plagiarized us. Michele wrote a response; actually, he built a table, to which he gave a rather funny title: “A remarkable convergence of ideas.” This table points out to the passages that the plagiarist had transcribed from our papers. But I won’t go any further into that here; again, let’s leave the past to rest.

6. Some Final Words

In a recent paper about the history of economics in Britain, Roger Backhouse deplored the “narrowness” of modern economics, where a “formalist revolution” has marginalized the history of economic thought to the point where people can seriously speculate whether it will manage to survive at all. Against this pessimistic tone, I want to entertain a more positive view, at least in terms of the concerns of Latin America, by offering the young scholars in this audience some encouraging words.

Contrary to what has happened elsewhere, there remains room for the history of thought in our economic departments. True, we have been keeping our foot on the door, preventing it from closing. This attitude has enabled us to avoid isolation. Knowledge of the history of ideas is essential in the training of a good economist, and I don't have to take your time now to convince you of that.

Let me just add that, in the Brazilian case, which I know better, banishing the history of economic thought to history of science departments would literally mean sending it to the scaffold, the elevated platform where we, the criminals, will be executed. Very few people are working on the history of science in Brazil, and their concerns are usually different from those of researchers engaged in the human sciences.

Keeping a place for history of economic thought in the economics departments is a fourth major challenge. However, it is not my challenge, it is ours, our collective assignment. Let us benefit from the time lag with which ideas travel to postpone or even avoid "catching up" with the international academic community in this respect. Let us take advantage of the fact that we still lag "behind" the US and other countries in terms of practicing economics to preserve our tradition of including the history of thought in our graduate and undergraduate programs.

Against the excessive formalization of our theories, against the secondary place that not a few economists ascribe for the humanistic side of their profession, against pointless data mining, let us continue fighting the good fight to keep the history of economic thought as part of our curricula and our research.

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