

Culture and Economic Development: Today, Yesterday, Tomorrow

By Francesca Trivellato

During his August 2012 campaign trip to Israel, then presumptive GOP presidential nominee Mitt Romney suggested that the income disparity between the Israelis and the Palestinians should be attributed to “the power of at least culture and a few other things.” He reached this conclusion, he said, having read Jared Diamond’s *Guns, Germs and Steel* and David S. Landes’s *The Wealth and Poverty of Nations*.¹

Regardless of their political inclinations, readers of *Perspectives* likely dismissed Romney’s claim that “Culture makes all the difference” on intellectual grounds. As numerous commentators and as Diamond himself hastened to point out, so many other factors, including political and military events, affect the Palestinians’ access to economic resources that it is impossible to single out “culture” (whatever that means) as a decisive variable.²

So why should we care about Romney’s infelicitous remark as part of our musings on “The Future of History”? This incident matters to us for two reasons. To begin, what Romney rehearsed, in admittedly undigested fashion, is a very old idea that has gained traction among historically-minded social scientists, and economists in particular: that “culture” is a significant determinant in economic development and particularly in the rise of the West. A déjà vu? Yes, but also, I suspect, more than a passing fashion. The second reason for not turning a blind eye is that the argument for “culture” appears to seduce policy makers and the broad, educated public—undoubtedly more so when the “culture” that is touted for paving the way to modern economic growth resembles that of the targeted audience.

Why does the culturalist temptation keep on creeping back in spite of repeated challenges leveled on empirical and theoretical grounds? At worst, what we face is simply the persistence of traditionalism and Eurocentrism in that same North American and European academy that seeks

to rebrand itself as global. At best, the issue of the role of culture in economic development doesn’t go away because behind it lurks some of the most fundamental questions that humanists and social scientists have been grappling with for well over a century.

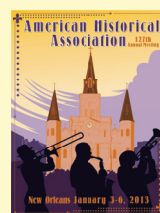
The first question is how to define “culture” and, specifically, whether “religion” can stand in for it. Among the list of themes that have come under renewed scrutiny by economists in recent years, religion figures prominently and Max Weber looms large. The list includes the impact of Protestantism, the collectivism of medieval Islamic societies versus the precocious individualism of medieval Europe, and the persistence of antisemitism over the centuries. Since these investigations span multiple centuries, the second question they raise concerns the temporal transmission of cultural patterns. Finally, to offer a cultural explanation of economic development across time and place is to sideline alternative explanations and thus to bring the question of causality to the forefront.

Landes wrote in accessible and captivating prose. Many more social scientists today

argue on the basis of statistics. This mode of inquiry puts the three thorny questions I just mentioned front and center in ways that most historians writing in a narrative style avoid. One-dimensional definitions of “culture” and “religion” are rare to find in pages penned by historians. Cultural transmission is a venerable topic of study among the latter and one that is rarely reduced to one channel, one institution, one mode, one group. For sure, most historians today refrain from engaging openly with questions of causality; when they do, they tend to speak of multiple causes and fall on the side of history as contingency. By contrast, to demonstrate the relevance of “culture” to long-term economic development, social scientists have to prove its transmission over the centuries and sometimes the millennia; to do so, they first have to identify what variables can be proxies for “culture,” which also means to assume a degree of homogeneity and consistency in whatever they seek to measure that most historians find alien, if not irritating. Three economists, for example, define culture

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as “those customary beliefs and values that ethnic, religious, and social groups transmit fairly unchanged from generation to generation.”³ Any humanist would ask: how porous are the boundaries of these groups? How uniform are the beliefs and values under investigation? And to what extent did they remain insulated from external influences at every generation? One wonders if a dialogue between economists and historians might even be possible.

In an August op-ed, the distinguished historian of the German Reformation, Steven Ozment, maintained that Angela Merkel’s policy of austerity could be traced back to the “indelible mark left by Martin Luther.”⁴ Such a statement might suggest that social scientists are hardly the only proponents of a culturalist reading of economic processes. But I doubt Ozment could rally mighty troops among fellow historians these days. Rather, historians have greeted social scientists’ newly found passion for “culture” with a mixture of indifference and impatience.

The indifference is mutual and paradoxical. The rediscovery of “culture” among social scientists is the result of their rediscovery of “history.” Yet exchanges between historians and those economists aiming at making culture into an explanatory category of historical change is as difficult today as it was in the heyday of cliometrics. This difficulty is worth pondering given that in 2009 the AHA reported that “religion” is the fastest growing thematic area of interest among its members and closely followed by

“culture.”⁵ Even without numbers at hand, it is fair to say that the small increase in the appeal exerted by economic and business history among students and faculty since the 2008 financial crisis has yet to provide a robust crossdisciplinary bridge.

Should we conclude that, for the foreseeable future, “culture” will continue to divide more than unite those who seek to study it from radically different perspectives? Possibly. After all, academic cultures in the age of interdisciplinarity resist hybridization to an astounding degree. But there is also evidence that fruitful exchanges are taking place.

First of all, social scientists (like historians) hardly constitute a single camp. Debates on the importance of “trust” have been a bloody battleground. They have also given historians the tools to revisit the study of merchant communities. Here is a case in which historians were more vulnerable to charges of essentialism than social scientists. By setting aside holistic notions of trust, scholars have better understood the modalities of cross-cultural trade.

The widespread recognition of the importance of political and legal institutions for economic development has also opened new channels of communication between historians and social scientist, even when conclusions diverge sharply. Some argue in favor of the superiority of representative institutions born out of early modern Britain; others find that alternative organizations, including kinship networks and political centralization, compensated

for the absence of those institutions in pre-modern Asia.

Historians of early modern Europe are divided on the validity of Weber’s association between Protestantism (or Puritanism most specifically) and capitalism. Today they can return to this major debate armed with new tools and new interlocutors. For their part, social scientists can appreciate the importance of context in confronting the burden of proof placed on them by contemporary statistics. After all, both Bolivia and Bavaria are predominantly Catholic, yet Bavaria’s GDP per capita is 10 times larger than Bolivia’s.

Nothing ever stays the same. But it is hard to see the cultural angle disappear from grand narratives about the economic history of Europe and the world. To the cliché according to which social scientists pursue the art of simplicity and humanists thrive in complexity, we may add the dictum that the relationship between culture and economics is too complex to be left to economists alone or relegated to disciplinary wars.

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Notes

1. Ashley Parker, “Romney Comments on Palestinians Draw Criticism,” *New York Times*, July 30, 2012. <http://thecaucus.blogs.nytimes.com/2012/07/30/romney-comments-on-palestinians-draw-criticism/>
2. Jared Diamond, “Romney Hasn’t Done His Homework,” *New York Times*, August 1, 2012, A21.
3. Luigi Guiso, Paola Sapienza, and Luigi Zingales, “Does Culture Affect Economic Outcomes?” *Journal of Economic Perspectives*, 20.2 (2006): 23.
4. Steven Ozment, “German Austerity’s Lutheran Core,” *New York Times*, August 11, 2012, SR10.
5. Robert B. Townsend, “AHA Membership Grows Modestly, as History of Religion Surpasses Culture,” June 30, 2009. <http://blog.historians.org/news/823/aha-membership-grows-modestly-as-history-of-religion-surpasses-culture>.

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