

Interview with Prof. Karl Gunnar Persson, September 7, 2011

Paul: Let's start from the beginning. How did you get involved in economic history?

Gunnar: When I began my university studies at Lund University in the mid sixties, I wanted to go into the social sciences, economics and political science, but then I drifted into economic history rather early on. At the end of the sixties it became a very dynamic field with lots of students. As an undergraduate I got a job as a teaching assistant to meet the demand for instructors. The Lund Economic History Department was a good place to be at. Already as undergraduates we were exposed to cliometrics and 'new economic history' through Lennart Jörberg, the price historian, who had come under the influence of Douglass North and Robert Fogel as a Fulbright scholar in the US. Lennart was later instrumental in getting them awarded the Nobel Prize. The Lund department was something of a loner however and we had very high opinions of ourselves, but we were rather isolated from the rest of the Scandinavian economic history circuit, which remained in a more traditional mould.

I had no immediate plans to do research at that time in economic history. I was thinking along the lines of getting a job in the civil service or in journalism. But when I had finished my degree and was looking for jobs I was offered a PhD scholarship. However, it was linked to contemporary immigration studies so I did more *sociometrics* than cliometrics. At that time and later in the 1970s I was also quite active in left wing politics. I was on the editorial board and finally the editor of a sort of Scandinavian version of the *New Left Review* and it took a lot of my time. We had two small kids and my wife was still at the Medical School. I also did a lot of journalism in the 1970s for newspapers and Swedish Radio introducing social science themes in programs. So I suppose all in all I was a quarter time economic historian and a quarter time social historian and a full time activist/editor/freelance writer and I neglected my research. But it was great fun. I eventually gave up non-academic pursuits and became a narrow minded academic, but that was not until the early 1980s.

Paul: You say economic history became a very dynamic field in the late 1960s - what was the reason for that?

Gunnar: I think it was part of the left wing students' movement looking in the Marxist way for the economic basis of practically everything. So all sorts of people went into economic history because learning about the economy, a.k.a. the base, would help them to understand the world. That was why it was so attractive at that time. I remember I had one of the leading Swedish rock stars in my course and when I met him on the street a year ago he said it was the best time in his life and I could quote him on that. You know, economic history can address the Big Questions and make them understandable to a wide audience by using intuitive economics rather than formalized exercises. I think we succeeded in doing that.

Paul: So Marxism brought you to economic history?

Gunnar: Well, not really. When I arrived at the University I knew next to nothing about Marxism. I was brought up in an intellectual and radical home but it was more Freud than Marx. I had been interested in social issues, that's true, from my high school days but I was a little put off by the pragmatism and down to earth mentality of Swedish social democracy. The interest in Marxism came later in the late sixties and early seventies. Marxism appealed because it was utopian and not down to earth, rather up in the air. That

was my *Sturm und Drang* period, I suppose. The revival of Marxism was a Europe-wide phenomenon and I still really do not understand the frenzy. Very much of the thinking in the seventies developed into increasingly dogmatic interpretations of Marx and Marxism. But the economics of Marx never attracted me. I could not see the relevance to contemporary problems, and the 'labor theory of value' and all that was just a dead end. In fact I never managed to pass the introductory chapters of *Das Kapital*, and in those days you had to read it in German of course, so that nothing was lost in translation. So my introduction to Marxist economics was a shortcut: Paul M. Sweezy's excellent book *The Theory of Capitalist Development* (1942). But Marx's theory of history, a.k.a. historical materialism, did and still does attract me as a rough outline of social evolution. I should mention one of the very few books written in these years, that has aged well and which to some extent pushed me to write *Pre-industrial Economic Growth* (Oxford 1988), was the book by the Oxford philosopher G.A.(Jerry) Cohen *Karl Marx's Theory of History* (Oxford 1978). Jerry was also a referee for my book. Jerry's book was one of the rare examples of the 1970s Marxist debates which developed and clarified thinking about institutional change. Much of the 'many words' French 'structuralist' debate, for example, was of little value. We used to call it 'Bullshit Marxism'.

Paul: How important are your political beliefs now? Do your political beliefs continue to influence your work?

Gunnar: Well I suppose I am more *Rosé* than *Red* these days, but I drink both (laughter). But politics matter. I think being on the Left makes you skeptical of people who neglect market failures, frictions and market imperfections. Politics is about correcting market failures. I used to say that the radical right is naïve about markets, while the radical left is naïve about politics. Being Swedish I take the middle way, I suppose. Even though my work is not directly political I have always been interested in charting market efficiency and market failures.

Paul: So then you moved to Denmark in the mid seventies. Why did you do that?

Gunnar: In part it was because the economic history department in Lund was quite crowded and it was very difficult to get tenure although there was lots of research money around. I also came to see the Swedish university system as inward-looking and unattractive intellectually. The Swedish university system is composed of local closed shops. Lund does not recruit from Stockholm or the other way around. It still works that way and I am absolutely shocked that nothing has changed since I was a PhD student in that respect. The advantage with Denmark was tenure, better pay and more time for research and that I came into an Economics department after a short gig at a Liberal Arts College just outside Copenhagen. In Copenhagen I started to teach labor economics and social policy and only later began teaching economic history. The local economic historians were a bit hostile to me in the beginning, perhaps because of my Lund background. I do not blame them. I was not recruited to teach economic history. However, the move to the Danish university world was something I never regretted. Working with economists and econometricians which I had not done before made me more disciplined and rigorous. I linked up with a group of young macroeconomists in Copenhagen and we were quite active in the domestic economic policy debate at the time. At the end of the seventies and early eighties the prevailing Keynesian macroeconomic outlook was challenged in Europe both by economists and economic policymakers. Denmark was in fact the first Scandinavian country to abandon full employment as a policy goal and replace it with inflation targeting. Expansionary fiscal policy became a four letter word

but we tried to raise the Keynesian flag. Without much success, I have to say. I could add a long list of lost causes to my CV.

Paul: The department in Copenhagen must have changed a lot over time?

Gunnar: Well, yes it did. When I came to Copenhagen in 1975 it was a rather typical Scandinavian slightly parochial type of department. Oslo and Stockholm were the leading Scandinavian departments at that time but they had no economic history at all. What changed the department was the fact that we had a group of very gifted theoretical economists in the Arrow-Debreu tradition, who sort of set the standards, not for the old farts but for the new arrivals. Not that we were supposed to do General Equilibrium economics, thank God, but we were inspired to go to the international arena rather than perform for the local audience. So the Department started a process of catching up to the best schools.

Paul: When did that process start?

Gunnar: As you know, Copenhagen is now one of the top departments in Europe, usually ranging in say the top ten to fifteen in Europe. The change I would say came in the early 1990s. Recruitment policy changed, we introduced pay differences based on publishing records, we got a young dynamic Head of Department, and so on. Basically the culture changed in the Department. At that time I was deputy head of Department, so I participated actively in the process.

Paul: And how do you feel about the situation of economic history in the Department at the moment?

Gunnar: Economic history always had an important place in the course program offered to students, I think more so than in most Economics Departments in Europe and North America. But we are in a transition period. I will stop teaching in a couple of years' time, but I will certainly hang around following the activities of the MEHR [Macroeconomics and the Historical Record] group and I am looking forward to getting more time for research. Never before have we had so many PhD students with an interest in economic history, for example. So actually, I'm optimistic both because of what is happening internally in the department and you know, internationally I think we are quite respected, at least judging from the recent international referee group assessing the department. But the department lives with its tradition of a heavy bias towards pure theory and I feel that not everyone agrees on, what I think Jeff Williamson once said, that economics needs history as much as history needs economics. There are people on both sides of the fence who deny that but on a sunny day I believe they are not as numerous and powerful as in the past.

Paul: Turning now to your research, please tell more about your early work.

Gunnar: As I said, my early work, I mean my PhD and work derived from it, was more sociometric than cliometric, it was about social mobility, working with different social mobility indices and applying them to European data. The first articles I published in the 1970s were in Sociology journals. So it was not really until the early 1980s that I turned more directly to economic history in my research. And that was when I prepared my first monograph on pre-industrial economic growth. It was published in 1988 but writing books is very time consuming. I did part of the work as a visiting fellow at the London School of Economics. The major contribution of that book, I think, is that the conventional

Malthusian model was and still is misunderstood, in the sense that usually we think of equilibrium in the Malthusian model as one with constant per capita income and zero population growth and that doesn't fit the empirical evidence for the pre-industrial period in Europe at all. So what I did with my collaborator at that time, Peter Skott, who is now at Amherst, was to show that a Malthusian model with permanent technological progress, rather than one off technological shocks, actually has a number of equilibria, where the rate of technological progress balances diminishing returns to labor, and therefore we get a picture which is more in line with what pre-industrial Europe looked like. That is, we have economies with an equilibrium income far above subsistence and sustained population growth, and we can actually have economies which are moving from one equilibrium income to a higher one if the rate of technological progress increases. It was quite easy to understand that equilibrium incomes differed across nations and time in that model. I think that contribution has yet to be fully appreciated even by present day Malthusians. When I wrote the book there were no estimates on per capita income in the pre-industrial period, but now the recent work of Steve Broadberry and associates basically supports my results. Enough about that. What I did here in terms of cliometrics was to formalize a method of measuring changes in labor productivity from changes in occupational structure or, in another way, changes in consumption patterns, and that's a topic I have returned to in recent years. In fact what I did was to generalize and formalize a more intuitive method suggested earlier by Tony Wrigley. I became aware of Sir Tony's contribution one day before I was presenting the paper at LSE with him in the audience. This was before the copy and paste days so I did not have time to include a reference to him, but of course he did not care. We had a good discussion.

Paul: And then you turned to working on market integration and globalization. What inspired that?

Gunnar: The market integration book (*Grain Markets in Europe*, Cambridge 1999) actually asked a question which again was sort of linked to Jerry Cohen's work mentioned earlier about the forces behind institutional change. One of the questions addressed was what caused the transition from tightly regulated grain markets to free, unregulated markets in the eighteenth and nineteenth centuries. And the hypothesis I had was that what market integration was doing was what regulation was supposed to do that is stabilizing prices of food, which were very volatile in the past because of segmentation of markets. It's an idea which was developed by the French Enlightenment economists at the end of the eighteenth century. This is a period I really love and I think Anglo-Saxons have not understood the pioneering efforts of French economists. The basic message was that economists and in fact quite a few economic historians tend to think of markets as being uniformly efficient over time, but market performance is actually a historical process from imperfection to less imperfection. Markets were far from efficient as late as in the early nineteenth century, but through the invention of better modes of information transmission they became so. This has implications for the interpretation of price gaps between markets, which are often routinely used as an indicator of transportation costs. Throughout most of history price gaps are explained by transportation costs and a residual, which is diminishing over time, but that residual includes for example different sorts of market imperfections. So that is a very important lesson.

Paul: But it seems to be a big step moving from pre-industrial growth into market integration?

Gunnar: Well, I have always, I think, been of the opinion that you shouldn't be a one issue type of man, so ... I have a low - what do you say? - boredom threshold. I think sometimes you don't learn much more or you don't get much further, so I go from one subject to another. I decided a year or so ago that I must

stop doing market integration studies which I had been doing for about fifteen years with numerous papers. So what I am doing right now is I am thinking about demography, specifically the relationship between fertility and mortality. That is entirely new for me and has forced me to do a lot of reading of the new literature, but you know that keeps your mind fresh.

Paul: So now I would like to turn to your important contribution in terms of establishing European economic history. How do you feel about the situation in Europe today?

Gunnar: Just coming back from the Dublin conference [the European Historical Economics Society conference], makes you very optimistic, I think. I was very impressed by the standard of the presentations and by the fact that so many of the participants were under the age of 35 or 40 - about half of them I would guess. So I would say I'm very optimistic. I do not see a risk of recession in European economic history.

Paul: And you played a very important role in bringing this about, right?

Gunnar: As I said before, I came from a department which was quite modern by European standards. But in general economic history in Europe was very traditional and old fashioned, and there were lots of people in Europe dissatisfied with that. In England in the 1980s, there was a group of quantitative economic historians who met regularly, and I participated in some of these meetings at the end of the eighties. On the European level, there was nothing like that. This changed with the World Clio in Spain in 1989, which the Cliometrics society organized with the help of Leandro Prados. It was a really good conference, well organized, but the Europeans were sort of outsmarted or crowded out by the Americans: you know in the Cliometrics Society they have known each other since the dawn of civilization, and we Europeans were not used to the debating culture typical of American universities. So we came independently to the conclusion that if we were to get Clio-type economic history going in Europe we had to set the agenda ourselves rather than opening a franchise of the Cliometrics society.

We met, a small group, very informally, at the International Economic History Association Meeting in Leuven, the year after, and that's how the steering group was formed. This group included me, Gianni Toniolo, Jaime Reis, James Foreman-Peck, Rainer Fremdling, and Gilles Postel Vinay, just to mention a few. The aim was to get an organization started and perhaps some sort of regular activities, you know workshops, summer schools and conferences. We were all supposed to investigate when we could have the first conference from where to launch future activities. It turned out I was the first who got sufficient funding for the first conference which took place in Copenhagen in 1991. It mainly attracted Europeans, big shots such as Angus Maddison and Patrick O'Brien, and then the usual suspects. In Copenhagen the most heated exchange came about the name and we finally agreed on calling ourselves the *European Historical Economics Society*. There was a long debate about that, and it's sort of a funny story, but I won't enter into any details. But you know the curse of being helpful is that you are expected to do even more, so I was elected the first president. But it was a small republic to start with, some 100 names on the mailing list. James Foreman-Peck edited a newsletter.

The idea was that after Copenhagen we should have a biannual conference. That didn't happen for different reasons, so it took a long time before we had the next conference, which was in Venice in 1996, organized by Gianni Toniolo. But in the meantime, James Foreman-Peck and myself, and others, managed to get money from the European Union for a number of workshops and summer schools. The purpose was to attract younger researchers. And many of those who are now top European economic

historians were actually trained at these conferences, workshops, and summer schools in the 1990's. And so, even though the organization was a bit shaky for the first years, after the Venice conference we got the sort of regularity which we wanted from the start.

Paul: What was the reaction of the Cliometrics society to your organizing your own conferences?

Gunnar: To start with I think there was a fear that the Europeans would go into isolation and keep the US Clio out but that did not happen. Cooperation has developed on friendly and equal terms although not without frictions. Cliometrics wanted to continue its international expansion and this caused a conflict. While we prepared the Venice meeting, our second and long-planned conference, Clio announced an International Meeting the same year in Munich. I told Sam Williamson, the then President of the Cliometrics Society, that we would not cooperate with a Clio International meeting in Europe the same year as our meeting. It might spoil our own efforts, I feared. In the end Clio moved its meeting one year forward. I think Sam and the Clio people were not entirely happy with my veto but we were of course cooperating next year in Munich. When I came down to the Munich meeting the next year – one day after the opening - Sam complimented me on my suntan and sniped it was strange that I could not do it on time given that I had postponed the meeting one full year. The reason I was late was out of my control, however. I had been out sailing north of Gothenburg when the wind died and I missed the flight.

Paul: You were also involved in the creation of the *European Review of Economic History*.

Gunnar: Yes I have the habit of getting involved in projects which take my time away from research. We had started to discuss the launching of a yearbook or journal early on to make our research more visible. Given the almost instant success of the *European Review of Economic History* when it was launched in 1997 it's worth pointing out that there was a lot of disagreement as to whether it was a good idea. We had a meeting at the International Economic History Association conference in Milan in 1996 where we discussed it. People outside the inner circle were in fact more enthusiastic than myself and James Foreman-Peck. I was initially pessimistic about getting enough high quality papers for a journal at that time. I remember that Jeff Williamson and Tim Hatton were convincing the swing voters, including myself, to go for a new Europe-based journal. So the result of the Milan meeting was that a small group of people, me, Leandro Prados, Tim Hatton and Vera Zamagni were supposed to investigate whether we could get a new journal started. And we managed. Tim Hatton, I remember very well, said we should not proceed if none of the big publishers were interested, but in the end Cambridge University Press came to us with the best offer. I remember we went from his house in Essex to Cambridge in his little Beetle and finalized the contract. And Tim Hatton was actually a skilled typographer before he went into academia, so he decided everything about typesetting, the cover and so on. By that time I was no longer president of the Society, but I took on the joint editorship of the *Review*, the editorial office was in Copenhagen and I got generous support from the department, which provided secretarial assistance. The first couple of years were actually quite demanding for the Copenhagen office. We didn't have the sort of editorial help that you have these days with online submission systems. But I was very happy that even with the first couple of years of publications we achieved a rather high level of quality. And it has improved since. The editorship almost marked the end of my career as an organizer/editor/chair. You know, I had done a lot of organizing, both for the workshops, for the Society and I remained Deputy Head of Department and was even a caretaker Head for a year. I do not understand why I have endured all this administrative pains over the years. It must be because of my upbringing as an atheist Protestant.

Paul: Another major contribution you have made recently to European economic history is the publication of your textbook on the *Economic History of Europe, 600 to the Present* (Cambridge 2010). How do you feel about the response to that?

Gunnar: It has been a commercial success. It is already in its third printing and the reviews have been pleasant reading. Even Greg Clark was supportive, sort of. He must have run out of vitriol recently. The publisher has asked me to do an extended and revised edition next year. The textbook resource page (www.econ.ku.dk/europe) has also been used by a lot by students and instructors.

Paul: One other thing I would like to ask you is, if you would have to give advice to a young ambitious economic historian, what would that be? Where do you feel the future of economic history going?

Gunnar: I think that given the fact that economic history is a very small field with limited teaching in most economic faculties, I think economic historians should diversify into some other related general field: trade for example, or labor economics, or econometrics.

Paul: What about the relationship between economic history and history? Is there any future in it?

Gunnar: The problem with, at least with economic history in an economics department is that you risk neglecting the hard work on the historical records, you know, the archives. That is a real problem. It is time consuming but it is necessary. And everybody can't rely on someone else collecting data. It is a very respectable job, so these types of contributions need to be upgraded, I think. I remember one time I talked to the Head of Department about what we can do with PhD students who will spend one year in the archives. That of course would take their time away from other things that they have to do for their PhD program. And there is really no good solution to that, unfortunately. So, I suppose economic historians just have to work much harder.

Paul: Do you see a changing relationship between economics and economic history? Maybe economic history is becoming more prominent again?

Gunnar: I think that what we see in the form of repetitive events, for example banking crises, makes even hard-boiled theoreticians open to the idea of studying history, so I think that is part of the reason. I think we are met with more respect and more interest than we were, say 10-15 years ago. But it is also because economic history itself is becoming more sophisticated and rigorous. Economic theory has also changed in the sense that you can't just mindlessly present models which are mutants of previous ones. Editors even in theory journals ask for some sort of historical or empirical relevance. So in that sense you can say that the distinction between economic history and economics has blurred. But if you look at, say, the *Journal of Political Economy* fifty years ago you would see they were much more interested in historical issues and empirical problems as well, so it's just been sort of a correction. Pure theory is perhaps not as prestigious anymore. But I also feel you should not oversell disciplinary boundaries.

Paul: So maybe, you could also, in relation to this, talk about unified growth theory because this is one of the things which is making economic history more interesting for lots of macroeconomists, I guess.

Gunnar: I am not so impressed by the empirical standards of unified growth theory, I must say. They seem to stick to very crude stylized facts which are more stylized than facts. Economic historians, I feel, are rarely invited to referee these papers, but they should be. Then we would be spared a lot of nonsense.

Paul: You are well-known as an anti-Malthusian.

Gunnar: Apparently! Now when my left-wing political excursions are over I still joke saying I am a card-carrying anti-Malthusian. I think my anti-Malthusian views have probably been triggered off by my early formative years. Before entering university I traveled a lot in Europe, I hitch-hiked throughout Europe, mostly France, Germany and Spain. At that time I was thinking of doing art history and went to museums and gothic cathedrals. And I was so impressed by what I saw. I was looking at these well crafted cathedrals, which of course bear witness to great sophistication in both technology and income but also income inequality. I have always also been interested in art and the increased perfection you see in art from medieval times to the early modern era, its increasingly secular approach, in my view all this is difficult to reconcile with the traditional Malthusian's gloomy view. That is sort of, I think, a mental picture or imperative which I have had throughout my life. That the pre-industrial economies of Europe could not possibly be the sort of bare bones subsistence economies Malthusians say they were. And I think the interesting thing is to go back to pre-industrial growth and assume that we actually had slow economic growth and slow growth in income or at least fairly stable income well ahead of subsistence. The interesting thing is that more recent estimates being done for all over Europe are basically corroborating these early speculations in my work. I actually think a lot about these gothic cathedrals, how well skilled the builders must have been, you know...

Paul: On that note, I wish to thank you for giving your time for this interview.

Gunnar: Thank you.