

Lebaron, Frédéric

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Autobiographical narratives and the social-historical science of economics: a contribution to reflexivity?

Frédéric Lebaron

Introduction

Narratives of personal experience written by economists are generally considered to be illegitimate as empirical data in the field of economic science as defined by the dominant conception of economic methodology. However, they are both numerous and rich. They feed journalistic commentaries and accumulate in historians' archives, from which they sometimes emerge in the form of individual or collective biographies, and may be used by sociologists as materials in their explanatory or descriptive analyses.

This article will focus on this last use. It proposes to consider autobiographical accounts of experience written by economists and, more generally, economic actors (central bankers and finance ministers first of all), as an important contribution to the reflexivity of the social sciences, in Bourdieu's sense (Bourdieu 2005). It will methodically take into account the multiple consequences of researchers' integration in their society and, in return, integrate into the analysis of the "facts" the role played by knowledge and scholarly practices in the construction of social reality. This approach can be based on the notion of the "theoretical effect" developed by Pierre Bourdieu (1991), or on "performativity" as conceived in works by, for example, McKenzie, Muniesa and Callon (Callon 1998; Muniesa, McKenzie and Siu 2007).

We will begin by discussing some of the classic issues in autobiographical narratives on the basis of various bibliographical references providing testimonies from economists, then we will deal more directly with two recent contributions to the analysis of crises, translated into several languages, by Ben Ber-

nanke (2015), which concerns the United States and the Great Recession of 2008, and by Yanis Varoufakis (2017), concerning the Greek and euro-zone crisis.

The modest objective of this article is to draw from these examples some of the characteristics of autobiographical narratives by economists and economic actors and, above all, to propose a preliminary reflection on their possible uses for a social-historical science of economics, paying particular attention to the role of expert actors, discourses, and ideology in economic dynamics.

1. Storytelling, an essential component of economic reality

In line with analyses that make actors' discourses a major component of the contemporary economic order (for central banks, see in particular Holmes 2013) and works put discursive processes at the center of public policy analysis (Edelman 1977), story-telling can be considered one of the most important discursive practices in the economic field, performed by various actors, whether leaders or people trying, through their analyses, to participate in constructing the meaning of decisions and events.

Robert Shiller recently encouraged this in a text entitled "narrative economics" (2017). Re-evaluating the role of narratives in the functioning of the economy (in our case, economic policies) is therefore topical and, in our view, involves mobilizing various tools of discourse analysis, which will only be outlined here.

Any analysis of the economic, macroeconomic, and financial situation, any analysis of an economic crisis can be interpreted as a storytelling practice that necessarily obeys certain norms, which define a particular discursive genre.

The narratives organize and structure the social representation of the dynamics of the economy: their first function is to organize a symbolic order, based, for example, on the use of chronological breakdowns, the definition of actors and sequences of events, and

Frédéric Lebaron is professor of sociology at the Ecole normale supérieure – Paris-Saclay and head of the department of social sciences. He specializes in economic sociology, political sociology and sociology of discourses. He recently published : Andreas Schmitz, "An Interview with Frédéric Lebaron on the Genesis and Principles of Bourdieusian Sociology: The Real Is (Still) Relational", *Theory, Culture & Society*, First Published December 13, 2017, Frédéric Lebaron, Pierre Blavier, "Classes et nations en Europe. Quelle articulation?", *Actes de la recherche en sciences sociales*, 219, septembre 2017, 80–97.

the more or less structured promotion of significant actions. These narratives are also used to represent the dynamics of the economy, stressing its direction, path, and rhythm. They thus contribute to building a stabilized representation of what might otherwise appear to be a chaos of incomprehensible facts.

The second function of autobiographical narratives is to legitimize actors and actions, albeit in a very practical way. This process of legitimation is well known and far removed from the mere transmission of information spontaneously associated with language. This is why oral history, made up of "legitimate" and "controlled" narratives, is so popular inside political and economic institutions, which see it as a means of accumulating the symbolic capital that is useful, if not necessary, for any institution.

Autobiographical narratives, acts of enunciation, finally, mobilize linguistic and more generally symbolic resources, which, in the case of economics, can be of a "scientific" nature (concepts and theoretical arguments, numbers, curves, diagrams, tables, equations), "institutional" (taken from an official discourse, including legal discourse defined by a communications consultant) or "factual" and "practical" (portraits, anecdotes, reported discourses).

While it is not possible to summarize the history of autobiographical narratives ("testimonies") of economic actors and economists, we can at least underline how old and prolific the genre is. This is particularly the case in France, which has a strong literary tradition: in 1954, Emile Moreau, former Governor of the Banque de France, published his memoirs from the period 1926–1928, almost thirty years later (Moreau 1954). During this period, he was directly involved, with Raymond Poincaré, Charles Rist, and Pierre Quesnay, in a phase of monetary and financial stabilization, in a context of intense exchange rate crisis with Great Britain.

The document's originality lies in the fact that it is a journal written as events unfolded, in which the author frankly evokes his sometimes conflicting in-

teractions, beginning with the announcement "by a brief and urgent telephone call" of his appointment by "President Caillaux" to replace Mr. Robineau as head of the Banque de France, which was "dominated by its Secretary-General, Mr. Aupetit" (p. 1). Prefiguring

what we will find very frequently in this kind of narrative, many times he evokes his immediate circle, first of all his wife ("my wife is sorry [about my appointment]," p. 3), elements of his lifestyle ("In the evening, dinner at the French Embassy," p. 264). He acknowledges that he accepted the position out of "a taste for struggle" (p. 13), which

gives his story a heroic character, and does not hide his initial doubts about his legitimacy for such a position, which soon dissipated through action.

In this narrative, we see above all the governor, a fierce defender of the independence of the institution as it was conceived at the time (most of his career was spent inside the Banque de France), and a monetary reform that he considers to be in line with the interests of his institution, at odds with the government (in the first place the president of the Council, Raymond Poincaré) and the political actors, the press, and the members of the Council of Regency. He does not hide the positions he takes, judgments about people, disagreements, and so on.

2. Ben Bernanke: storytelling as a legitimation of the (heretical) action of a central banker during the crisis

If the title of Bernanke's book, *The Courage to Act* (2015), is quite clear on the author's intentions, the text is much more than a simple pro-domo plea, even if the function of legitimizing a courageous action, the one that led him to launch a radically "unconventional" monetary and financial policy, and to break with the orthodoxy of central banking, is obvious in this text.

Indeed, the author begins his work with an autobiographical account of his family and childhood, training, and a very traditional career. In addition to growing up in a middle-class Jewish milieu, we discover the decisive influence of one of his grandmothers, which shaped his interest in the 1930s, to which he devoted part of his academic work. This prepares the reader to understand how and why he chose to act.

The articulation of the individual and the collective is at the heart of the book, which makes it possible to reconstruct the author's positions and the work-

ings of his authority within the Federal Open Market Committee and, more generally, of all those involved in crisis management, particularly in extreme circumstances, such as the collapse of Lehman Brothers.

The book is first and foremost a narrative of actions in the first person, where “I” is omnipresent: “I resolved to pause ...”, “I proposed moving in that direction ...”. But it is also a testimony from within about the functioning of the Federal Open Market Committee, which is the steering body for US monetary policy. One reads the daily analysis of the positions taken by the actors of the council in the face of the most recent economic data: the opposition between “hawks” and “doves” is frequently used. Bernanke sometimes evokes his personal feelings, such as when he recounts the dilemmas surrounding the collapse of Lehman Brothers Bank: “, I felt considerable sympathy for this last argument” [opposing Wall Street and Main Street]. The “we” reappears when Bernanke reports on decisions taken by the FOMC after various discussions, as in Lehman Brother’s bankruptcy. He defends collective decisions while indicating that they were not “choices.”

Chapter 19, on quantitative easing and the “end of orthodoxy,” describes the rationale behind adopting the policy of bulk purchases of Treasury bills (“large-scale asset purchases,” qualified as “quantitative easing” in the media and financial markets), and the major institutional and political resistance to this development.

Over the course of the book, the author gives a few descriptions of the important actors in crisis management, such as Hank Paulson “who projected a restless energy that took me some time to get used to,” or Richard Shelby, whose “good-old-boy mannerisms belied a shrewd intelligence and cosmopolitan tastes.” Distilling the anecdotes in small doses, Bernanke evokes his common liking with Hank Paulson for oatmeal, a visit to the hairdresser, and various other well-chosen private situations. He confides that he did not distance himself from the Republican Party, but also that the party has moved away from him with its increasingly right-wing orientation. He boasts, however, that he was attacked by both the extreme right and the “extreme left,” embodied by Socialist Senator Bernie Sanders, in a classic centrist rejection of “extremes.”

Jean-Claude Trichet, former president of the ECB, a man described as a moralist untrained in economics, defended, at the end of his mandate, monetary tightening and a return to orthodoxy in Europe: this criticism is nevertheless encapsulated in a tribute to a “gentlemanly, diplomatic” French civil servant. This balanced opinion on the former president of the ECB contrasts with a very positive judgment on Mario Draghi, who “was influenced by the New Keynesian framework that serves as the leading policy paradigm

in the United States,” which went in the right direction but had to face “fiscal policy creating even more powerful headwinds than in the United States.”

The stories of personal interactions are perhaps the most revealing, such as the Martin Building dinner (Chapter 23) with Tim Geithner, Robert Rubin, Larry Summers, and Hank Paulson (former Treasury Secretaries), Paul Volcker and Alan Greenspan (former Fed chairmen), and Don Kohn (former Fed Vice-chairman), “lively conversation,” “unusual,” “colored by complicated personal relationships.”

In fact, very little is learned about possible differences and tensions, and the group is described, finally, as communicating for the satisfaction of having participated in the promotion of national interest, contributing to the leader’s sense of integration into the Great National History. Even if Larry Summers’ position on QE, while he was a candidate to succeed Bernanke, is one of the positive conclusions of the evening, Bernanke, showing a certain restraint, does not take sides with regard to any of his potential successors.

The final message of the book is centered on collegiality and consensus, which should come as no surprise from a Republican economist, appointed by a Republican to head the Fed, re-appointed by a Democrat with the majority support of the Democrats and who, in a few months, was to change the global frame of reference for monetary policy, while preserving his relations with the main players in US politics.

3. Story-telling as a tool for symbolic struggle and rehabilitation

Yanis Varoufakis’s narrative (2017), which relates his experience as finance minister of Alexis Tsipras’s “radical left” government in Greece in 2015, at the center of the euro-zone crisis, is situated in a more conflictual and critical context.

Varoufakis’s main reason for publishing a potentially controversial testimony is that he wishes to explain and correct various allegations on his brief time at the head of the Greek Ministry of Finance. To this intention of rehabilitation is added the desire to prolong a symbolic struggle that has proved both intense and complex.

The book focuses on his extremely difficult discussions with representatives of the “Troika” and various actors of what he meaningfully calls, in the English title of the book, “the deep establishment” of European institutions. Most of the events took place during a very short period of time, from the end of January to the beginning of July 2015, but the book

also returns to the author's family trajectory and analyses his gradual rapprochement with Syriza during the crisis of 2010, before the victory of this party at the January parliamentary elections, despite various pressures from the European institutions.

In the case of Varoufakis we find again several elements present in the two previous examples, particularly in Bernanke's memoirs. However it is the differences that show how subtly the narrative contributes to constructing the meaning of an event and economic policy decisions, while also trying to influence the present. Indeed, Varoufakis does not hesitate to deliver psychological and behavioral analyses, sometimes very critical about certain actors, and to restore conversations recorded by him without the knowledge provides for the interlocutor. He is not afraid to reveal deep, vehement, and sometimes "low blows" in interpersonal conflicts, which are common in situations of intense organizational and social crisis. He repeatedly mentions virulent media campaigns against him, and it is difficult not to attribute some of the events he describes to the effects of his self-presentation and often provocative humor, which may have deprived him of some potential supporters.

Academic economist, married to an artist, coming from an ideologically divided family and former personal friend of the Papandreou – socialist leaders – lineage, he prides himself on having set up solid and modern doctoral programs in economics at the University of Athens, where he was close to the future governor of the central bank, Yanis Stournaras, who has since become a staunch supporter of austerity and one of his harshest opponents.

He is well inserted in the globalized academic field. Hence, just before being appointed Minister of Finance, he was a visiting professor at the Lyndon B. Johnson School of Public Affairs in Austin, Texas. Once appointed minister, Varoufakis continued to demonstrate his connections with the most legitimate actors, particularly renowned professors from Anglo-Saxon economics. For instance, the book begins with a friendly discussion with Larry Summers, former president of Harvard University and former head of Obama's team of economic advisors, who was once a candidate to succeed Bernanke.

Eventually rejected among outsiders, Varoufakis wants to make it clear that he tried everything to salvage some sort of favorable exit from the situation in which Greece had been put since the "institutions" – a phrase constantly used in preference to the word "troika" – took control of its economic policy. He defends a series of measures, including the abandonment of austerity policies, the restructuring of Greek debt with the establishment of a bad bank facility for doubtful loans, a recovery plan supported by the Eu-

ropean Investment Bank, and deficit reduction based on economic growth.

From Jeffrey Sachs to Lazards investment bank and even Emmanuel Macron, there were many more or less sincere or hypocritical supporters, either transitory or lasting, during this period of involvement with the European institutions. Varoufakis surrounded himself with renowned economists, financiers, and "insiders" of the arcane world of central banks and globalized finance. He set up a task force around his American friend James K. Galbraith to prepare a sort of "plan B" (the establishment of a parallel payments system) in case the institutions, first of all the ECB, pushed Greece to exit the euro.

Although success was unlikely for Varoufakis, he nevertheless revealed his ability to "believe" in it and to continue moving forward despite the small or large humiliations that characterized his work within the Eurogroup, and perhaps even more so within the Syriza government. This was especially the case from the moment (around the end of March 2015) when, according to him, Alexis Tsipras no longer really supported him.

Varoufakis has long stated that Greece would never be able to repay its vast public debt, inherited from the 2008 crisis and, even more so, from the illusions of growth and prosperity that preceded it. All the policies implemented since 2010 were against it, although Varoufakis remains a staunch defender of Greece's membership of the euro area. This was particularly true after a first partial restructuring, which he considered totally inadequate, and the imposition of a particularly restrictive Memorandum of Understanding (MoU). Demanding excessive budget surpluses (3.5 percent of GDP for a number of years), the policy imposed by the Troika is a form of perpetual austerity, linked to structural reforms that in effect rule out any form of voluntary economic recovery.

Varoufakis tells us that he tried to relax this framework, by seeking above all to save time, to obtain from the Eurogroup softened and ambiguous formulations, and from the European Central Bank the postponement of brutal measures that would have led to the imposed introduction of the parallel payments system. The book thus describes the extremely laborious process of political elaboration, of compromise under constraints, and the strategies of alliance that its author was led to build in an attempt to change the frameworks of official discourse and decisions: in these palace battles, Varoufakis shows great semantic skill and a great capacity to renew his proposals by winning support.

He looked for support from François Hollande's France, which was never likely to be solid, despite unofficial declarations; from certain members of the

Commission, such as Pierre Moscovici, who was essentially vehement and unreliable; from the IMF, which was impossible to obtain despite a certain mutual understanding; and from Mario Draghi's ECB and, finally, from Angela Merkel, who were essentially opportunistic and wished above all to preserve the existing situation at lower political cost. The aim was clearly to circumscribe the positions of one who did not want even a minimal form of compromise, Wolfgang Schäuble, supported by the finance ministers of the Central and Eastern European countries, who were even more radical in their opposition to any innovation, and those of the other countries threatened by the "debt crisis," subject to the logic of austerity policies and the constraints of their political careers. It was finally from Italy, then Spain, and the French Minister of the Economy, Emmanuel Macron, that a last hope came – too late – for this project, which was finally defeated by the unexpected alliance between Angela Merkel and Alexis Tsipras. This allowed Varoufakis not only to be marginalized, but also to prevent the realization of Schäuble's plan, which saw no other way out than a temporary Grexit.

The resounding failure, Varoufakis believes, was not that of his team and his professional and political networks, but above all that of the Syriza government, which preferred total submission to the "troika," allowing it to remain in the euro zone, to heroic resistance that could lead it onto unknown paths. Failure came, he says, from within, and often from those who opposed Varoufakis' realism – like his successor, the Marxist Euclid Tsakalotos – presented in voluntarist rhetoric that hid their lack of meaning from the powers-that-be.

Varoufakis stresses that this was the worst solution for him. Inspired by the game theory he has long taught, he actually distinguished three possible outcomes: the continuation of the memorandum and the domination of institutions; exit from the euro, which would have been bad but better than the previous one; and finally, an exit "from the top", that is, a democratic change within the institutions of the euro zone, to which he wishes to contribute within the framework of his movement DIEM25.

Concluding thoughts

Apart from the "anecdotal" aspects of any history, finally, one may wonder what narratives bring to the socio-historical knowledge of economics. We will conclude with some of the possible contributions of these narratives that seem likely to contribute to the progress of reflexivity in the social-historical science of economics.

(1) Dispositions, positions, and position-taking

The narratives indirectly, and often unintentionally, shed light on acquired dispositions and their role in actors' attitudes towards different economic issues "in context." By providing a glimpse of a trajectory (more than mere biographical "facts," often limited and more or less reconstructed), the author gives more of a report on this trajectory than systematic objective elements, which it is always necessary to complete or reconstitute. He or she also provides many elements through the classification categories used to describe interlocutors, partners, and allies or, on the contrary, opponents, by selecting "facts" considered important. A lot of basic historical information is also provided.

(2) Interactions

The interactions reported, either in "direct" or "indirect" form, are the most obvious evidence of the strategic and potentially conflicting nature of economic action on a day-to-day basis. Alliance strategies are aimed primarily at anchoring decisions, the acts themselves, whether they are (rarely) individual or (most often) institutional. Conflicting interactions provide insight into the issues and strengths involved. Reported interactions, however potentially biased they may be, reveal the nature of direct day-to-day power relations, which are part of a broader environment of relations between institutions, countries, and groups.

(3) Structures

Biographical narratives can thus also be considered "concrete indicators" of the "social structures of the economy," understood in a precise sense, namely as structures of the social spaces in which the actors evolve, structures of objective relations that persist beyond individual or institutional actions. In these social spaces not only abstract entities are encountered, such as the government or the central bank, but institutional positions (those of the president, the governor, members of the council, advisers), whose relative positions can be determined, while integrating a "multi-level" dimension.

(4) Dynamics

The structures as they emerge from the narratives are always historical, therefore dynamic: the movement is incessant within them as well as for individuals, who are not entities outside social processes; the narratives are also attempts to symbolically reorganize the complex processes of both historical and individual evolutions.

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