

# World Economics Association Newsletter

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## Is a New Era of Growth on the Horizon for Latin America? By [Stefanie Garry](#) and [Juan Carlos Moreno-Brid](#)

### 1. BREAKING THE CYCLE OF LOW, SLOW GROWTH IN LATIN AMERICA?

After a lost decade of turbulent politics, economic turmoil and social unrest in the 1980s, Latin America entered into a period of slow, unbalanced growth throughout the 1990s. However, in the early 2000s, the region appeared to be crossing an important development threshold, poised to break free from the cycle of insufficient expansion that had characterized the previous two decades of economic history, one which created a social structure marred by inequality and economic dualism. Bolstered by dynamic export markets and increased foreign investment, as Ocampo (2009) suggests, prudent fiscal management, low inflation, and stable macroeconomic fundamentals helped to support the notion that Latin America was finally entering a new economic era in the early 2000s, one characterized by steady, high growth.

Various factors contributed to this shift in Latin America's economic performance, including an improved institutional context buoyed by market reforms (Dabla-Norris, et al., 2013; Rojas-Suarez, 2009), enhanced trade openness and investment deregulation, as well as technology transfers and the creation of a more modern and competitive business sector (Spillan, Virzi and Garita, 2014). Neo-structuralist economists also posit that extraordinary improvements in the terms-of-trade coupled with a re-primarization of the export sector facilitated a rise in consumption without overburdening government finances and external sector accounts (Bertola and Ocampo, 2012; Moreno-Brid, 2015). However, pressing questions remain as to whether or not the region has been able to address important restrictions to sustainable, long-term growth.

Latin America's real GDP grew on average 1.8% in the 1980s, climbed to 3.1% in the 1990s and further expanded to 3.6% over the period from 2000-08 (See table 1). Although regional GDP fell by -1.2% in 2009, its contraction was less acute than that of the European Union and



the advanced economies as a whole which contracted, 4.2% and 3.5%, respectively (IMF, 2013c). In the wake of the global financial crisis, its quick recovery in 2010 (+6.3%) was further evidence of Latin America's solid macroeconomic foundations, and perhaps even proof that neoliberal reforms really were beneficial for the region (IMF, 2014; ECLAC, 2013c). Moreover, the recovery in Latin America was supported by the resilience of its financial and banking system and partly by the adoption of counter-cyclical policies including the depreciation of nominal exchange rates, the reduction of interest rates, and the expansion of public expenditure.<sup>1</sup> However, since 2011 economic activity has slowed. Real GDP rose 2.9% in 2013, just 1.1% in 2014, and is expected to show a slight overall contraction in 2015, mainly due to the negative performance of Venezuela and Brazil.

On a positive note, the region demonstrates many strong macroeconomic fundamentals, and has made substantial gains in the fight against inflation and fiscal indiscipline. For example, the consumer price index dropped from a three-figure digit during years of hyperinflation in many countries in the 1980s, to two digits in the 1990s, to 7.7% in the 2000s, and has posted even lower figures in recent years. Following the downturn in world commodity prices, particularly of petroleum and its derivatives, inflation has been rather well-contained within national targets, with the recent exceptions of Argentina and Venezuela. In turn, and not unrelated, the fiscal deficit has declined from an average of 3.6% of GDP in the 1980s, to less than half in the following two decades. In 2009 it jumped to 2.8%, a combined result of the recession and the compensatory, counter-cyclical policies adopted in response, though it has stabilized around 2.5% of GDP in recent years (Bertola and Ocampo, 2012; Daude, et. al, 2013; De Gregorio, 2013; ECLAC, 2013a). The recent primary fiscal balances have also been healthy across countries, with the exception of Venezuela. However, the diagnosis of Latin America's

Table 1: Latin America, Key Macroeconomic Indicators, 1980-2014

Year	1980s	1990s	2000-08	2009	2010	2011	2012	2013	2014
GDP Growth (%)	1.8	3.1	3.6	-1.2	6.3	4.7	2.9	2.9	1.1
GDP Growth per Capita (%)	-0.4	1.4	2.2	-2.3	5.1	3.6	1.8	1.8	0.1
Fiscal Balance (% of GDP)	-3.6	-1.6	-1.6	-2.8	-1.8	-1.6	-2.1	-2.5	-2.5
Inflation (%)	126.3	82.7	7.7	5.6	5.7	6.7	5.7	6.6	8.3
Poverty Rate (%)	41.9	45.4	37.5	32.8	31	29.6	28.1	28.1	28.0
Extreme Poverty Rate (%)	19.7	20.3	14.7	13	12.1	11.6	11.3	11.7	12.0
Exports (% of GDP)	9.4	12.5	21.4	20.6	30.8	36.2	35.8	35.0	..

Source: CEPALSTAT, CEPAL Cuadernos Estadísticos No. 37, World Bank World Development Indicators, and the IMF World Economic Outlook Database (October 2014 update). Fiscal data for the 1980s includes the average for Argentina, Chile, Colombia, Brazil, Venezuela, Peru, and Mexico. Note: Average growth for yearly groupings. Growth rates reflect geometric means.

fiscal situation changes when the overall fiscal balance is considered. Such contrasting evolution is not new in a region with a history of volatile public finances and very high public debt. Recall that in the 1980s the rise in interest rates in world financial markets combined with the sharp depreciation of national currencies swelled fiscal deficits, while external public debt rose to 75% of GDP, and surpassed 100% of GDP in countries such as Ecuador, Nicaragua, Peru and Bolivia (Bertola and Ocampo, 2012; ECLAC, 2012). When the debt subsided, it was due largely to restructuring agreements and a return to higher levels of production and growth.

The overall success story in Latin America, since the 1990s masks important country-level distinctions, and the fact that a number of Latin American economies have suffered major balance-of-payments or financial crises, such as the Mexican “Tequila Crisis” in 1994-95 or the Argentine “Tango and Corralito Crisis” of the early 2000s. Certainly, improvements in macroeconomic performance have not been the same across sub-regions and individual countries given the heterogeneous nature of production in the region. Differing trade specializations, macroeconomic goals, and the occurrence of external trade shocks and internal political conflicts have helped to define the growth patterns of individual countries.<sup>2</sup> As De Gregorio (2013) highlights, institutional factors may also play a critical role in growth management and macroeconomic stabilization. Moreover, many economies have experienced sharp fluctuations across the business cycle. Unfortunately, in some cases government responses have been largely pro-cyclical, negatively influencing long-term growth, as well as investment and productivity indicators.

In South America, the most dynamic economies in the early 2000s and up to the start of the financial crisis were the exporters of metals and minerals (Peru and Chile) and hydrocarbon exporters (including Venezuela, Ecuador and Colombia). The former group’s real GDP expanded at an annual average rate of 4.8%, and the latter’s at 4.5% from 2000-08, supported by a booming foreign demand (ECLAC, 2013c; Céspedes and Velasco, 2012). On average, and up to 2014, the exporters of metals and minerals and of hydrocarbons have shown the greatest resilience in growth, though their dynamism has tapered in light of the downturn in global commodities prices. Central America has also shown more dynamism than the region as a whole, with steady growth of around 4.5% during the 1980s, 90s and in the years leading up to the 2009 recession. Though relatively small economies, these countries have shown macroeconomic resiliency in the years following the crisis, despite more challenging external conditions and slow growth in major trade partners’ economies including the United

States and the European Union.

Brazil and Mexico expanded only modestly in the 1990s, while in the years leading up to the global crisis they grew somewhat faster at 3.6% and 2.4%, respectively. Today, Brazil’s strong commercial ties to the Eurozone, the slowdown of its exports to China, and internal battles against corruption cloud its economic outlook. In 2014 Brazil narrowly escaped recession with 0.1% expansion, and given the fall in global oil prices and the emergence of complex political scandals, the outlook for 2015 remains dim. While Mexico has recently embarked on a new wave of neoliberal reforms, in the context of slow public and private investment and a complicated domestic political climate, it has yet to see substantive growth (IMF, 2014; ECLAC, 2013a, 2013b, Moreno-Brid, 2014). Despite efforts to reform the energy, telecommunications, and banking sectors, Mexico expanded just 2.2% in 2014.

It is clear that economic progress without social development is not sustainable, while social development without economic growth is not possible. After a deterioration in social development in the 90s when poverty levels reached more than 45.4% on average, the region began to make progress in the reduction of both poverty and extreme poverty in the early 2000s, though the pace of improvements has stalled post-2009, with poverty levels stabilized at around 28% of the population. Despite the progress of bringing millions out of poverty, Latin America faces an enormous challenge to reduce the deep income inequality that continues in the region. Troublingly, the Gini coefficient from 2008 shows that regional inequality remains above the level seen in 1980.

## **2. UNDERLYING RISK FACTORS MAY JEOPARDIZE THE ECONOMIES’ RESILIENCY**

Notwithstanding evidence of strong macroeconomic performance in the early years of the 21<sup>st</sup> century, the prevalence of acute and somewhat asymmetric cyclical fluctuations in the growth path of Latin American economies, as well as the high burden of interest payments on public debt, among other factors, remain as important risks to the region’s long term growth. They also may threaten the capacity of the public sector to respond with resiliency in the face of unforeseen political, economic, or financial sector shocks. Given the somewhat fragile state of global economic affairs, marked by low commodity prices, falling trade and uneven if uncertain growth in developed economies, risk factors become even more important to consider. Five main issues raise significant concern for Latin America’s long-term growth and sustainability: the region’s fiscal performance, the balance of payments constraint, the engines of economic expansion, the region’s productivity gap, and finally insufficient catching up in terms of income and per capi-

ta GDP growth.

**Fiscal Insecurity.** In the aftermath of the 2009 financial crisis, it would be difficult to claim that the fiscal performance is the binding constraint on economic growth. Nevertheless, some caveats apply which limit the region's competitiveness from a fiscal standpoint. Firstly, some countries exhibit levels of tax revenue so low that they are unable to provide adequate public goods such as reliable healthcare, education and security. Secondly, public investment remains markedly inadequate, especially in a region with longstanding needs for infrastructure expansion and upgrading. A third and related issue concerns the dependency of fiscal revenues on commodities exports whose prices can be very sensitive to external shocks. Such dependence limits countries' capacity to implement counter-cyclical policies in the face of adverse shocks to their terms-of-trade or export revenues (Fricke and Süssmuth, 2014). Indeed, in Mexico, a major petroleum extractor and producer, the amount of revenue from such resource exploitation rose from an already conspicuous 6% of GDP to 7.5% in 2009-11 on average, and grew further in 2013 to 8% of GDP (see Figure 1). As evidenced in late 2014 and early 2015, with the worldwide decline in oil prices, this concern over natural resource dependencies has become particularly pressing.

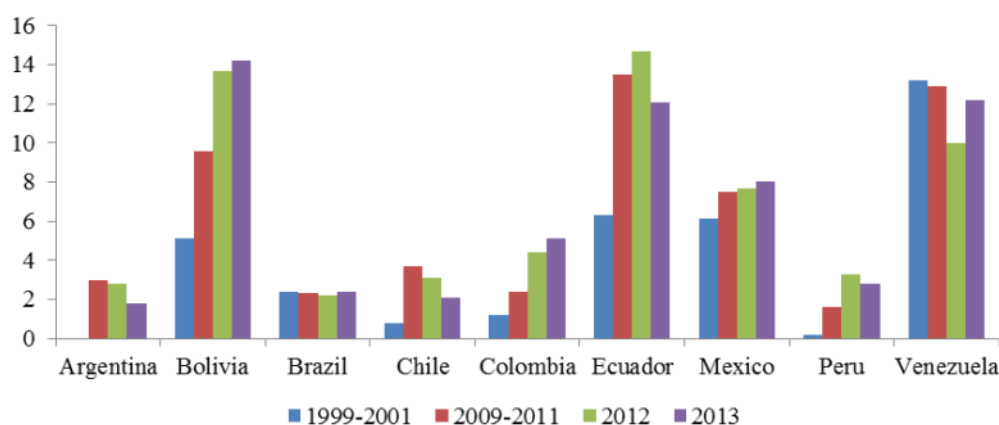
**The balance-of-payments constraint.** Latin America's current account deficit underwent a substantial reduction in the last two decades, going from an average of -2.4% of GDP in the 1990s to -0.3% from 2000-08. It is clear that the commodity boom of 2003-08 and the improvement of the terms-of-trade enabled some countries in the region to grow at a higher pace without putting pressure on their current account balances. In other words, the commodity boom helped these economies temporarily to alleviate the binding grip of the balance-of-payments on their growth. Another factor has

been the increasing importance of remittances in the current account balance of many countries. In the current context of volatile exchange rates, and with the imminent rise of US interest rates with the winding down of quantitative easing, a potential net outflow of foreign capital in the future may further underline the relevance of the balance-of-payments as a key constraint for the region's long-term growth.

**Economic Growth Engines.** As Table 2 shows, in the 1990s exports provided a larger contribution to GDP growth (40%) than gross fixed capital formation (22.5%). In 2000-08, perhaps paradoxically, the contribution of exports declined to 30%, while that of gross fixed capital formation rose to 28.4%. This reflects the fact that while exports rose at an average annual rate of 4.5% (7.7% in the 1990s), fixed investment increased at 5.5% (3.8% in the 1990s). Particularly worrying in the post-crisis economic performance of the region is the fact that exports are expanding at a slower pace than the whole economy for the first time in many years, perhaps signaling the end of success of an export-led growth strategy. Clearly, Latin America's exports will not expand in a much more dynamic way unless they start to diversify to activities based on technologically intensive goods and services. Another feature in the region's growth performance concerns consumption, which has strengthened notably in recent years. Pre-2009 private consumption contributed around 63% to GDP growth, and government consumption around 12%. In 2010-13 the contribution of private consumption increased 10 points, to an average of 77.4%, and the government's augmented to 14%. As ECLAC (2013a and 2013b) argues, this shift reflects greater access to consumer credit, somewhat higher real wages and an increase in formal employment in some economies.

**Insufficient Productivity.** Investment is the key determinant of economic growth and is essential to modernize infrastructure and to expand productive capacities (ECLAC 2012). Troublingly, no Latin American economy has been able to allocate more than 25% of GDP to gross fixed capital formation, the proportion identified by UNCTAD and ECLAC, among others, as the minimum to ensure annual long-term GDP growth above 5%. In other words, the region's capital accumulation dynamics are insufficient to generate major transformation in

Figure 1: Fiscal Revenues from Natural Resource Exploitation, Selected Economies, 1999-2013 (Percentages of GDP)



Source: ECLAC based on official statistics. Note: Average for yearly groupings.

Table 2: Latin America: Contributions of Demand to GDP Growth, 1990-2013 (% of GDP growth)

	1990-2000	2000-2008	2010-2013
Final Consumption	75.6	77.2	89.3
Government Consumption	11.8	13.1	14.3
Private Consumption	62.7	63.7	74.4
Gross Capital Formation	27.2	33.0	39.4
Gross Fixed Capital Formation	22.5	28.4	31.2
Exports of Goods and Services	40.5	30.0	28.0
Imports of Goods and Services	-42.1	-36.4	-54.3

Source: ECLAC based on official national sources. Note: Geometric average for yearly groupings.

its productive capacities (ECLAC, 2013a). The disappointing behavior of labour productivity in the region also has important linkages. Given insufficient investment in infrastructure, machinery and equipment there is no reason why labour productivity should rise to international levels. Across all countries, with the exception of Chile, labour productivity has persistently lagged behind that of the United States. On average the employed labour force in the US is at least four times more productive than its counterpart in Latin America. The worst cases are Bolivia, Paraguay, Peru and Ecuador whose labour productivity is 10 times lower than in the US. Troublingly, the region's major manufacturing exporters struggle with low and declining levels of labour productivity. By 2013 Mexico's was not even a quarter of that of the US, while Brazil's share was less than 15%.

**Widening Income Gaps.** By examining the evolution of the gap between the GDP per capita of selected Latin American countries and that of the United States, we note that in general, the gap in income is as wide as it was 25 years ago, with Latin American countries reaching per capita incomes of between 25% and 3% of US levels. Chile and Peru are the only countries which have persistently reduced their gap *vis-a-vis* the United States over the period from 1990-2013. Latin America's key manufacturing economies also show very disappointing results and weak capacities to transfer the benefits of increased production and manufacturing growth to workers. Mexico's gap is actually wider in 2013 than it was in 1990, and Brazil has failed to make significant advances. Notwithstanding the region's renewed dynamism in the 2000s, the region appears to be falling further behind in transferring the benefits of growth and economic expansion to its citizens. Given the sharp disparities in the distribution of income which mark Latin America as the most unequal region in the world, this implies that the living standards of large segments of the population remain low. In order to address these dispar-

ities, the region will need sustained periods of high growth over the long term, not just isolated episodes of economic quick recovery.

### 3. SO WHERE TO NEXT?

In its quest for high economic growth and stable macroeconomic fundamentals, the region is no longer stuck on a long, frustrating and ineffective path, as it was in the 1980s and 1990s. It has made major progress on the macro-stabilization front, lowering inflation, reducing fiscal deficits and penetrating world export markets. Yet, Latin America is far from sustainably changing its development trajectory over the long term. Its growth performance has still, with few exceptions, failed to reduce the income gap *vis-à-vis* the United States, while weak structural linkages and insufficient investment and innovation hold back the region's competitiveness. Weak fiscal revenues, the pro-cyclical orientation of fiscal policy and in some cases a dependence on natural resource revenues are important obstacles to improving infrastructure and boosting long-term economic expansion.

After a dynamic recovery in 2010, the region's economic growth started to taper, dampened by challenging external conditions, as well as a deterioration in the balance of payments. Unfortunately, this subdued growth appears to be the new normality in the region, with just 2.9% expansion in 2013, 1.1% in 2014, and a slight contraction projected for 2015 (OECD-ECLAC-CAF, 2014; ECLAC, 2015). Long-term sustainable growth both for Latin America and its individual economies requires a nuanced understanding of the heterogeneity of productive structures, institutions, labour markets and societal norms. It will be a challenge to continue to decrease the levels of poverty and extreme poverty in the coming years, given current growth prospects. Continuous strong macroeconomic performance, coupled with prioritized social spending is urgently needed to reduce inequality across Latin America. Sustained growth also requires cooperative action from both the public and pri-

vate sectors to enact reforms and increase productive capacities. Whether the region's political and economic leaders will be able to do so, thus ushering in a new era of strong, sustained growth in the medium-to long term remains uncertain.

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1. In contrast to Greece, Portugal and Spain – the EU economies severely affected by the crisis - Latin American countries could and did respond to the adverse external shock by floating their nominal exchange rates against the dollar in 2009-10 in order to rapidly induce a significant, real depreciation.
  2. IMF (2013a), Hofman (2001), and Gutierrez (2005) present an analysis of Latin America's performance from a growth accounting perspective.
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- For an in-depth analysis of some of these topics see Moreno-Brid and Garry (forthcoming, 2016) "Economic Performance in Latin America in the 2000s: Recession, Recovery, and Resilience?" *Oxford Development Studies*.

## The evolution of economies

By [Patrick Spread](#)

Joseph Stiglitz concludes one of his articles on asymmetric information with the comment:

*Finally, I have become convinced that the dynamics of change may not be well described by equilibrium models that have long been at the center of economic analysis...Dynamics may be better described by evolutionary processes and models, than by equilibrium processes.*<sup>1</sup>

Some heterodox economists will think to themselves 'about time too'. Ever since Veblen asked in 1898, 'Why is economics not an evolutionary science?' economists have been trying to make economics an evolutionary science. Nothing could be plainer than that economies evolve. If economic theories are to explain realities, they must explain economic evolution.

Evolution means Darwin and natural selection. Attempts to develop an evolutionary theory of economics have consequently sought to adapt Darwin's theory to the economic sphere. The transfer looks easy in terms of 'survival of the fittest'. Species struggle for ascendancy in the biological jungle and people struggle for ascendancy in the economic jungle. But while species struggle in an impassive environment of biological law, the economic struggle seems driven by human volition and ambition. A more sophisticated approach takes the biological sequence 'variation-selection-transmission' and seeks factors in the economic world that might vary, be selected, and be transmitted. Veblen identified 'habits of thought' for this role.



His followers have seen 'routines' and 'rules' as the variables that generate evolution. But routines and rules are difficult to portray as the drivers of an evolutionary process. They tend to stabilise activity, rather than change it. Veblen saw that 'habits of thought' could lag behind the times and inhibit change. It is difficult to explain actual historical economic evolution through changes in routines and rules.

Here, then, is a new attempt to provide an evolutionary economics, utilising the theory of support-bargaining and money-bargaining introduced to WEA members in Newsletter 2-6 of December 2012. Support-bargaining identifies a sense of individual insecurity as a primary psychological trait. To alleviate this sense of insecurity, individuals seek the support of others, thus creating groups. The 'bargaining' arises because individuals compromise as little as possible on their own opinions and behaviour in order to gain the support they need from the group. Support-bargaining gives rise to a process of cultural evolution, by which 'money' and 'money-bargaining' have been created. Both support-bargaining and money-bargaining are situation-related. People determine their interests and requirements by reference to their present circumstances. This gives a natural evolutionary dynamic. Societies evolve from situation to situation. *The Evolution of Economies: Money-Bargaining, Economic Change and Industrial Revolution* provides a clear account of the process.<sup>2</sup>

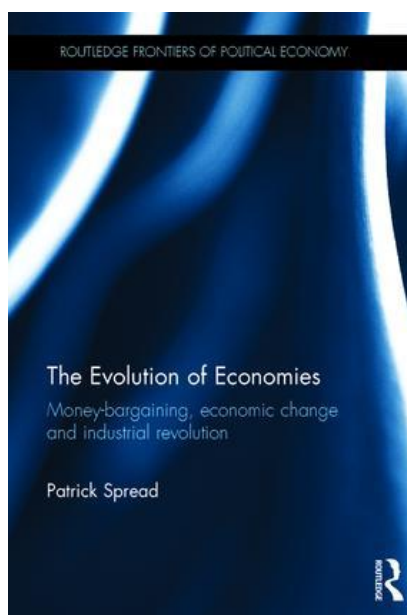
The centrepiece of the book is a re-interpretation of the industrial revolution. It is argued that the essential of the revolution was the transition from a society dominated politically and economically by landowners to a society dominated in the economic sphere by companies. Companies function as specialist money-bargaining agencies, formatting to meet a viability condition. This concept of companies was set out in a recent article in the *Cambridge Journal of Economics*, reprinted in a WEA E-Book.<sup>3</sup> Economic historians are for the most part mercifully free from the bondage of neoclassical economic theory, but the failure of neoclassical theory to identify the importance of companies has caused historians to miss their central importance to the industrial revolution. The historians of the industrial revolution missed the essential flux of the revolution. The emphasis has been on structural change, technology, factories, steam power, etc, but without a strong focus on companies the industrial revolution is not well understood. It is argued that company formats in cotton production, iron production and railways constituted the essential factors in the British national industrial revolution, and company formats in shipbuilding and shipping services constituted the essential factors in the subsequent global expansion of trade.

The evolutionary theory of support-bargaining and money-bargaining gives a new perspective on the old theory. 'Intellectual support-bargaining' is the process by which theories are developed in accordance with the situation and interests of the developers. All theory is 'interested'. This is particularly apparent in the theory relating to foreign trade. David Ricardo developed his theory of comparative advantage in the context of his campaign in the British Parliament for repeal of the Corn Laws. He assumed a barter economy, in which advantages of comparative productivity would dictate production patterns. But in the context of a money-bargaining system, unit costs dictate which companies are ascendant. Weakness in productivity can be offset by adjustment to wage rates to give competitive unit costs. Furthermore, in an evolutionary system, advantage is never fixed. Companies evolve their formats in accordance with changing circumstances. The German economist Frederick List argued that British adoption of 'free trade' was no more than partisan cunning – as the dominant trading nation, Britain was bound to gain advantage from low tariffs. Post-war experience of international trade confirms the functioning of a money-bargaining system rather than the commitment to 'comparative advantage' and 'free trade' that is so prominent a part of mainstream rhetoric.

The idea of money-bargaining challenges also Keynes's

analysis of equilibrium levels of employment. Keynes defines involuntary unemployment, savings as the residual of income after consumption and the marginal efficiency of capital in reaction against or in the context of a 'classical' theory. But understood in terms of an evolutionary money-bargaining system, the definitions are misconceived. Economies do not function in the way Keynes portrays. Companies as bargaining agencies order their investment differently to the 'firms' of classical economics. Their formats incorporate technology as critical components. Keynes defines by reference to his 'classical' theory, and then treats the definitions as the real thing, so that they confirm his thesis. His comments on the 'socialisation' of investment seem reasonable in the 'classical' context, but are close to absurd in the context of evolutionary money-bargaining.

In spite of the manifest relevance of a theory of evolutionary economics to the observed functioning of economies, the existing evolutionary theories have had little impact on mainstream economics. They have failed entirely to turn mainstream economics into a new course. This failure must in large part be attributed to failure to provide the strong theory necessary to displace an existing theory that is so thoroughly institutionalised, propagating its misconceptions from generation to generation. That alone is justification for the presentation of a new theory of the evolution of economies. If the above 'rings any bells', it is hoped that those who hear them will investigate the new theory in depth. Stiglitz, no doubt, will be delighted to find his conviction substantiated in historical detail.



1. Stiglitz, Joseph E., 2002, 'Information and the Change in the Paradigm in Economics', *American Economic Review*, Vol. 92, No. 3, pp. 460-501, pp. 486-7. Quoted in Spread, Patrick, 2015a, 'Asymmetric Information, Critical Information and the Information Interface', *Real-World Economics Review*, Issue 70, 20 Feb 2015, pp. 121-140, <http://www.paecon.net/PAEReview/issue70/Spread70.pdf>. Reprinted in Spread, Patrick, 2015b, *Aspects of Support-Bargaining and Money-Bargaining*, E-Book, World Economics Association.
2. Spread, Patrick, 2016, *The Evolution of Economies: Money-Bargaining, Economic Change and Industrial Revolution*, Abingdon and New York: Routledge.
3. Spread, Patrick, 2015c, 'Companies and Markets: Economic Theories of the Firm and a Concept of Companies as Bargaining Agencies', *Cambridge Journal of Economics*, Advance Access published 2 June 2015, doi:10.1093/cje/bev029. Reprinted in Spread, 2015b.



## The real costs of making money

By [Merijn Knibbe](#)

**Where and how was the silver or gold used to produce historical coins mined, who produced at what (human) costs and who owned the mines?**

**Summary.** *Is money 'neutral' in the sense that it only eases transactions without really influencing them or without changing society? To answer this question the production of gold and silver used to make some historical kinds of money is investigated – a kind of product 'life cycle analysis'. It turns out that production often happened at appalling human costs, that mines were often owned by the government. Mining and minting enabled states to expand and flourish, while the production itself profoundly changed local communities and sometimes even entire nations. In these senses, money was far from neutral.*

### 1. Introduction.

This article applies a roughshod and incomplete 'life cycle analysis' or 'from cradle to grave analysis' to some historical kinds of monies: the piece of eight, the Roman denarius, the Athenian Owl, the (probably) rings of silver used to buy Joseph as well as the bars of gold which were central to the 'gold standard' system. It does this to show 'the other side of these coins'. Popular economic discourse about the origin of money often presupposes an idealized market economy based on barter which gradually starts to develop and use silver or gold coins for market transactions, as this enables traders to lower transaction costs and to circumvent 'the double coincidence of wants'. Based upon imperfect knowledge of monetary history it often sees a gold and/or silver based monetary system or a system very akin to this as ideal.<sup>1</sup> At this moment this idea even reverberates in the present USA presidential elections as especially conservative wannabes tout the idea of the gold standard. Look [here](#). This 'markets lead to money' idea, long prevalent in many economic treatises, has been given renewed scientific credibility by [Karl Brunner and Alan Meltzer \(1971\)](#) who stated that using money is, theoretically, consistent with optimizing in a world with imperfect information and transaction costs. Without the coins and in the guise of the idea of the 'classical dichotomy', which states that in the long run money does not influence the 'real' economy, this idea can still be found in economic textbooks: money is neutral in the sense that it enables but does not influence market transactions while it exists to do exactly this (for an oversight: Desan, 2013) REF?. The 'markets lead to money' idea is, like the idea of the 'neutrality' of money, clearly quite influential in popular as well as scientific discourse.

The historical record is not kind to such ideas (among many others: Desan, 2013). Restricting ourselves to

coins (which surely were not the first kind of money) it is clear that governments and not markets have been pivotal in the development of coins and coinage from the very beginning, in Lydia around 630 BC and markets (especially long distant markets) were outright slow to embrace the invention, despite government subsidies. To quote a recent article of [Jacques Melitz \(2015\)](#): *'Minting small change was a big, expensive problem in the ancient world. This column argues that the ancient Lydian government and Greek city-states absorbed the cost of producing an extremely wide array of denominations of coins as a political strategy. Governments had much to gain from the spread of coinage in managing budgetary affairs ... A proper analogy would be the interest that contemporary governments have to encourage popular reliance on computers, at public expense, in order to induce online declarations of taxes'*. Melitz, who did look at the historical record, clearly is of the opinion that governments played a crucial role in the development of coins, though he surely does not dismiss the existence of markets and the use of gold and silver in trade in those days! And governments used coins to their benefit, as we will see. This article emphasizes this by looking in western culture at iconic kinds of money mentioned above and investigates the (organization of) systematic mining of gold and silver used to make this money. It asks the questions how and where the silver or gold used to produce state money was produced, who owned the mines, how mining was organized and who mined the gold and at what (human) costs. This will show that, time and again, the state played a pivotal role while mining enabled empires to flourish but happened at appalling human costs.<sup>2</sup> Money was produced at a high price. First, we'll investigate this for the (probably) rings of silver used to buy Joseph.

A personal note: reading up on this brought me from the mountains of Peru to the deserts of Egypt and the mountains of south Africa, from lead in Greenland ice cores to slag heaps in Spain and from ancient texts to recent statements of presidential candidates in the USA. Quite a trip.

### 2. Selling Joseph

*'So when the Midianite merchants came by, his brothers pulled Joseph up out of the cistern and sold him for twenty shekels of silver to the Ishmaelites, who took him to Egypt.'* Genesis 37:28

The sting in the tail of the story: it seems that the regular price for a slave in this period was [thirty shekels of silver](#). Joseph was probably sold below market value. But our question is: where did this silver come from? Who mined it? At which costs? Who owned the mines?

It is important to note that these shekels were not coins. At this time the 'shekel' still was an official weight which related to a fixed amount of barley (i.e. a 'grain standard' of the unit of account, see p. 10 [of this study by Jon Bosak](#), accessed 20 December 2015) and 'a shekel of silver' was not a coin but an amount of silver (look [here](#), p. 770, for all biblical examples of this). It would take another 1,000 years before a king in this area started to mint coins, which [bore his sign](#). But: where did the silver come from? [According to this site](#), it came from, among other regions, the Sinai and the deserts of Egypt, it was mined by convicted criminals and prisoners of war as well as (mines where often cramped) pretty young children, mining happened at appalling human cost and was organized by the Egyptian state. According to [Diodorus Siculus](#) (*Library of History* Vol 1, Chap. 3.12): "The Egyptian kings send those condemned for a crime and the prisoners of war, among them many who succumbed to a false accusation, and not only these themselves but sometimes all their relatives as well, to labour in the gold mines; and by punishing the condemned in this way they have great income from their labour. The number of those condemned to this work is very great; and their feet are all fettered and they all have to work incessantly, not only by day but also through the night, for no rest is permitted them and they are deprived of all possibility of escape, as guards soldiers of a barbaric tribe are stationed there who speak a completely different language, and nobody can bribe a guard by heart-rending supplication or persuasion".

Output quota were set by officials, who were sent by the government. This is consistent with the findings of Hirt, 2010, who investigated all available scriptural sources on Roman mining. More details can be found [here](#).

### 3. The Athenian owl

*"The Divine Bounty has bestowed upon us inexhaustible mines of silver, and advantages which we enjoy above all our neighbouring cities, who never yet could discover one vein of silver ore in all their dominions."*

Xenophon

How did Athens manage to become that rich and powerful? Money creation and slave labour: 10,000 to 20,000 slaves were working in the silver mines at Laurium. It was this wealth which, famously, enabled them to build the fleet which beat the Persians. Mind that Themistocles persuaded the Athenians, in 480 BC, to use the anticipated revenue from the new vein discovered in 482 BC, to build this fleet. About these mines an excerpt from ['The classics pages' by Andrew Wilson](#):

#### **The Silver Mines**

*Athens was the only Greek polis (city-state) with the ability to dig its own wealth straight from the ground.*



Picture 1. The 'Athenian owl', the standard money minted by Athens

*Laurion was an area near the east coast of Attica rich in silver-bearing ores which had been exploited since the Bronze Age. In 482 BC a new vein was discovered which led to a massive increase in activity.*

#### **The Scale of Operations**

*There were about 350 mines producing 1000 talents a year, worked by 10-20,000 slaves. Mining rights were owned by polis, but leased to individuals by 10 annually elected poletai. The purity of the silver (which was protected by law) led to Attic "owls" being widely respected. They have been found as far afield as India and Algeria.*

#### **Workforce**

*All were slaves. Numbers were large: Thucydides mentions 20,000 deserting to Decelea (encouraged by the Spartans to put economic pressure on Athens). Factories were designed to minimise risks of slaves getting hold of silver. "Trusty" slaves were given incentives (own houses). Slaves would be owned by wealthy Athenians ... and hired out to the lessees of the mines. They were usually prisoners-of-war, not criminals. Their life expectancy was short and they lived and worked in conditions of indescribable squalor.*

### 4. The Roman Denarius

*"Render to Caesar the things that are Caesar's, and to God the things that are God's"*

Matthew 22:21

There is more to the famous Jesus quote above than meets the eye. He stated this after the Pharisees had shown him, on his request and after they had asked him if they should pay Roman taxes, a denarius: Roman money. In the Jewish temple priests were not allowed to use this 'heathen' money (hence the money changers in the temple). And Jesus reframes the discussion from a political to a spiritual one by showing that the Pharisees did own and use such unholy, imperial money. But enough preaching. Our questions are where the silver used to make the denarius came from, who owned the mines and who produced it. The answers are: it came to an large extent from the Rio Tinto mines in southern Spain which were owned by the Roman state and, while we do know how it was produced in a technical sense, we do not really know how production was organized (though

the 'ad metallum', working in the mines till death, was a standard penalty for minor crimes).

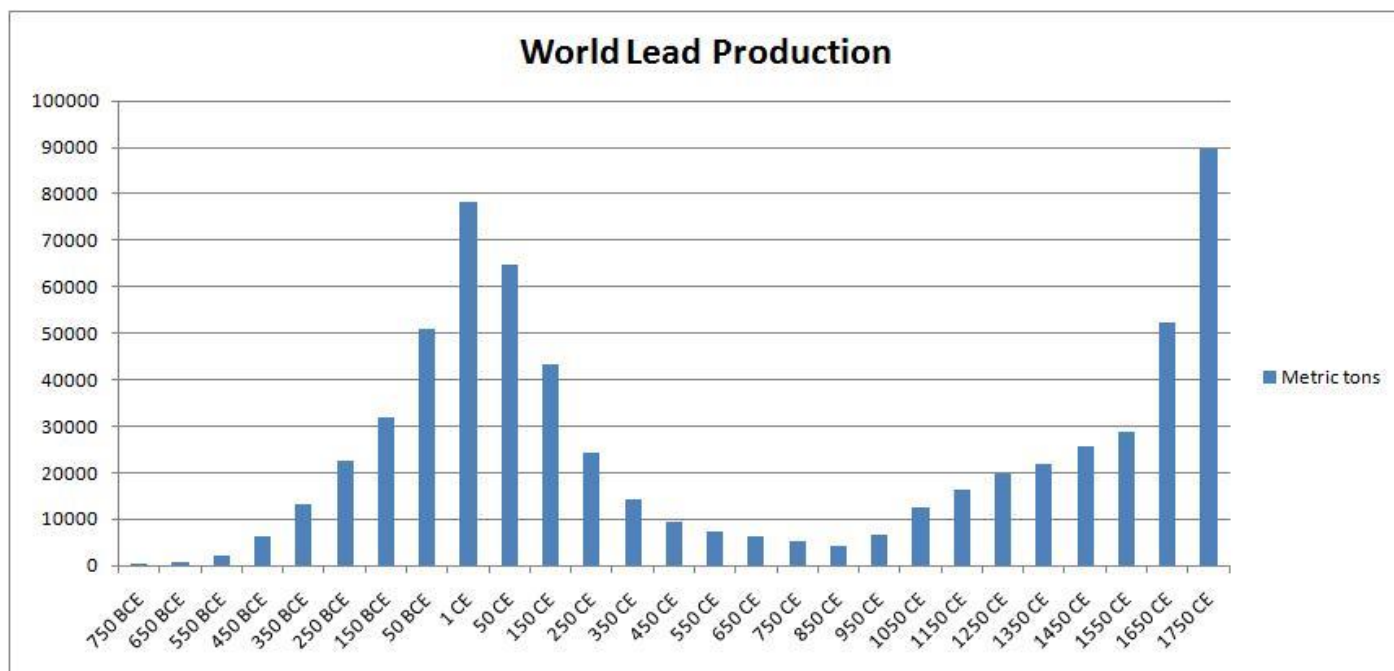
The Roman empire was quite late to start minting coins (third century BC). It might have been (opinions differ) that until that time they lacked a dependable inflow of silver. In 226 BC the first silver denarius was struck. Not long after the minting of this first denarius the Romans gained, during the second Punic war (218-201 BC) control over Iberia, i.e. Portugal and Spain (205 BC), which gave them access to the all-important and already ancient Rio Tinto mines. These mines were in ancient times mined by the indigenous population, later by the Carthaginians and eventually by the Romans. The Romans had a knack for effectively applying existing technology to large scale projects. In this case ventilations shafts and drainage systems were built to enable deep vein mining (up to 200 metres) which enabled a considerable expansion of the Rio Tinto production of silver and lead (lead was a necessary as well as valued by-product and also used in the process to extract silver).

We know that Rio Tinto was the main source of silver in the Roman empire as (based on lead in Greenland ice cores): 'Lead with a Rio Tinto-type signature represents 70% of the lead found in Greenland ice between 150 B.C. and 50 A.D.' (Rosman et al., 1997). According to this information, Roman production of metals was indeed impressive – it would take until about 1750 until its level of production of lead was surpassed.

According to Barry Yeoman: "The scale of mining at Rio Tinto fundamentally altered the Roman economy... Rome used silver denarii to pay and feed its army, fund public building programs in its capital city, and subsidize

the price of (and eventually allow free distribution of) grain to the city's residents." The discontinuation of silver production seems to have disrupted the monetary system. The decline of production of lead aligns with the decline of the silver content of Roman coins. At the end of the second century, the Roman empire lost access to the mines (because of an invasion by the North-African Mauri) and the silver content of the denarius, which around 15 BC had been 97%, dropped according to the precise estimates of Alan Pense (Provost of Leigh University in Bethlehem) after the year 170 from 80% to 60% while after about 250 it suddenly plunged to 2%, leading to some vehement 'bad money drives out good money' dynamics.

The Rio Tinto mines were owned by the Roman state and managed by a procurator (or sometimes a sub-procurator) who was directly appointed by the emperor and not responsible to the governor of Spain. We do not really know how labour in the Rio Tinto mines was organized. Roman writers were unanimous that work in the mines was gruelling here. Tacitus even ranks it as one of the reasons for conquered people to revolt. Circumstances in the shafts (which could run up to 200 meters deep) must often have been appalling: cramped, hot, moist and pitch dark except for some oil lamps. We also do not really know who worked in the mines. I could not find any mention of the number of people working in or around the mines and A.J.M. Jones states on p. 838 of Jones (1964): 'The organization of mining is most obscure'. Since Jones wrote some progress has been made but the picture still is as far as I could gauge far from clear. Evan Haley (1991) investigates all known tomb-



Picture 2. World lead production

Source: [this](#) Wikipedia page assessed 18 December 2015, original source [here](#).

stone inscriptions and the like in Spain which enable us to investigate where somebody who had deceased was born and finds (though he is not able to quantify this) that there was considerable interregional migration tied to mining locations, while it is also possible that entire villages were removed to mining sites by the Romans and points to the possible existence of purely male villages near mines which probably housed seasonal workers. The archaeometallurgist Anguilano (2012) investigated the slag heaps of the Rio Tinto mines to investigate what these tell us about the organization of work, her work contains a 'state of the art' overview of what we know about the organization of mining in Rio Tinto. The process was surely state led in the sense that the state granted concessions, took care of basic infrastructure and took its cut. It also seems that encompassing processes, like drainage, were state organized. [Alfred Michael Hirt \(2010\)](#) has published an exhaustive overview of all known literary sources about Roman mining (including tombstones and the like). He too describes a process which, depending on geological and geographical circumstances, in the end was state led but which made extensive use of small and large subcontractors and, depending on circumstances, different kinds of free and coerced labour while occasionally army personal was used in the mines. We have to keep in mind that the different stages of the process (digging, transporting the ore, crushing the ore, smelting) may have been organized in different ways and Anguilano suggests that the mines first were worked by slaves, later (when the wars of conquest came to a halt and new slaves became scarce) by families of miners and even later by the state who, using a simpler technology and less experienced workers, adapted to population declines caused by outbreaks of plagues as well as to dwindling resources of wood and charcoal. Also, as stated, the *ad metallum*, being sent to the mines, was a common sentence for petty criminals.

### 5. The piece of eight

*'African slaves were also forced to work in the Casa de la Moneda (mint) as acémilas humanas (human mules). Since mules would die after a couple of months pushing the mills, the colonists replaced the four mules with twenty African slaves'*

Source: [Wikipedia](#)

The piece of eight was in the seventeenth and eighteenth century the currency of choice of the global Habsburg empire, it financed much of the wars waged by this empire and also squelched a considerable part of the persistent European and South American seventeenth and eighteenth century trade deficits with China (which had a silver standard). The continuous imports of these coins and other kinds of silver from South America by Spain were not just a boon in their own right but also a

very important collateral for Habsburg borrowing (Goodwin, 2015). It is even likely that the global role of this silver coin led to an [upward pressure on the price of silver in general \(aside from the downward pressure caused by the high production of silver\)](#), therewith increasing the profits of silver mining and coinage.<sup>3</sup> We ask the questions: where did this silver come from? Who owned the mines? Who mined it and how? The answers to these questions are clear. The silver largely came from the silver veins of the Cerro Ricco, the 'rich mountain', in Peru. Or, as the silver workers named it, 'la montana que como hombres', 'the mountain that eats men'. It was owned by the Habsburg empire while concessions were leased to local Spanish entrepreneurs. In 1545 the town of Potosi was founded next to the Cerro Ricco. In 1672 its population had increased to about 200.000 which means that it was, remote and at 4,000 meters of altitude, about as large as Amsterdam, the commercial capital of the western world at that time. [In Peru](#), the silver was not mined by the Spanish colonists inhabiting this city but by indigenous workers and slaves as well as African slaves. [The costs were high](#). Native laborers were set to work using the traditional Incan 'mita' system of contributed labour (ironically: a non-monetary system of division of labour). Many of them died due to the harsh conditions of the mine life. According to Noble David Cook, *"A key factor in understanding the impact of the Potosi mita on the Indians is that mita labor was only one form of work at the mines. A 1603 report stated that of 58,800 indians working at Potosi, 5100 were mitayos, or less than one in ten. In addition to the mitayos there were 10,500 mingas (contractual workers) and 43,200 free wage earners. Yet mitayos were required to do the work others refused: predominantly the transport of the ore up the shafts to the mouth of the mine..."* (Cook, 1981, p. 237). On p. 238 Cook quotes Rodrigo de Loaisa who stated in 1586: *"If twenty healthy Indians enter on Monday, half may emerge crippled on Saturday"*. To compensate for the diminishing indigenous labor force, in 1608 the colonists made a request to the Crown in Madrid to allow the importation of 1,500 to 2,000 African slaves per year. An estimated total of 30,000 African slaves were taken to Potosi during the colonial era. Modern day miners in Potosi often still die young, from silicosis.

### 6. South African gold and the Gold Standard

By 1914, South-Africa was the world's top producer of gold (detailed data in [Katzen, 1964](#)). The increase of, mainly, South African gold production is supposed to have ended the 1873-1896 gold deflation, which indicates that its monetary role was crucial. But who produced this gold and at what price? Who owned the mines? What kind of labour system was used? The gold was produced by cheap black migrant flexworkers from,

initially, all over Southern Africa, as the Cape Colony (2.5 million inhabitants in 1900) and the South African Republic (1.4 million inhabitants in 1900) were far too small to supply enough labour. These black workers were supervised by white workers which were about one tenth of the total work force and who earned about ten times as much per person as the black workers. The number of black labourers rose from about 14,000 around 1890 to around 100,000 in 1900, almost 300,000 in 1939 to a 480,000 all-time high in 1986. Labour continued to be cheap and [Katzen \(1964\)](#) shows that mines preferred labour shortages over raising the black wage and also worked together to control the supply of labour. Especially after 1970 labour increasingly came from South Africa alone (Harington, McGlashan, and Chelkowska (2004).). The mines were privately owned but ownership sometimes is a tricky concept. De Boer had not long before defeated African kingdoms and taken much of the land, while the South-African war between de Boer and the British was [all about control of the gold fields](#). Also, using a well-known strategy, black Africans were obliged to pay monetary taxes to draw them into the orbit of the monetary economy, among other reasons to enable a steady supply of cheap labour (the disastrous [cattle plague of 1896-1897](#) also contributed to this). The 'hegemon country' of the time, Great Britain, adhered to the gold standard which meant that it had an interest in keeping the price of gold low relative to other prices. After 1912, however, gold output in south Africa was basically stable which meant that it could not keep up with a rapidly growing world economy, which might have contributed to the deflationary tensions which led Great Britain to leave the gold standard in 1931 ([Katzen, 1964, pp. 18-19](#)).

The short and long-term social and economic consequences of the system of migrant labour were not benign, the Apartheid system can be understood as a conscious effort to use a migrant labour system to extract rent and surplus value. Below, some long excerpts about this from: Harington, McGlashan, and Chelkowska (2004). By the way: only when the migrant labour system broke down, during and after the 1899-1902 war and mines had to close, black wages doubled despite the discontinuation of much mining... remember this when reading the excerpts:

*Labour practices followed the existing migratory pattern for domestic and foreign labour in industry, a pattern which exists to this day. Gold miners, like diamond miners, were accommodated in compounds, often segregated by ethnic group, and contracted for 18-month stints with no certainty of reengagement. The source areas of these miners have for the whole of the twentieth century fallen into three political categories:*

*men from within the borders of South Africa itself, including former black 'homelands'; men recruited from the former High Commission, now independent territories, Botswana, Lesotho and Swaziland, Mozambique and from as far afield as Angola, Zambia, and Tanzania.. The data all support the contention that the migrant system is untenable, pervasive and regrettable, certainly not a temporary system, but an entrenched and fundamental one with serious social costs. It has become a permanent feature of life for millions of workers ... In 1890 the number employed was 14 000. By the end of that decade this number had increased sevenfold and by 1998 the total stood at 255 000, a drop of 42 per cent from its peak of 534 000 in 1986*

*. .... By 1932 South Africa and its highly cost-sensitive gold mining industry were enjoying a windfall. In that year the country departed from the Gold Standard, new gold-bearing formations were found, and the gold price rose. These windfalls gave industry perhaps its greatest boost ever and 'seven golden years' of expansion followed. Black employment increased as a result, reaching a new peak of over 360 000 in 1939-40. ... The peak of mining operations and its labour fell away from 1941 and stayed depressed until the mid-1950s. ... South Africa's market policy in 1973 contributed much to the rapid rise of the gold price to above US\$100 an ounce. ... Between 1985 and 2000, the value of mine output had increased by more than 250 per cent, whereas employment had fallen by 50 per cent ...*

**Conclusion.** States have, always and everywhere, played an important monetary role and clearly used mining and minting to finance expansion and the organization of the state and the use of coins probably enabled them to do this more efficiently and effectively. Mining often happened at appalling human costs and in most cases by forced labour, while it also gave rise to the growth of entire, large, cities and decisively influenced nature of states and societies. To be able to do this, these states were dependent on a steady inflow of silver or gold which enabled them to create money and to borrow more – mines where therefore often owned (though often not exploited) by the government. Eventually, markets would embrace coins and coin based systems of credit, but this is alas outside the scope of this article.

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1. The 'double coincidence of wants' is the problem that in a barter economy the producer of, say, milk who wants to trade this for, say, clothing needs to find a person making clothes who wants milk. In real life, this problem is often solved by providing credit or, in non-monetary societies, by a division of labour based upon kin, position in the family, feudal dues and whatever.
  2. The ecological costs of mining will not be investigated.
  3. This is of course not seigniorage or an 'inflation tax' but I do not know an apt phrase for this. Might something like the 'coinage bounty' do?

## The continued relevance of neoclassicism and the mainstream

By [Jamie Morgan](#)

Here Jamie Morgan describes the motivation behind the recently published, edited book, Morgan J (ed.) (2015) ***What is Neoclassical Economics? Debating the origins, meaning and significance*** London: Routledge <https://www.routledge.com/products/9781138962095>

In some respects it seems odd that the term neoclassical still commands so much attention. It is a term that many mainstream economists now eschew, and one often hears that neoclassical economics is in the process of being superseded by more diverse approaches, encompassing also different methods: behavioural and info-theoretic economics, neuro-economics, use of field and natural experiments etc.. However, it is precisely because of the way in which neoclassical economics seems to be being superseded and the term seems to be falling out of use that makes it a subject of interest. This is because there can be dispute regarding the nature of continuity and change, which in turn affects whether ceasing to use a term means that the knowledge form to which it is applied has also disappeared. This is a subject that brings together the history of economic thought, methodology and philosophy. At the same time it is not a minor or



marginal (no pun intended) matter of interest merely to historians as historians, and philosophers as philosophers. If some of the key characteristics of what we have named as neoclassical economics continue to be reproduced and transmitted, then there may be problematic limits to the way in which mainstream economics is developing, even as the term is shed.

So, the issue of what neoclassical economics is and has been, and the degree to which it can be said to continue to be influential, is something that should be of interest to all economists, and particularly those critical of the mainstream. It orients attention on the basic question: is economics changing to stay the same? In

2013, Tony Lawson applied his now well-known social ontology position to this basic question in the essay 'What is this 'school' called neoclassical economics?'. He did so in a potentially provocative way. In 2006, Lawson published 'The nature of heterodox economics'. In this essay he argued that heterodox economists were not simply defined by an opposition to the mainstream. They also shared (albeit often tacitly or implicitly) a critique of the mainstream commitment to deductive method, expressed typically in mathematical form, which in turn is

rooted in a basically unrealistic (inappropriate) atomistic event regularity approach (though the form of this can superficially vary). In rejecting mainstream approaches (often in terms of theory or specific methods) it was this that heterodox economists were rejecting. Moreover, in doing so the alternative preferred (Post-Keynesian, ecological, Marxist, feminist, etc.) necessarily implied a contrasted approach. That is, one that was not rooted in atomistic event regularity. As such, heterodoxy could be defined as a unity-in-difference with a shared open system (complex historical processes) social ontology, but different theoretical concerns. And this could be contrasted with a mainstream closed system approach. However, the 2013 essay takes the argument forward in the context of the meaning of neoclassical economics.

Lawson argues that the term neoclassical is used in many different and often contradictory ways. As such, argument in its regard has become a distraction from the fundamental issue or contrast - open and closed systems and more or less realism in economics. Moreover, if one returns to the original meaning of neoclassical, as developed by Veblen, then one can also identify a basic problem of consistency that is as relevant for heterodox economists as it is for mainstream economists. According to Lawson, Veblen was using the term neoclassical at a time of apparent transition in economics. An old or taxonomic approach (equivalent to Lawson's closed system) had dominated. Veblen's own evolutionary approach (equivalent to Lawson's open system) offered a recognizable way forward. However, many economists remained trapped between the two: recognizing the value of evolutionary economics, but unable to shed methods, assumptions and modes of thought that defaulted to the taxonomic approach. For Veblen, these were neo-

classical economists - and the most articulate of them were J N Keynes and Marshall. According to Lawson, if one continues to apply Veblen's concept of the neoclassical then many heterodox economists may actually be neoclassical, in so far as they tend to critique the mainstream but continue to rely on methods that are rooted in closed systems. With this in mind Lawson argues that it might be preferable to simply drop the term neoclassical from critique of the mainstream (and so bypass the confusion or dispute that currently exists regarding who is neoclassical and on what basis) in order to more clearly focus on the underlying problem and contrast - open and closed systems.

Clearly, Lawson's essay could not be anything but provocative. Neoclassical is not just another word to economists. It is a word with history and with a personal history as lived experience for many heterodox economists. It carries connotations as well as denotations. Moreover, precisely because the term is already one rooted in debate and difference in terms of actual theory use, and then history of economic thought and methodology and philosophy, it is a term where there are already defined positions that can be brought to bear on any new contribution. As such, it was not difficult to collect together numerous responses to Lawson's essay. These form the basis of *What is Neoclassical Economics?* Contributors cover a wide range from political economy, philosophy, Post-Keynesianism and more. Each provides some insight or development in regard of Lawson's position, some supportive others more critical, covering some of the most well-known names in economics (though unfortunately, given the subject matter, not Yanis Varoufakis, David Colander or Geoff Hodgson).

## The Journal of Contextual Economics

This is a relaunch of *Schmollers Jahrbuch*, an old established journal.

"Exact science must always tolerate a different explanation of things as its equal, one shaped by an image of the whole and premised on the value of the past that seeks to understand and interpret individual phenomena in their context and organize the material through reflective judgements according to a general point of view."

Gustav Schmoller (On the Purpose and Aims of the Journal, 1881)

Economics is social science. This central idea guiding *Schmollers Jahrbuch* since its founding in 1871 has lost none of its relevance. Ever more scholars have discovered that an »isolating« economics that removes economic processes from their social, historical, ethical, and ecological contexts in the interest of applying certain formal methods runs the danger of missing important aspects of economic reality. In philosophy, the humanities, and the social sciences, contextualism has grown in importance over the last several years, a core postulate of which is that a fuller understanding of human thought and action requires a grasp of the context in which they are embedded. In line with its original intention, the main objective of *Schmollers Jahrbuch* is to offer such newer research a forum in which economic life is set in relation to its social and physical environment.

[MORE DETAILS HERE](http://www.worldeconomicsassociation.org/)

## IIPPE Call for Papers and Activist Proposals 7th Annual Conference in Political Economy Political Economy: International Trends and National Differences

**September 7 – 9, 2016 School of Economics & Management, University of Lisbon (Instituto Superior de Economia e Gestão)**

The economic crisis that has been unfolding since 2007 has had a severely asymmetric impact both within and between countries. There can be no dispute that the cost of the crisis has been especially high for the peripheral countries and for the world's poor, women, the old, the young, and the disabled: the crisis itself, and the recovery strategies implemented in most countries, have tended to reinforce the hierarchies of privilege under neoliberal capitalism.

The main schools of political economy have examined the crisis and its implications in detail. Those studies have offered valuable insights supporting further academic analyses and, most importantly, informing political action to undermine the reproduction of neoliberalism.

The Seventh Annual Conference in Political Economy will review the development of political economy in response to the crisis, and the emergence and renewal of political economy in different countries and regions.

In doing this, this Conference will:

- Examine emerging traditions, and compare and contrast their approaches and insights with those of existing schools of political economy.
- Contribute to the further enrichment of political economy in the context of the ongoing crisis and the apparent, if uneven, loss of dynamism of global capitalism.
- Highlight the points of contact between political economy and the modalities of activism that have prospered since the onset of the global crisis.

Proposals for presentations on all aspects of political economy are welcome. Those focusing on activism, and on the contributions of different traditions, regions and countries, are especially encouraged.

IIPPE welcomes the submission of (a) proposals for individual papers (which IIPPE will group into panels), (b) proposals for panels, (c) proposals for streams of panels, or (d) proposals on activism.

To submit a proposal, please go to the following Electronic Proposal Form, and carefully follow the complete instructions there. *All deadline dates are included on this [Electronic Proposal Form](#)*. For more general information about IIPPE, the working groups and the conference, please [visit our website](#).

We look forward to another productive IIPPE conference in Lisbon,

The Programme Committee,

Al Campbell, Alfredo Saad Filho, Niels Hahn

### Quality assurance in economics research questioned yet again

See Morgan J (2015). Is Economics Responding to Critique? What do the UK 2015 QAA Subject Benchmarks Indicate? *Review of Political Economy*: Vol. 27, No. 4, pp. 518-538.

Given the extensive criticism of mainstream economics since the crisis, one might anticipate the benchmark revisions to be extensive. However, this has not been the case. This article explores why this is so. In the conclusion, a more fundamental reconstruction of the benchmarks is provided. [More details here.](#)

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