

POLITICS



What historians are saying about our future

Issues such as the rise of populism, increasing inequality, immigration, and automation are increasingly influencing traditional political alliances. And it is changing voting patterns.

Every three years, economic historians from across the globe gather to discuss the latest research in our field. This year, in early August, more than 1 400 of these interdisciplinary scholars convened at MIT in Boston for the latest rendition of the World Economic History Congress (WEHC).

Normally a friendly and somewhat reserved crowd, it is as if the political developments of the last three years has forced economic historians out of their slumber. A classic history cartoon of an old man sitting in his rocking chair saying "Those who don't study history are doomed to repeat it. Yet those who do study history are doomed to stand by helplessly while everyone else repeats it," seems more apt than ever.

As always, there were papers on esoteric topics such as occupational mobility in early-20th century Greenland, or what pollen data can tell us about market integration in Ancient Greece. But it seemed to me, attending my fourth WEHC, that this year the research questions were more relatable to the big questions of the present.

How does globalisation lead to populist pushback? Why are inequalities increasing in rich countries? What can be done about it? How do entrepreneurs use (abuse) networks to become successful?

History offers clues (but no quick-fix answers) to all these questions.

Two plenary sessions exemplified this. Jane Humphries and Claudia Goldin debated the missing role of women in economic history. Humphries, professor of economic history at Oxford University, discussed the importance of women in the Industrial Revolution. Goldin, a professor of economics at Harvard, discussed the more recent transition of women into the labour market.

She showed, by using extensive data from Harvard Business School graduates, how the gender wage gap can to a large extent be explained by women's preferences for flexible work. She argued that women prospered in teams where their skills are substitutable. Instead of operating as a single physician, for example, female doctors were much more likely to stay in the labour market and work more hours if they worked as part of a team of medical experts.

But the big event of the congress was Thomas Piketty's plenary session. Piketty, professor of economics at the Paris School of Economics and known for his bestseller *Capital in the 21st Century*, has now shifted his inequality work to the political realm.

He made a compelling case that the expansion of higher education has altered the traditional alliances in politics. Using three case studies – France, England and the US – he showed that support from the intellectual elite (those with university degrees) has increasingly shifted to the left in all three countries over the last three centuries.

For example, in 1948, less than 20% of all voters with a Master's degree voted for the US democratic candidate; in 2016, it was 70%. Why? Remember that the Democratic Party in the US (or the Labour Party in the UK) is more in favour of redistribution than the Republican Party (or the Conservative Party). Therefore they tend to get most of their support from the poor (or, at least, those that stand to benefit from redistribution).

But the poor is not uneducated anymore. In 1948, slightly more than 20% of voters had a tertiary degree. In 2016, it was more than 50%. Of course, if 50% of voters have a university degree, they cannot all be in the richest 10%. This means that a disconnect has developed between the educated and the rich.

That is why, according to Piketty, new political positions become possible; he identifies four groups of almost equal size that have now emerged in his native France: internationalist-egalitarian (pro-migrant, pro-poor), internationalist-inegalitarian (pro-migrant, pro-rich), nativist-inegalitarian (anti-migrant, pro-rich), and nativist-egalitarian (anti-migrant, pro-poor). The success of Emmanuel Macron was that he could appeal to multiple of these groups.

"Politics has never been a simple poor vs rich conflict," says Piketty. "One needs to look at the multi-dimensional content of political cleavages."

We also see this play out in the South African context. The ANC is currently a broad church – from the rural poor to the urban sophisticate. How long can they maintain this delicate balance, when issues like globalisation, migration and automation will have decidedly negative effects on one part of their electorate yet benefit another?

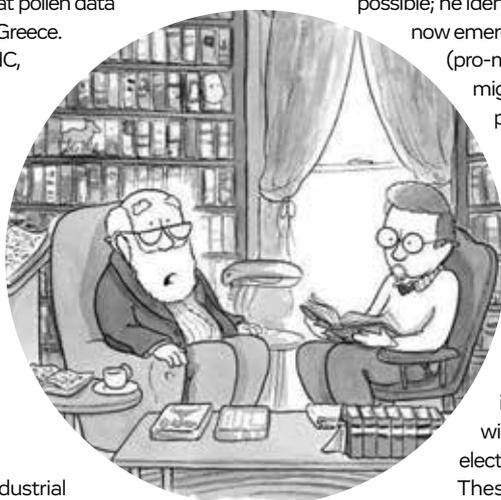
These clashes may not be along the fault lines of yesteryear. Capital and labour, poor and rich, educated and uneducated are now in flux. As Piketty says, the US might be returning to the 19th century political alignment, with globalists (high-income, high-education) on one side and nativists (low-income,

low-education) on the other. Or it could go the route of the Democratic Party in the US, whose pro-slavery/segregationists introduced poor white policies, which also benefited poor blacks. Or we could instead see the re-emergence of a globalist-egalitarian elite like we did in the aftermath of World War II, a system that resulted in the end of colonialism and a global Golden Age of growth.

The high levels of inequality in SA means the continuation of a single, unified ANC seems unlikely in the medium to long run. Rapid globalisation, automation and increasing pressure on immigration are fissures that even a great leader is unlikely to control. If history (and economic historians) have anything to add, it is that the future is unlikely to be just a continuation of the present. ■

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