Chris Freeman’s ‘*Theory of history*’: combinatorics and ‘congruence’ between socio-economic mechanisms and institutions

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... governing

1. The generation of scientific knowledge
2. The technological domain
3. The ‘economic machine’
4. The political and legal structure
5. The cultural domain shaping values, norms and customs
A fundamental property:

each domain has inner dynamics of its own with only limited ability of adjustment to the other domains …
Consider the technological domain:

Search and innovation shaped by the technological paradigms which tend to yield technological trajectories only limitedly influenced by economic inducements (demand patterns, relative prices, etc.)
The duality of technical change:

- Input saving
- and
- Product creation / demand generation
... and a changing balance between the two affecting the intensity of the ‘Keynesian’ (demand-creating) vs. labour-displacing effects of innovation ...

Compensation effects? Hardly guaranteed ...
An archetype of ‘congruence’
and ‘good matching’:
The ‘golden age’ after WWII
i. Rich opportunities of innovation in electromechanical technologies and consumer durables

ii. High labour productivity growth in mechanized mass-production and ‘tayloristic’ productive processes

iii. Wages indexed to productivity and various types of ‘social democratic’ governance of labour relations
iv. Fast growing consumption driven by high income-elastic consumer durables

v. Mixed economics with a crucial intervention of the State in the generation of innovation and also industrial production
From the ‘70s

a progressive mismatching at all

the above domains …
i. Delocalization of production to the Far-East

ii. Breakdown of the ‘Fordist compromise’ on labour relations and income distribution

iii. Financialization

iv. Labour saving effects of automation

v. No new high elasticity basket of consumption
That is, a generalized ‘mismatching’ and ‘incongruence’ …