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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’ ...**

