Resilient economic fluctuations:
Cross-Referencing French and American institutionalist research programme

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Abstract

The proposed paper is built upon the assumption that cross-referencing is a starting point for a benchmark analysis of economic fluctuations as for inspiration, achievements and legacy. It helps making an analytical distinction between cycles and crises that was first sketched by Juglar (1889) and that Mitchell (1913) achieved. The analysis of fluctuations is a major contribution from both French and American Institutional economics since the late 19th century until the early 21th century.

On the French side, landmark contributions begin with Juglar (1862, 1889), Lescure (1906) and Aftalion (1908); on the American side, Veblen (1904) is the forerunner, whereas Mitchell (1913) coins the business cycle definition and Commons will catches up later on (1922, 1934).

Juglar (1862) emphasizes a monetary approach that is rather exogenous, while Lescure (1906) and Aftalion (1908) adopt a structural endogenous approach. Veblen (1904) use a monetary endogenous approach of crises, which is also the case of Commons (1934), whereas Mitchell (1913, 1927) focuses rather upon structural patterns.

One can distinguish four main periods. The first starts at the turn of the 20th century, with aforementioned seminal contributions on both sides of the Atlantic ocean that multiply before World War I (Veblen; 1904; Lescure, 1906; Aftalion, 1908; Mitchell, 1913). Second, in the interwar period, the institutional research programme is designed on the American side (Hamilton, 1919; Commons, 1931) and the French side (Pirou, 1928) before the Great Depression crashes and Keynesian macroeconomics spread. Third, in the aftermath of World War II, business cycles become a minor concern within the major issue of growth that is shaped by neoclassical synthesis ("normal science"), whilst the American institutional research programme marks the pace (Burns and Mitchell, 1946), facing more sophisticated econometrics (Koopmans, 1947) and macro modelling (Klein, 1950). French institutional economics fade away with the short lived Simiand's legacy (Marjolin, 1941) until the appearance of "*régulation* theory" in the late 1970s inspiring from the *Annales* school of economic history that dedicates accordingly to long-term analysis (Boyer, 2007). Since oil shocks in the 1970s, business cycles experienced a revival that culminates with the 2008-2009 Great Recession.

Keywords: Business cycles; Crises; France; Institutional economics; Research programme; USA.

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Outline

Introduction: Institutional economics

American institutionalism: Veblen (1898) the forerunner, Hamilton (1919) the propagandist, Mitchell (1924) the organiser and Commons (1931, 1934) the new founder.
French institutionalism: Simiand the inspirer (1911) and Pirou (1928) the propagandist.
Common patterns: induction and deduction (abduction), observation and structural change

1. Fluctuations prior World War I: coining Business Cycles analytics

1.1. Crises and the French contribution: From Juglar (1889) to Lescure (1906) and Aftalion (1908).

1.2. From crisis (Veblen, 1904) to Business Cycles (Mitchell, 1913).

1.3. Cross referencing, the role of accelerator and a shared structural approach: monetary or real business cycles?

2. The interwar period: Business Cycles, crises and long waves

2.1. *Business Annals* and *Business Cycles* (Mitchell, 1926, 1927 and 1933): extended benchmark but no new analytics.
Some major criticisms to the linear accelerator (Kuznets, 1935, Kalecki, 1939).
The impulse-propagation distinction (Frish, 1933) and Business Cycles testing (Tinbergen, 1937).

2.2. Monetary cycles (Commons et al, 1922) and inspiration from Fisher's theory of debt-depression (Commons, 1934).

2.3. Long waves (Simiand, 1932 ; Marjolin et al, 1938)

2.4. Promoting American institutional economics in France (Pirou, 1939-1943)

3. Ongoing growth in the post-World War II era: Are Business Cycles obsolete?

3.1. Mitchell's typical cycle (Burns and Mitchell, 1946) vs. "Measurement without theory" (Koopmans, 1947). Description and forecasting vs. statistical inference and predictions.

3.2. The demise of French institutionalism in the 1950s despite the promising foundation of the *Revue Economique*.

4. The legacy of institutional economics and Business Cycles revival

4.1. The "regulation theory" inspiring from the *Annales*: Agietta, Boyer and Orléan.

4.2. Endogenous financial disruptions vs. monetary shocks: Commons, Veblen-Minsky vs. Equilibrium Business Cycles (Lucas, 1975).

Conclusion

The Great Depression versus the Great Recession: *déjà vu*?

References (excerpt)

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