

CHAPTER 01

GABRIEL DE TARDE BETWEEN POLITICAL ECONOMY AND SOCIOLOGY

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ABSTRACT

During most of the 20th century Tarde was mostly in relationship with the development of criminology, or the birth of sociology and he very rarely related to economics. For example, Schumpeter is the only one to cite his name alongside with other French pioneers of sociology without devoting any developments to his works. The rare articles which were devoted to him used to add a complementary adjective, forgotten classic, or neglected, that indicates enough his place in the history of ideas. That is especially the case in economics where Thorstein Veblen devoted three articles to tear him immediately to pieces while it was only in 1926 that he received more attention from a rather obscure economist, Maurice Roche-Agussol. This state of the scholarship has dramatically changed in the last decades to the point that Laurent Mucchielli could speak disputedly of “tardomania” while Bruno Latour celebrates a precursor of the “actor network theory”. This new 21st century rediscovery of Tarde took place mainly in sociology or other social studies while there are only two articles devoted to Tarde’s theory of innovation in economic journals.

Keywords: sociology, economics, economic psychology, innovation, networks

INTRODUCTION

During most of the 20th century, when Tarde was mentioned, he was mostly in relationship with the development of criminology, or the birth of sociology and he very rarely related to economics. For example, if we consider three encompassing histories of economics, Gide & Rist⁶³ (various editions from 1913 to 1947), Schumpeter ⁶⁴ 1954, or Blaug⁶⁵ (various editions from to), Schumpeter is the only one to cite his name alongside with other French pioneers of sociology without devoting any developments to his works. The rare articles which were devoted to him used to add a complementary adjective, forgotten classic, or neglected, that indicates enough his place in the history of ideas. That is especially the case in economics where Thorstein Veblen devoted three articles to tear him immediately to pieces⁶⁶ while it was only in 1926 that he received more attention from a rather obscure economist, Maurice Roche-Agussol⁶⁷. This state of the scholarship has dramatically changed in the last decades to the point that Laurent Mucchielli could speak disputedly of “tardomania”⁶⁸ while Bruno Latour celebrates a precursor of the “actor network theory”⁶⁹. This new 21st century rediscovery of Tarde took place mainly in sociology or other social studies while there are only two

63 Gide, C., & Rist, C. (1913). *Histoire des doctrines économiques: Depuis les physiocrates jusqu'à nos jours*. Paris : Librairie de la Société du Recueil Sirey.

64 Schumpeter, J. A. (1955). *History of economic analysis: Ed from manuscript by Elizabeth Boody Schumpeter*. London.

65 Blaug, M. (1968). *Economic theory in retrospect*. London: Heinemann Educational.

66 Thorstein Veblen, Review of *Psychologie économique* by Gabriel Tarde, *Journal of Political Economy*, December 1902: “On the whole, M. Tarde’s book is not a work with which economic science will have to count” (vol. 11, pp. 146–48).

67 M. Roche-Agussol, Tarde et l’économie psychologique, *Revue d’histoire économique et sociale*, Vol. 14, No. 1 (1926), pp. 68-114 and & p. 273-319.

68 Mucchielli Laurent (2000), “Tardomania? Réflexions sur les usages contemporains de Tarde”, *Revue d’histoire des sciences humaines*, vol. (3), p. 161-184.

69 Bruno Latour. Gabriel Tarde and the End of the Social. Joyce, Patrick. *The social in question: new bearings in history and the social sciences*, Routledge, pp.117-132, 2002.

articles devoted to Tarde's theory of innovation in economic journals.⁷⁰ That is paradoxical as currently a new branch of economics called behavioral economics placed itself at the intersection of psychology and economics exactly where Tarde pretended to be. This paper will try to overcome this paradox and highlight the complicated relationship between Tarde and economics. Section 1 presents some features of Tarde's education and training. Section 2 exposes the context of the relationship between Tarde and the economists of his time. Section 3 compares the economic ideas of Tarde and the economics of his time. Section 4 stresses the place of psychology in economics. Section 5 concludes that the 21st economics vindicate Tarde's intuitions.

I. GABRIEL DE TARDE: EDUCATION AND BACKGROUND

The infancy of a social scientist

Tarde was born in 1843 in Sarlat where his father was investigating judge. Sarlat was at this time a small town (around 6000 inhabitants) in a mostly rural region, Perigord (after the Revolution, the department of Dordogne). His father who had remarried when he was already 43 years old and she was 20, died when Tarde was only 8 and he was educated by his young mother who did not remarry. His infancy bears a strange similarity to Adam Smith's one: Smith was also the son of a remarried father who died before his birth, and he maintained a closed connection to his mother during his entire life. But whereas Smith was sent far away of his birthplace to study, Tarde remained in Sarlat where he prepared the baccalaureate first in humanities (1860) and then in sciences in the local college run by the Jesuits. It seems that he has considered to become an engineer, but some ophthalmological illness prevented him to prepare the entrance at Ecole Polytechnique, instead he began to study law first in Toulouse where he obtained his baccalaureate in law on August 29th, 1863, and then in Paris where he moved with her mother (1865-6) and where he graduated in 1866. In between always because of his eyes, he had made a break which he devoted to study the ideas of his compatriot Maine de Biran (1766 –1824). Maine was born in Bergerac a town located at less than 50 miles from Sarlat, educated in Périgueux, Lifeguard of Louis XVI, Inspired by Condillac and Locke. Maine de Biran had also many characteristics that could have inspired de Tarde. After some career in politics during the troubled years of the French Revolution. He withdraws from the political life to the estates he owns in Perigord. He published during his lifetime few of his works that were edited twenty years after his death by Victor Cousin. "Maine de Biran was suspicious of everything that might carry him beyond the firm ground of experience. The science he seeks to establish starts from a fact and must lead only to facts and to the laws which they obey, (Lévy Brühl⁷¹, p. 328-9)". His health being delicate, he was watchful of the slightest changes in his physical condition and in his consciousness due to surrounding circumstances and was consequently predisposed to introspection (*ibidem*). Maine writes that "When one has little vitality, or but a faint conscious sense of vitality, one is more inclined to observe internal phenomena. This is why I became so early in life a psychologist" (quoted by Lévy Brühl, p.322). "He heard the springs of the machine creaking, and he felt his thought straining or slackening with them" (*ibidem*, 393).

It is also quite possible that Tarde was initiated to political economy during his studies at the Faculty of Law in Toulouse and in Paris as the first lectures in this field were introduced pre-

70 Panayotis G. Michaelides, 2010. "Tarde's influence on Schumpeter : technology and social evolution," International Journal of Social Economics, vol. 37(5), pages 361-373, April. F. Djellal, F. Gallouj, The laws of imitation and invention : Gabriel Tarde and the evolutionary economics of innovation *Revue économique* 2017/4 (Vol. 68), pages 643 à 671. Indeed, a sociologist, B. Valade has also published On Gabriel Tarde's Psychologie Économique, Chapter 4 in R. Leroux (2018). The Anthem companion to Gabriel Tarde, London, UK Anthem Press.

71 Lévy-Bruhl, L. (1994). *History of modern philosophy in France: By Lucien Lévy-Bruhl... With portraits of the leading French philosophers*. London: Kegan Paul, Trench, Trübner & Co., Ltd. Paternoster House, Charing Cross Road.

cisely at the beginning of the 1860s⁷². Anyway, contrarily to Smith who was pleased at the end of his life to pay a tribute to his professor, Francis Hutcheson, Tarde was largely an autodidact who has studied by himself “Maine de Biran, Cournot and Tocqueville” (Marcia⁷³, p.167). No mentor emerges from the studies of Tarde who obviously preferred the thinkers of the past to his contemporaries, while his library provides some clues on the authors that influenced him. The books he owned and annotated testify are testimonies of this vast knowledge, not only of the Classical authors but also a set of French, English, German or Italian authors pertaining to several fields, from philosophy to natural sciences, but also mysticism or poetry, a diversity that will conduct Lucien Levy-Brühl to class him in a catch-all category entitled eclecticism.⁷⁴ The variety of foreign authors present in the Tarde library does not mean that Tarde has mastered scientific languages other than French. He confesses in his last book that he does not read German and when he quotes Smith’s Theory of Moral Sentiments it is in Baudrillard’s translation. On the other hand, he has always shown his attachment to the language that was used in Sarlat, which he refers to as “a patois”, but which he knows perfectly well that it is “the language of the troubadours”. Thus, among the various orators at the ceremony marking the erection of a statue in his honor in Sarlat, there were interventions in Occitan and the animator of Le Bornat testified of his proximity to this organization focused on protecting and promoting Occitan language and culture. He was proud of his bilingualism, asserting that “The disadvantage of knowing only one language is that one is exposed to mistaken for universal characters the particularities that are specific to it”.⁷⁵ It is very plausible that he has read the Italian authors of criminology.

Tarde as an investigating judge

If there is no clue to find in the training of Tarde, it is more fruitful to consider his career. After he has graduated in law, he returned in Sarlat where in 1867 he became secretary to the judge of Sarlat, then deputy judge in 1869. Thereafter, he was deputy attorney general in Ruffec (200 km from Sarlat) in 1873 before he was eventually appointed investing judge in Sarlat, a position he held till 1894 when he became head of the department of statistics in the Ministry of Justice.

The French judicial system includes specialist judges, known as *juges d’instruction* (investigating judges), who oversee investigations into the more serious and complex offences. The process is known as the information *judiciaire* (judicial investigation). Cases are referred to the *juge d’instruction* by the public prosecutor or by a victim who wishes to bring a civil claim for damages within criminal proceedings. His or her role is to gather all the information that may incriminate or exonerate a person accused of an offence. The *juge d’instruction* does not reach any decision about a person’s guilt or innocence. As part of the investigation, the judge may interview any person, call upon the assistance of the police to require witnesses to attend for interview, issue warrants, take statements from persons bringing claims for damages and from suspects, appoint experts, carry out searches and seizures, order telephone tapping, etc. He may also delegate some of his powers to police officers with a view to carrying out certain acts for the purposes of the investigation.

At the close of the investigation, the judge may refer the accused to a tribunal or *cour d’as-*

72 See Alain Alcouffe, (1989) The Institutionalization of Political Economy in French Universities: 1819–1896, History of Political Economy, 1989, vol. 21, issue 2, 313-344. At the faculty of law of Toulouse, a course was given by Rodières since the 1850’s. Batbie who was the first professor of economics in France (Faculty of Law of Paris) has been professor in Toulouse.

73 Marcia Cristina Consolim, Crítica Da Razão Acadêmica: Campo Das Ciências Sociais “Livres” e Psicologia Social Francesa no Fim do Século XIX, Tese de sociologia, Universidade de São Paulo, 2007.

74 Lévy-Bruhl, L. (1899). History of modern philosophy in France. Chicago: The Open Court Publishing Company.

75 G. Tarde, « L’Instituteur et la désertion des campagnes », Manuel général de l’Instruction primaire. Journal hebdomadaire des Instituteurs et des Institutrices, 66e année, no 24, 17 juin 1899, p. 261-264 quoted from H. Terral, « Gabriel Tarde : le patois dans la grotte », Lengas, 62 | 2008, retrieved August 08, 2019. URL : <http://journals.openedition.org/lengas/2906>.

sises for trial (if there is sufficient evidence) or discharge the matter (if there is insufficient evidence). In summary the investigating judge:

He has a dual role: investigator and court at the same time; he is first responsible for gathering evidence of the offence, with the assistance of the judicial police, and compiling the criminal file; then, this task is fulfilled, it decides on the charges identified, qualifies the facts retained, and, if necessary, refers the accused to the competent court (Merle & Vitu Traité de droit criminel, problèmes généraux de la législation criminelle, droit pénal général, procédure pénale, Paris, Éditions Cujas, 1967, p. 794).

Contrarily to Maine de Biran who was living rather isolated in his chateau, the profession of Tarde led him to observe human behavior and think about motives and purposes. No doubt he had the qualities required for an investigative judge that are described as follow by Faustin Hélie:

It is certain that the functions of the investigating judge presuppose qualities that not all judges possess: knowledge of criminal laws, the science of the human heart, the sagacity of the mind, the independence of character, the activity of the body (Hélie, F. (1866). Traité de l'instruction criminelle, ou théorie du code d'instruction criminelle : T. 4. Paris: Plon, p. 67).

The investigating judges have been part of the reform of the judiciary instigated by Cambacerès, ministry of law of Napoleon. The justice of the Ancien Regime has been discarded and replaced by a system of two juries, one which gathered evidence and appreciated it and a second jury which determined the penalties. With the Napoleonic system, the “investigating judge” investigates both for the prosecution and for the defence.

Son of an investigating judge, he occupied this function for a major part of his professional career as after his nomination in Sarlat in XXX, he remained there till the death of his mother in 1894 and his nomination as the head of the bureau of statistics in the Ministry of Justice.

No doubt that [h]is professional experiences in court apparently directed his interest towards criminology, affected his thinking about motives and about the level of analysis” (Kinnunen Jussi. 1996). Unfortunately for Tarde, methodological individualism which fits well with his interpsychology, was harshly rejected by most sociologists while neoclassical economists were delimiting a special area reducing psychological motives to a bare self-interest. The point was forcefully recalled by Stigler & Becker who assert that “an explanation of economic phenomena that reaches a difference in tastes between people or times is the terminus of the argument: the problem is abandoned at this point to whoever studies and explains tastes (psychologists? anthropologists? phrenologists? sociobiologists?)”.⁷⁶

II. TARDE BETWEEN SOCIOLOGY AND ECONOMICS

Tarde's first writings: Beliefs and desires

Tarde has begun publishing his writings in 1876 as a review of his favorite author and neighbor under the title ⁷⁷ Maine de Biran and Evolutionism in Psychology. This publication where he paid an ambiguous tribute while opposing to some evolutionists as Spencer. But this publication

⁷⁶ Stigler, George; Gary Becker (March 1977) “De gustibus non est disputandum”. American Economic Review. 67 (2): 76).

⁷⁷ Gabriel Tarde, Maine de Biran et l'évolutionnisme en psychologie. Avertissement d'Éric Alliez, préf. d'Anne Deva-rioux (Paris : Sanofi-Synthélabo, [1876] 000). In: *Revue d'histoire des sciences*, tome 57, n°1, 2004. pp. 228-230.

in the obscure *Bulletin de l'institut des provinces* as a previous manuscript stored in a drawer was a false start and remained largely unknown. His first publications, with a decent readership followed a letter that Tarde had addressed anonymously to Theodule Ribot the redactor in chief of *Revue Philosophique*⁷⁸. The first of his article in the Revue was published in the second issue of the Revue July 1880 and was entitled *Croyance et Désir* (Belief and Desire) and bears a subtitle *Possibility of measures*. Tarde presents there a theory of the quantification of moral values, which can be seen as an improvement of the (multifaceted) concept of economists' utility.

He asserts that:

*Belief and desire are, in our opinion, as well as **space and time**, quantities which, serving as a link and support for qualities, make them participate in their quantitative character* (pp. 160-1).

This assertion of Tarde was akin to a line of analysis in economics which sees in the "utility" of goods the origin of their value. This theory of value was formulated originally by Condillac in 1776. Value itself is considered to be based upon utility, which is stripped of its popular meaning, and given a scientific connotation which it has never lost. It no longer implies an intrinsic, physical property of matter, but connotes a degree of correspondence between a commodity and a given human want. "Value is not an attribute of matter, but represents our sense of its usefulness, and this utility is relative to our need. It grows or diminishes according as our need expands or contracts."⁷⁹

Condillac's book was published in 1776 the same year as Smith's *wealth of nations* which was the basis of the labor theory of value of the English classical school of economics. One century later, the marginalist revolution shook the labor theory of value to the benefit of a psychological theory of value:

But one is led to regard value as an absolute quality, which is inherent in things independently of the judgements we bring to bear, and this confused notion is the source of bad reasoning. We must therefore remember that, although things only have a value because they have qualities which make them fitted to our use, they would have no value for us if we did not judge that they do indeed have these qualities. Their value therefore lies principally in the judgement we have of their utility ; and they only have more or less value because we judge them more or less useful, or that, with the same utility, we judge them scarcer or more abundant. I have only rested so firmly on this point because it will provide the basis of this whole work.

Tarde was also confident that some mental properties (in this case belief and desire) which would give the others by combination - could be quantified directly or by sociological means:

"If I am asked which of the two heterogeneous pleasures, that of theatre and that of playing by example, is the most pleasant in itself, I will not be able to answer. But I will not hesitate to say which one is the most wanted, either by this person or by this group of people. Let us therefore look for if there is or can be: 1) an individual meter; 2) a collective meter of belief and desire " (Tarde, 1881, p.166).

Tarde's 1881 articles bear no explicit reference to the debates in economics. He quotes some philosophers, Descartes, Spinoza, Schopenhauer, Maine de Biran, Taine, or Renouvier but he also mentions three authors who are included among the precursors of economics,

⁷⁸ It is remarkable that Adam Smith's first publication was also a letter addressed anonymously to the editors of the *Edinburgh Review* (see, Jeffrey Lomonaco, Adam Smith's "Letter to the Authors of the *Edinburgh Review*" *Journal of the History of Ideas* Vol. 63, No. 4 (Oct., 2002), pp. 659-676).

⁷⁹ Condillac, *Le Commerce et le Gouvernement*, p. 15. quoted in Gide and Rist, p. 48.

Hume, Bentham and Stuart Mill. Two other authors he quotes also approvingly could also be mentioned in a history of economics Bernoulli, and John Venn. However, in the 1870s, economics was moving away from classical theories of value based on labor or cost, and moving toward neoclassical theories, which were associated with a mathematization and formalization of economics, a process that gave greater focus to utilitarian foundations of value. In this context, the measurability of utility became a central topic”.⁸⁰

Tarde and the economists’ debates on the measurement of “utility”

Indeed, if an alternative to the Classical theory of value was developed in the 1870s, the debate on the measurement of utility never entirely disappears on the agenda of economists. For example, John Stuart Mill who is presented in many histories of economics as a Classical economist argued against Auguste Comte that scientific analysis of sentiments was possible:

M. Comte, accordingly, claims the scientific cognizance of moral and intellectual phenomena exclusively for physiologists; and not only denies to Psychology, or Mental Philosophy properly so called, the character of a science, but places it, in the chimerical nature of its objects and pretensions, almost on a par with astrology (p.499, Mill⁸¹, 1843 vol. II).

Let us consider the approach followed by the French leading economist in the Marginalist Revolution. Walras had first made this assumption in 1873, in his maiden analytical paper, ‘Principe d’une théorie mathématique de l’échange,’ which he read in August of that year before the Académie des sciences morales et politiques in Paris. The relevant passage reads:

The other element, however, namely the utility of each commodity to each trader, certainly stands in no direct or measurable relation to either space or time. It would appear, therefore, that we cannot proceed any further. But we can. The circumstance which obviously precludes numerical measurement does not by any means rule out pure and simple mathematical expressions. In physics as in mechanics, one operates mathematically with entities, such as mass, which are not directly measurable either. Let us follow the same procedure. We need only suppose that utility is measurable, and we are at once able to give an exact, mathematical account of the influence utility exerts, along with the quantity [initially] owned, on demand curves and hence (we used Jaffé’s translation in Jaffé; 1977, pp. 301-2).

The position of the problem by Walras is strikingly similar to that of Tarde and the question can be asked if Tarde has read the paper of Walras which has been published by *Journal des économistes*⁸². Anyway, Walras encountered the hostility of the French liberal school. His referee, Pierre-Émile Levasseur, the historian of the working classes in France, emphasizing the difficulty of measuring cardinal utilities, and thinking that rarity is not the only cause of value, concludes that these curves were “unfounded, false and dangerous” (see Levasseur, 1874).

Walras himself was convinced that comparison of utility derived from various goods was possible but not interpersonal comparisons. He was obsessed by this issue and asked his opinion to Henri Poincaré⁸³, who analyzes the issue as follows:

80 David Colander, Retrospectives: Edgeworth’s Hedonimeter and the Quest to Measure Utility *Journal of Economic Perspectives*—Volume 21, Number 2—Spring 2007—Pages 215–225.

81 Mill, J. S. (1843). *A system of logic, ratiocinative and inductive: Being a connected view of the principles of evidence, and methods of scientific investigation*. London: J.W. Parker.

82 Léon Walras, Principe d’une théorie mathématique de l’échange, *Journal des économistes*, Tome 34, 1874 (p. 5-22).

83 Henri Poincaré was a polymath. While he was principally a mathematician, some of his work extended firmly into the world of physics. On the side he was a mining engineer and a philosopher.

Your definition of rareté impresses me as legitimate. And this is how I should justify it. Can satisfaction be measured? I can say that one satisfaction is greater than another, since I prefer one to the other, but I cannot say that the first satisfaction is two or three times greater than the other. That makes no sense by itself and only some arbitrary convention can give it meaning. Satisfaction is therefore a magnitude but not a measurable magnitude. Now, is a non-measurable magnitude ipso facto excluded from all mathematical speculation? By no means. Temperature, for example, was a non-measurable magnitude - at least until the advent of thermodynamics which gave meaning to the term absolute temperature (Letter 1496, Poincaré to Walras, translation of Jaffé⁸⁴, 1977).

Poincaré was inclined to put forward ordinal utility and precluded interpersonal comparisons. Tarde had anticipated this criticism, using statistics to get measures.

Actually, Tarde's argument in his 1880 articles was not so much targeted to the possibility of measure as to criticize the measurement developed by the economists following Bentham and the utilitarian philosophy. Tarde developed several arguments. The first one was the idea that it is not possible to add pains and pleasures of different kinds, because they are incommensurable. Furthermore he doubted that utility is the obvious criterion that explains changes because "[T]here are always certain ideas existing antecedently on which the sense of convenience works, and of which it can do no more than form some new combinations.⁸⁵ Eventually he wonders if the rule of "the greatest happiness for the greatest number" is imprecise and Tarde asked several questions about it related to the possibility of happiness in front of pains: are we ready to sacrifice 10000 persons if the rest of the population will enjoy a greater happiness? Do we care of the impact of our decisions on the future generations?

The last argument raises a question which became hotly discussed in front of the worries about the climate change, but it was already crucial in the formulation of the function of utility of economic agents. This point would deserve developments which are out of the scope of this survey of Tarde's economics. But it is clear that Tarde was concerned by very sensitive issues for the economists, and it is a pity that he did some contributions to concepts that are undisputable in modern economics as the opportunity costs.⁸⁶ For long, the invention of opportunity costs has been attributed to the Austrian school of economics and more precisely to Friedrich von Wieser (1914) but their importance is already stressed by Tarde in his 1888 article and illustrated by an example:

Here is a young Roman who owns both a beautiful slave and a beautiful horse, but the passion for horseback riding prevails over love. It can be said that his horse costs him dearly, since it costs him his mistress whom he completely abandons. Basically, does this case dilute essentially from the one where he owns the slave but not the horse, he would have seen it in a friend's house, would have wanted it and would have exchanged it for the slave? (footnote Tarde, 1888, p. 537).

Tarde's paper was followed by one by Carl Menger, and the similarities between Tarde's conception of value and those of the Austrian school have probably struck some readers of the review as Tarde who did not read German mentions them in his book. Tarde discards any suspicion of plagiarism in a smart footnote:

84 Jaffé William The Walras-Poincaré Correspondence on the Cardinal Measurability of Utility, The Canadian Journal of Economics / Revue canadienne d'Economie, Vol. 10, No.2 (May, 1977), pp. 300-307.

85 Maine, H. S. (1875). Ancient law: Its connection with the early history of society, and its relation to modern ideas. New York: H. Holt and Co.

86 Opportunity costs represent the benefits an individual, investor or business misses out on when choosing one alternative over another. Because by definition they are unseen, opportunity costs can be easily overlooked if one is not careful. Understanding the potential missed opportunities foregone by choosing one investment over another allows for better decision-making.

But I know too little about these economists to talk about their ideas any longer. The ones I have to expose are the development of germs laid down in substance, for the first time, in the Revue philosophique, in September and October 1881, i.e. in an earlier period, I believe in the appearance of the foreign schools I have just mentioned but it does not matter under the title of Psychology in Political Economy. If there are any coincidences between the theories stated there and those of Austrian or German schools (Tarde, Psycho. Éco, p. 148).

If there is no reason to doubt that Tarde has discovered by himself the opportunity costs as they are a direct tenet of his theory of the value, that does not mean that he had few contacts with the leading economist of his time. For example, Tarde while preparing this book was in touch with Léon Walras, the great neoclassical French economist.

Walras-Tarde- a missed pas de deux

As it was already mentioned, it is quite possible that while Tarde was writing his 1881 articles, he had been aware of Walras' 1873 conference on the measure of utility despite he did not make any explicit reference to it either because he disagreed with Walras' approach or because the "bigwigs" of the social sciences had rashly criticized it. In the 1880s, Charles Gide, the apostle of economic cooperatives, approached Walras and Tarde while preparing a new academic journal (*Revue d'économie politique*) against the *Journal des Économistes* which was entirely in the hands of the French liberal school. Gide had enlisted Tarde among the possible supporters of the REP in a letter of May 2nd, 1885. Eventually the first issue of the REP was released at the beginning of 1887 without Tarde but with Léon Walras among the "leading contributors". But in the next issue, G. Tarde has given two articles devoted to the value.

On the contrary, 18 years later, as he was already famous for his *Laws of Imitation*, Tarde sent a copy of one of his books to Walras who immediately replied to him⁸⁷. Proposing an alliance, he wrote on May 16th, 1897:

I do not want to delay for a moment in replying to your kind letter. I will say without false modesty, since your indulgence invites me to say that, in my opinion, we can be very useful to each other. You are a philosopher who is very concerned about economic and social issues; I am an economist and a socialist who wants to link my solution to the ring of a solid philosophy. I will therefore read your book carefully before publishing The Sketch of a Doctrine by which my volume of Applied Political Economy Studies should end.

The alliance could have been nurtured by the maneuvers of Charles Gide. At this time, the latter was. Eighteen months later, Tarde again has sent another book to Walras who replied immediately:

– Will you not be tempted to apply this synthesis of repetition, opposition, and adaptation of psychological and sociological phenomena to the reconciliation of progress and conservation, and to the discussion of the so attractive system of representation of interests or representation by professional category? (letter 1357 Walras to Tarde 30 May, 1898).

The quid pro quo was to continue one year later (letter 1403 Walras to Tarde 16 May 1899):

⁸⁷ Jaffé deduces from the dates that Gabriel Tarde had probably sent to Walras his *L'opposition universelle, essai d'une théorie des contraires*, Paris, Alcan, 1897 just released.

A few days ago, I found your signature beside that of my excellent friend Mr. Gide at the bottom of a letter which I was extremely flattered to be asked to appear on the honorary committee of a congress of social science education. And yesterday I received your very nice volume on the Transformation of Powers. I hurry to thank you for everything.

Eventually, a last exchange happens in May 1899. Tarde was probably working on his book *Economic Psychology*, where he compared his approach to those of the contemporary economists including Cournot and Walras. This time it was Tarde who has something to ask from Walras:

In recent times I have been diving back into political economy and I have deciphered your profound work. I will come back to this again and I will have the pleasure of talking to you, at a distance, in my office (Letter 1404 Tarde to Walras 17 May 1899).

Tarde's comments on Walras are only evidence that Tarde did not succeed to draw Walras' attention on his works. The last letter that Walras sent to Tarde is still evidence of what Jaffé called "L.W.'s [extraordinary] capacity for self-delusion". Indeed, he proposed Tarde to join or support his political project:

I want a party to be formed [...] carrying out reforms, a serious government, an army not dependent on clericalism and caesareanism, [...], in short, a whole new society. I sincerely hope that this party will count you in its ranks. Needless to say, if you have a few economic aspects of this programme to discuss with me, I am at your disposal (Letter 1405 Walras to Tarde, 18 May, 1899).

Despite these attempts, there is no evidence that Walras paid much attention to Tarde's ideas which were developed in his book *Psychologie Economique*.

III. THE ECONOMICS OF TARDE AND THE ECONOMISTS

Tarde's critique of post-Smith political economy

22 years later, Tarde gave in his book *Psychologie économique* an extended version of his ideas on economics that he has introduced in his 1880 articles in *Revue Philosophique* and his 1888 article in the *REP*. This book is presented as his lectures given at Collège de France where he has been elected on February 1st, 1900, at the chair of modern philosophy. In between, Tarde's academic career has taken off. His writings on criminal issues (*Penal Philosophy*, 1890), his exchanges with criminologists in various countries (Italy, Russia) had led him to the Ministry of Justice in Paris while his most celebrated publications *Laws of Imitation* published in 1890 had as subtitle *sociological study*. The repeated reference to sociology in the titles of his book (see Tarde 1892 *Etudes pénales et sociales*, Lyon-Paris, Storck et Masson, 460 pages, 1893 *Les Transformations du droit. Etude sociologique*, Paris, Alcan, 212 pages 1895 *La Logique sociale, & Essais et mélanges sociologiques*, Lyon, Storck indicate that he has joined the new field of sociology. Nevertheless, as a scholar who has chosen his field in complete independence, he did not bother with walls separating disciplines. He has written in the *Revue d'économie politique* the ascendant journal of economists a paper devoted to value and clearly, he was a prophet of interdisciplinary studies and he considered that his interpsychology could be helpful for economists. Tarde criticises the isolation where the economists maintain their discipline on the contrary he dreams of interdisciplinary research:

Political Economy, thus surrounded, would indeed lose its mysterious isolation as an erratic block deposited in the desert of sociology yet to be borne by metaphysicists

or logicians, but it would benefit from appearing in its true place in social science, and from seeing its usual notions, divisions, theories, controlled by sister sciences, illuminated by its light, and illuminated by theirs (Tarde, Psycho. Éco. p.68).

And he does not dissimulate that through his bought, [he] has sought to bring the Political Economy out of its majestic and disappointing isolation". It is a pity that for one century no economist went beyond the poorly formulated critics of "economic laws" and did not see they expressed a love tiff and not a charge against their discipline.

The book begins with general remarks on human society and the laws that govern it and ends abruptly with the study of demographic problems (without any synthesis conclusion summarizing all the observations collected). It remains silent on the concept of economic psychology, whose understanding it examines without specifying its extension. Nothing in either Chapter III of Book One ("Discussion of the Plan"), or Chapter IV entitled "Historical Overview" characterizes the area that the author intends to explore (Paul Albou (1981). At most, it suggests that this is a new form of economics or more exactly the kind of science that could have developed if economists have taken as their starting point the *Theory of Moral Sentiments* instead of the *Wealth of Nations*.

It seems that Tarde has not come to terms with the scission between economists and sociologists, between economics and sociology. He had already expressed his position in a review devoted to a history of economics written by A. V. Espinas, a French sociologist. The book follows the same path as 1888 Ingram's *History of Political Economy* from the Ancient Times to the Historical School. Tarde's review is very critical of economists, blaming "the poverty of the little they have discovered or thought they have discovered compared to the immensity of their centuries-old efforts" (Tarde, 1892, p. 70) and in a few sharp sentences, Tarde destroys "the law of supply and demand, Malthus' theory of population, Ricardo's theory of rent, his Iron law of wages, Say's law":

I am surprised to find under Espinas's pen (p. 345) that it seems to result that, considered as a science, political economy seems to him to be distinct from sociology. However, is it anything other than a branch of applied sociology, as, in its theoretical aspect, it is only a branch of pure sociology? And isn't it especially from the point of view of practical applications that it is important not to separate this branch from the trunk, at the risk of sterilizing it or making it produce detestable fruits? (ibidem, p.72).

Espinas, or Tarde's vision of economics as a branch of sociology as well as the distinction of several strand in economics (science versus art) are akin to those of Ingram who adopted the hierarchy of the Sciences according to Auguste Comte. Tarde came back to these issues at length in his 1892 book. The book surveys a whole set of economic topics but as Tarde emphasizes in his chapter 3 where he justifies his project which aims to rethink economics. A first step in this direction is scrapping the usual distribution of the topics into four usual ones (production, circulation, distribution, and consumption⁸⁸) for a new one which mirrors Tarde's favorite conceptual tools: repetition, opposition and adaptation. Our purpose is not to analyze these new clothes of economics tailored by Tarde but rather to understand the arguments developed by Tarde against economics in a long "historical overview" (chapter 4, pp. 107-42). The main objection addressed by Tarde to the "heirs of Adam Smith" lies in their oblivion of the psychology or to use the vocabulary of Tarde the inter-psychology.

Actually, economics and psychology have common historical roots in philosophy and early discourses on man and society. It is enough to mention here, Bernard Mandeville's Fable of bees and Adam Smith's *Theory of moral sentiments*. It is not to say that at the end of the 19th century, the contemporary economists had not forgotten the importance of psychology.

88 Tarde refers to Gide (Tarde, 1892, p.98).

On the contrary it is enough to mention either the title of Edgeworth's 1881 book entitled *Mathematical Psychics* or the psychological theory of value developed by the Austrian school. But the psychology put forward by the economists is very unidimensional as Edgeworth⁸⁹ put it: 'the first principle of Economics is that every agent is actuated only by self-interest' (Edgeworth 1881, p. 16).

Tarde's overview of economics discards the development of economics since the *Wealth of Nations* and on the contrary praises the *Theory of Moral Sentiments* where Smith stresses the importance of sympathy (i.e. the interpsychology). Tarde has read the *TMS* in the translation by Baudrillart published in 1860. In his introduction Baudrillart asserted that « It would be hard to believe that the Theory of Moral Sentiments is the same philosopher who wrote the immortal *Inquiry Into the Nature and Causes of the Wealth of Nations* » (Baudrillart-Smith, pp. V-VI). Tarde did not enter the sterile debate whether the two books of Smith are contradictory. For him (as for Smith himself), the most important of the two books was the *TMS* where one can find "a mine of useful observations" (Tarde 1892, p.132) and he is close to sustain that Smith's impartial spectator is an incipient formulation of his own inter-psychology. He quotes the famous metaphor of Smith along which "we endeavour to examine our own conduct as we imagine any other fair and impartial spectator would examine it [...] We suppose ourselves the spectators of our own behavior, and endeavor to imagine what effect it would, in this light, produce upon us."

Eventually Tarde wonders:

What is surprising, however, is the weak role that psychology plays in Smith's economic writings, and the complete absence of collective psychology. It was Smith, however, who first studied the sympathy, source, and foundation of inter-mental psychology. How it is that he never felt the need or opportunity to make use of the fine remarks he made on the mutual stimulation of sensitivities by each other, to explain men's economic relations? (Tarde, 1892, p. 135).

It is not the place to consider Tarde's answers to this question (Tarde refers to a hypothetical deism of Smith), but it is clear that this chapter of *Psychologie économique* provides a critique of the neglect of interpsychology by the economists since 1759. Among the economists, Tarde dealt separately with Cournot whose mathematisation of social relationships he appreciated. Tarde was convinced that "the tendency to mathematize economic science and the tendency to psychologize it must be mutually supportive". He writes:

In the reformed and better-understood statistics, in the all-penetrated statistics of an interpsychological mind, I see the possible and even easy reconciliation of these two apparently divergent directions. Cournot saw that the only way to make good statistics, i. e., social arithmetic, is to have the statistician's counts brought to bear on external facts, but he did not see that these facts consist essentially of beliefs and desires, ideas and needs, acts of faith and acts of will, judgments and decisions.

Clearly, the book proposes a new approach to save economics of its perils. The remaining parts of the book are a tentative to prove the fruitfulness of it. It is also an offer to economists to start a new relationship that was not taken into consideration during the following century.

89 Edgeworth has published earlier *Methods of ethics* (1877) but Edgeworth who had become the most outstanding reviewer of his time (Barbé, p. 233) never mentioned Tarde as far as we know. The ignorance is so much curious that "[Edgeworth] went on to make some interesting remarks on the results of 'impure' egoism, admitting an element of sympathy for each other" (see Amartya Sen, 1977).

Tarde's reception by economists

Unsurprisingly after the harsh critics of economics provided by Tarde, the reviews of his books in the French journals of economics were rather fresh. In the *Journal des économistes* which was the organ of the French liberal school, Rouxel who was specialised in the recensions of new books. In 1890, he concludes his reviews of the Laws of imitation as follows:

If the invention is an individual work, the more the State extends its powers, the less invention there is, in other words, the more stationary or even retrograde the society is. And vice versa. That was said before; the whole story bears witness to that. But the reasons and facts that M. Tarde's presence in support of this idea only makes it more obvious. Let us hope that it will move from speculation to social practice.

Two years later, Rouxel comments on Economic Psychology is still harsher:

the interpsychology which forms the basis of M. Tarde's economic system couldn't give us much new. [...] that interpsychology was nothing more than psychology and that it could not give anything more, except to present truisms as old as the world as great and profound truths recently discovered".

The *Revue d'économie politique* which has been launched thanks to Charles Gide's and Léon Walras' joint efforts and common hatred of the Liberal School, Professor Mahaim (Liège) gave a milder account:

it is not in the soul of the lone individual that M. Tarde will seek an explanation of the economic phenomena, but in the states of mind that result, in each of us, from the actions and reactions due to our life in society.

The general impression left by this book is that of a majestic and harmonious forest. It has grandiose alleys, infinite perspectives beautifully laid back; it offers in more places the marvel of excessive trees; it often holds as much amazement as joy; it abounds with varied rare species; it has clearings, and also gaps. But it presents a numberless range of materials for new buildings (p.34, L'économie politique de M. Tarde, Ernest Mahaim, Revue d'économie politique, Vol. 17, No. 1 (1903), pp. 1-34).

While Charles Gide (1907), "to complete [his] review of the movement in economic studies", took into account "the movement in works on the cognate science of Sociology" mentions the title of Tarde's book, Charles Gide & Charles Rist in their celebrated History of Economic Doctrines mentioned Durkheim, the rival of Tarde in the French sociology but failed to mention Tarde, who is reviewed in the *Année Sociologique* by François Simiand : 1873 –1935 economist, sociologist, historian, member of the French historical school in in uninspiring terms:

– We see that in this book (Eco. Psycho), the ordering of the subject matter is very free and (unconsciously I think) very fanciful, that it obviously deviates from the usual patterns, but that he does not care with providing a coherent plan and presenting an objective, well-founded study. During the course of development, we will find a number of ingenious views and suggestive relationships that can be used to advantage. Factual or doctrinal information leaves much to be desired in more than one place, F. S. (1901-2, pp. 459-61).

Pareto showed the same disinterest or neglect in his letters to Manfredo Pantaleoni. For him, "The Tarde is another Lombroso, among some truths he tells us stories to sleep with open eyes. Here is now in Italy the Ferrero that beats that way. My dear, they are all novels" (April 9th, 1897) and a few days later he wonders again:

"I have not read the opposition universelle of Tarde. Is it really worth the expense of buying that book?" (May 3rd, 1897).

And two years later:

I am convinced that if you want to take sociology a step further, it takes you ten years of eclipse, since you wouldn't be happy to make one of the many books such as the one by Le Bon, Tarde, Durkheim, Giddings etc., and perhaps after ten years you would realize that everything is still immature (Nov. 29th, 1899).

Adolphe Landry⁹⁰ in his textbook *Manuel d'économie* (1908) is the only author to consider positively the contribution of interpsychology to economics :

It is necessary to be grateful, on the other hand, to Tarde for having, in a very uneven but often suggestive work, drawn attention to the benefits that economic science would derive from a serious study of the "interpsychological" facts, of the various repercussions that the psychological life of individuals has on their fellow human beings.

More specifically, Landry insists on the part played by knowledge in the economic life, and he argues:

It was Tarde who showed with the most ingenuity and most strikingly the so considerable role played in the production by mankind's knowledge. This knowledge, he argues, is "capital" for humanity, and it has been a mistake on the part of many economists to focus on material capital. Both capitals have their role to play in production, just as it is usually necessary, for a seed to grow, that it contains a germ and cotyledons.

Outside France, Tarde's reception was also insignificant or negative. For example, Othmar Spann (1878 –1950), a conservative Austrian philosopher, sociologist and economist whose radical anti-liberal and anti-Socialist views, based on early 19th century Romantic ideas expressed by Adam Müller et al. whose two notable students were Oskar Morgenstern and Friedrich Hayek wrote:

The basic error of Tarde's thought is that imitation cannot be the constitutive principle of the social because, by its very nature, it is always imitation of something, of something which must have been found. [...].

Despite all the originality, subtle observation and heuristic value, Tarde's thinking is still somewhat fantastic and erratic, and even undisciplined in terms of methodological knowledge theory.

The only exception to this glacial reception is to be found on the other side of the Atlantic Ocean where he was greeted by Edward A. Ross in the *QJE* (1902)⁹¹ or by Davis first in the *Political Science Quarterly* then in his thesis⁹². But Tarde found a still more supporter in ⁹³ Roswell McCrea 1909 where he asserts:

There are many interesting special phases of the psychological discussion. For instance, the explanation of the origin and development of wants with different

90 1874 –1956 Economist, demograph, deputy, senator, minister.

91 Ross, Edward A. *Recent Tendencies in Sociology*, *QJE*, (1902), pp. 537-563.

92 Davis' review of *Psychologie économique* *Political Science Quarterly*, 1902 & 1906. Gabriel Tarde, *An Essay in Sociological Theory*. New York (PhD, Columbia).

93 Roswell McCrea, *Recent Textbooks in Economics* *QJE*, 1909.

classes in the community is a suggestive statement of the notions of Tarde and Veblen. Of like special interest are the following: the interpretation of the psychological basis of risk-taking; the penetrating analysis of the cost elements that may be involved in work; the examination and emendation of the classical concept of the economic man; the parallel that is drawn between the often thoughtless discounting of the future in the preference for present over future satisfactions, and in the willingness of workers to accept unusually risky or unhealthful employment at no more than nominal wages.

Four years later, Roswell McCrea 1913⁹⁴ reviewing *The theory of economic development* of Schumpeter conclude about the “entrepreneur”:

Individuals of this type are the active agents of economic evolution. Schumpeter thus offers a super-man interpretation of economic progress, in main outline quite analogous to the sociological system of Gabriel Tarde.

Despite this early parallel between some views of Tarde and Schumpeter that was reiterated in 1950 in the same journal by A. C. Taymans (1951), Schumpeter himself seems to have never taken into account Tarde's ideas⁹⁵. Taymans notes that no direct link can be demonstrated between Tarde and Schumpeter, and he goes so far to wonder if Schumpeter could have “stolen” the idea from Tarde without saying so. That is impossible to answer. It could be a matter of two independent discoveries, as has been demonstrated in many cases. Seven decades later, despite a huge historiography devoted to Schumpeter, there is nothing suggesting that Schumpeter knew Tarde's theories. No biographies or presentation of the theories of innovation mention any direct link. This applies equally to works on Tarde (e.g. Clark 1969; Milet 1970) and works about Schumpeter (e.g. Harris, 1951; Schneider, 1970; Frisch, 1981; Heertje, 1981).

To conclude on Tarde seen from America, let us mention Thorstein Veblen who devoted three articles to Tarde that Hodgson has found highly dismissive in a footnote that summarizes Veblen's articles as follows:

Veblen (1900b, p. 363) criticized Tarde's ‘elastic’, ‘ambiguous’, and superficial formulations, noting that ‘the volume may contribute materially to curtail the vogue of M. Tarde's sociological ‘doctrines’. Veblen (1902, p. 147) was also critical of another of Tarde's works, describing its theoretical foundations as ‘behind the times’. Like other writings by Tarde, its ‘penchant for system making and symmetry gives it an air of completeness and definitiveness which is not borne out by substantial results’ (Veblen, 1902, p. 147).

After this long survey of Tarde's reception, we can conclude that with a very few exceptions, economists were not sensitive to Tarde injunction to take seriously into account economic psychology and the main neoclassical authors at best ignore or rejected his critique of economics. The crisis of 1929 was to change the game.

IV. UNESCAPABLE ECONOMIC PSYCHOLOGY

The psychology of economics agents

If psychology had been reduced to the self-interest motive by neoclassical economics, the economic crisis of 1929 shook the pillars of the sufficiency of the economists who reintroduce

⁹⁴ Schumpeter 's economic system QJE, 1913

⁹⁵ A. C. Taymans, “Tarde and Schumpeter ; A Similar Vision,” QJE, November, 1950, pp. 611-22.

psychological factors to explain the failure of “laissez faire”. To say the truth, several authors have managed to keep in mind psychology to explain or complete the theory of money and exchange rates especially in periods of turmoil. It was the case for example of Albert Aftalion, (1874-1956), best known for his discovery of the acceleration principle in his 1913 thesis, *Les crises périodiques de la surproduction*. He shows his discomfort with both the underconsumptionism of Rodbertus and Tugan- Baranovsky and the classical interpretation of Say's Law. After the WWI he came to grip with Cassel's theory of purchasing power parity and he developed his psychological theory of money. It is not to say that he searched to find the psychological elements that could explain some economic behavior but he argues that the maximization of utility as hypothesized in the microeconomic theory was unable to explain the demand for money and he proposed to introduce expectations whose formation was to be explain by psychology. But it was in the aftermath of the 1929 crash, that psychology and expectations made their return. Already in 1935, Bernard Lavergne in the journal *Etudes cooperatives*, published an article in which he sustained that “the spontaneous and often unpredictable fluctuations in human psychology cannot be exaggerated: these psychological fluctuations provide nothing less than a fundamental explanation of the economic cycle”. For him, the orthodox economists as well as the advocates of planning partake a similar erroneous creed in “the reality of the 'homo economicus, the human automate moved by his sole tightly defined personal interest, devoid of any fantasy and fever”.

But it is in *The General Theory of Employment, Interest and Money* of J. M. Keynes (1936) that a consistent explanation of crisis based on psychological factors was exposed. In the General Theory, one finds sixty-nine appearances of “psychology ” or “psychological” (among them 4 times mass psychology) and four appearances of “animal spirits”. It is also well-known that Keynes was interested in psychoanalysis and that he used psychological approaches when writing his Essays in biography (1933) where one finds one hundred eighteen appearances of mind, thirty-five of feelings and seventeen of sentiments. V. Barnett, despite his pioneering research in this field, admits that the link between Keynes's economic theory and its indisputable interest for psychological topics is controversial. We don't believe that the pervasive references to human psychology in Keynes's macroeconomics is purely coincidental or could be misleading. On the contrary, Barnett 2015 provides evidence that Keynes had studied very seriously two handbooks of psychology (G.F. Stout and J. Sully). There are several arguments that sustain that Keynes relied on psychology to design his macroeconomic theory. The propensity to consume is a key element of the basic model of Keynes. Keynes explained the propensity by subjective and objective factors. The former include:

Those psychological characteristics of human nature and those social practices and institutions which, though not unalterable, are unlikely to undergo a material change over a short period of time.

This brief definition reminds a paragraph of Stout that was paraphrased by Keynes:

One necessary and omnipresent condition of the formation of habit is the tendency of any mental process with its connected movements to repeat itself, simply because it has occurred before... When we say that the tendency grows stronger, we mean (1) that the process is capable of being set in motion by a slighter cue... (2) That it becomes less liable to disturbance from accompanying circumstances. (3) That it becomes stronger as a propensity—i.e., if its course is interrupted or arrested greater impatience is felt (Stout 1896, 1:263 quoted by Barnett, 2015).

The inducement to invest is a second key element of the model of Keynes who deals with it in the Book IV of the GT. Alongside with the marginal efficiency of capital (chapter 11), Keynes explains it by the State of Long-term Expectation (chapter 12). There Keynes discards the usual motive invoked by economists to explain the behaviour of economic agents:

Even apart from the instability due to speculation, there is the instability due to the characteristic of human nature that a large proportion of our positive activities depend on spontaneous optimism rather than on a mathematical expectation, whether moral or hedonistic or economic. Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as a result of animal spirits—of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities.

Keynes, one year later, in an article where he sustained that the “psychological law” of a propensity to consume less than 1 “was of the utmost importance in the development of [his] own thought. He made it clear that he completely rejected “the “homo oeconomicus” of Bentham’s imagination which has become, according to Keynes, the cornerstone of the utilitarianism which constitutes the implicit philosophy of economists” (Dostaler, p. 72).

Despite the success of the Keynesian Revolution, the recourse to psychological factors to explain the business cycles was immediately criticized by some tenants of the economic orthodoxy. The famous book of G. Haberler is very representative of this current:

It is in a way misleading to speak of “psychological” explanations of the trade cycle or of particular and economic phases of it. Every economic fact has a psychological aspect. The subject-matter of economic science is human behavior - chiefly conscious and deliberate behavior - which can hardly be separated from its psychological basis. The psychology of human behavior is therefore a constituent part of the subject-matter of economics. When we assume that an entrepreneur will increase his output if demand rises or cost is reduced, or that workmen will respond to changes in money wages but not so readily to changes in real wages, or that consumers will buy more of a given commodity if the price falls and less if they think it will fall further, or that people will hoard money if the value of money rises—all these assumptions are assumptions about human behavior which presuppose a certain state of mind on the part of the human agents. Propositions about such actions may be considered as belonging to the sphere of applied psychology: but they also figure continually, whether implicit or expressed, in the economic theories of the cycle. What, then, distinguishes a “psychological “ theory from an “economic” one?

Ever since Jean Baptiste Say provided his law of markets, mainstream economists tried to evacuate the economic crises of their theories but “facts are stubborn things” and periodically the economists are reminded of these disturbances.

Tarde’s theory of crises (business cycles)

As Zarnovitz puts it “In periods of substantial stability and satisfactory growth, the always attractive idea that the business cycle may have been conquered or rendered obsolete gains considerable publicity and acceptance” therefore after the World War II, mainstreams economics betrayed the Keynesian revolution and came back to a very limited psychological basis of economic behavior. However just before the beginning of the Thirty glorious years (Jean Fourastié), with rapid growth and very mild fluctuations by historical standards, Henri Guitton has supervised a PhD thesis on Tarde’s theory of crises ⁹⁶. Thirty years later, he published a paper where he could write:⁹⁷

96 Brun, J.M. 1946 L’interpsychologie de Tarde et les crises économiques —, PhD, Dijon Supervisor: Henri Guitton

97 Guitton, H. 1973 Gabriel Tarde et la pensée économique, Revue d’économie politique, Vol. 83, No. 2 (mars-avril), pp. 345-347.

It is no exaggeration to say that Gabriel Tarde is little known to economists. Of course, I am talking mainly about teachers. Because if we were to question the students, I wonder how many of those who, in four years of licensing, have heard of this author (Guitton, 1970, p. 345).

Guitton concluded his 1970 tribute to Tarde insisting on the latter's explanation of economic fluctuations:

Where there is psychology, there is also rhythmic movement of the universe. How can we be surprised when there are crises and economic alternation? The PhD thesis that I had aroused, some 30 years ago, had shown the relevance of our author's theory: economic crises are the inevitable mark of disappointed expectations, the manifestation of the inescapable effects of deceived confidence (ibidem, p. 347).

Guitton has not failed to mention Tarde's ideas in his textbook on business cycles which went through many editions from 1951 to 1970. Actually, Guitton's support includes only a mild approval and Guitton was eager to put his presentation of Tarde's ideas under the aegis of Pareto. For Pareto, there is fundamental distinction between logical and non-logical forms of action. While the former are related to the goals they pursue: the activity of the engineer or economist, the latter concern the rest of human actions, the study of which belongs to sociology. It must therefore logically study the non-logical actions: feelings, beliefs, instincts, what men rationalize but most often ignore themselves, and what Pareto calls residues. Pareto presents as follows the economic fluctuations:

The vibratory movements of the social aggregate may depend on purely objective circumstances, but their main cause seems to be the very nature of man. The manifestations of human activity hardly show a continuous march; they generally affect the shape of a wavy curve. Among other things, it should be noted that man rarely stops in the middle, he always exaggerates a little on one side or the other. He moves from hope to fear, from overconfidence to mistrust, Success exalts him, failure discourages him (Pareto, 1897, Cours, t.2, p. 279).

He concludes this development by a disillusioned remark that "psychology is at the heart of all economic things". With the safeguard of Pareto's authority, Guitton acknowledges some values to Tarde's ideas about repetition, imitation to understand the waves of optimism and pessimism that can be relied to innovations.

- *Psychologist G. Tarde has best demonstrated how this truth takes on an additional force as it moves from individual psychology to collective psychology. The ideas dear to this philosopher, of repetition and imitation, through which he has finely analyzed fashion and custom, explain the reasons for amplification (2), transmission and alternation of initial beliefs (3). "Collective residues", even more so than "individual residues", seem to form a background of an alternative nature. There is both a tendency in the human heart to amplify impressions, and a need for change that would explain two of the characteristics of the economic cycle [...]: a process of accumulation of effects in one direction, an abrupt reversal and a process of accumulation of effects in the opposite direction. It is the simple fact of having lasted that pushes and exaggerates and changes human movements. These fatal exaggerations lead to the resorptions that are crises: the author considers crises as the inevitable mark of disappointed expectations (4)*

Despite this praise, Guitton's mistrust appears here and there without the reader knows exactly what Tarde's ideas were. On the contrary, Taymans 1950 is far more positive. He

exposes very clearly Tarde's vision of innovation :⁹⁸

*An invention occurs. This means that "a variation has been grafted on repetitions,"^ that is to say on the phase of imitative repetitions or imitations, which constitute present society.' This invention brings on a "periodic repetition," a new cycle of individual repetitions. The waves of repetitions meet and clash; * this is the stage of "opposition ": "Equilibrium of forces and symmetry of forms," or "struggle of living organisms, conflicts of all beings." Finally this opposition means either destruction or adaptation - third stage - which gives rise to new inventions, because it means "creative combined production" ("co-production créatrice") (Taymans, p. 621).*

Taymans goes on, summarizing Tarde's ideas in order to draw easily a parallel with Schumpeter 's vision of innovation and cycles:

A single innovation is carried out by a single innovator or entrepreneur. At this moment a new cycle sets in because other entrepreneurs are going to follow suit. "The appearance of one or a few entrepreneurs facilitates the appearance of others, and these the appearance of more, in ever increasing numbers." This is the "swarm-like" appearance of entrepreneurs, first phase, repetition. Then comes the depression, or "reaction of business life to the situation created by the boom," so that finally the third stage may take place, which leads business life towards "objective adjustments," the "search for a new equilibrium,"^ a "position without development... a process of absorption between two booms ending in a position approaching equilibrium". This last period corresponds exactly to what Tarde tersely calls "conservative production, elementary causation, without any creation".

| 3

Taymans's article did not succeed to draw attention on Tarde nor on *Business cycles*, "the least successful book of Schumpeter ".⁹⁹ Indeed, when the article was published the mainstream economists were convinced that with the so called "fine tuning" policies it would be possible to get rid of cycles. Two decades, later during the 1970s a new generation of economists arose. In their critique, called the New Classical Economics, they saw that the few animal spirits that remained in Keynesian thought were too insignificant to have any importance in the economy.

V. GABRIEL TARDE AND THE 21ST CENTURY ECONOMICS

To date, economics has been only marginally concerned by the recent rediscovery of Tarde's theories which was mainly due to sociologists but there are many reasons to foresee that he could receive more attention in the next decades. It seems that his theories are able to highlight the new fields of analysis in economic theory and also to supplement some shortcomings in mainstream economics.

The theory of innovation and networks

In the last decades, several authors have stressed the importance of Tarde as a founding

98 A. C. Taymans, "Tarde and Schumpeter ; A Similar Vision," QJE, November, 1950, pp. 611-22.

99 McCraw, Thomas K., Schumpeter 's "Business Cycles" as Business History, The Business History Review, Vol. 80, No. 2 (Summer, 2006), pp. 231-261.

father of the field¹⁰⁰. Sundbo's assessment is very detailed. He insists that "Tarde was the first to formulate a number of the later-used basic concepts such as invention and innovation, as well as a number of postulates - for example that innovations come in waves - which have become central to later innovation theories". But he addresses some critics to Tarde's methodology that explains probably why he was neglected during the 20th century by social scientists, fond of well-delineated fields and eager to mimic the hard sciences. Tarde's works did not include any empirical analyses in Tarde's, while the works themselves appear particularly verbose and have little in the way of specific hypothesis formation.

Tarde's theory of innovation is not limited to the relationship between invention and innovation on the one hand and the entrepreneur on the other hand, but he was also a pioneer in the innovation diffusion research. In his view social change requires penetration of inventions that diffuse through the process of imitation. People imitate beliefs and desires or motives transmitted from one individual to another. Analysis should take place on a micro-level with the method he called 'interpsychology' (Kinnunen, 1996).

Recently a new area is appeared in the economics of innovation : networks and networking. It is now an unescapable part of it and of the related of the economics of knowledge. These developments are well exposed in Lundvall and Borrás, 1997:¹⁰¹

"More and more of the innovation process takes place in networking as opposed to hierarchies and markets... only a small minority of firms and organisations innovate alone, and... most innovations involve a multitude of organisations" (Lundvall and Borrás, 1997, p. 104).

It is the place to recall that Tarde was particularly concerned by the diffusion and that leads him to some thoughts about the physical nature of the earth. Davis reproaches him to devote ten pages to showing how human progress would have been different, if the earth had been flat instead of round (Davis¹⁰², 1903, p.46). It is right that the hypothesis is surprising:

Since the earth is round, the path of civilization in any sense, by dint of going, always ends up going back on itself. All the rays of examples end up reflecting on it. If it were flat, the displacement of civilization would be its progressive and irreversible distance from its starting point, and there would be nothing to force imitation to return to its source.

However, the development of the literature on social networks has provided evidence that their structure plays an important part in the diffusion of innovation and Tarde's position is vindicated:

The systemic and network related dimension of innovation phenomena is also frequently highlighted by the Tarde analysis, whether it is an essentially technical systemic or, more generally and more fundamentally, an organizational and institutional systemic based on these techniques, or, at another analytical level, the sociology of innovation networks.

100 Sundbo, J. (2003). The theory of innovation : entrepreneurs, technology and strategy. Cheltenham [u.a.], Elgar.
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Djellal, F. Gallouj F. (2014) The laws of imitation and invention : Gabriel Tarde and the evolutionary economics of innovation. *Revue économique*, Vol. 68, No. 4 (Juillet, 2017), pp. 643-671.

101 Lundvall Bengt-Åke & Susana Borrás The globalising learning economy: implications for innovation policy, Luxembourg: Office of the Official Publications of the EU, 1997.

102 Davis, Jr., Michael M., Gabriel Tarde: An Essay In Sociological Theory.

Behavioral economics

Comments surrounding the awarding of the Nobel prize to Richard Thaler in 2017, some have been led to think that he was a founding father of behavioral economics --the intersection of psychology and economics, economists have been working on themes that we might today categorize as 'behavioral economics' for as long as economics has been. As we have seen, Adam Smith was certainly interested both in psychology and economics. But most economists during the 19th century that M. Baddely calls the "dark age" of behavioral economics focused on the role played by rational agents in market economies using unrealistic behavioral assumptions about humans' capacity for rationality¹⁰³. By removing these assumptions, new behavioral economists try to get new insights on psychologically plausible features of human behavior affect—and should affect economics at the macroeconomic level as well as at the microeconomic level. There are now so many applications of behavioral economics that it is beyond the scope of this article to survey them.

Ajdukovic, et alii (2018) have studied the relevance of some of Gabriel Tarde's ideas to current researchers in economic psychology, and behavioral economics. It is interesting to note both the similarity between some ideas of Tarde and now current research in the field, and the divergence between the direction he took and the course of research in the field. Tarde's critique of the homo economicus model includes two main tenets: its limitation to material concerns (the self-interest motive), and its unrestricted rationality. Regarding the rationality assumption, he makes an explicit distinction between "logical" and "extra-logical" reasons for imitation, the first of which consist in "the nature of the ideas themselves" suggesting rationality, while the latter adhere to "the nature of the people who give the examples, to the places or the times in which the influence occurs" (p. 123).

Despite several histories of the behavioral economics found neglected features of behavioral economics in major economists contemporaneous of Tarde (Marshall, Pareto, Edgeworth) we did not find any direct link to Tarde in the main handbooks of the fields. Therefore, for Ajdukovic, et alii (2018) who focused on the "Micro-Based Behavioral Economics" conclude that "these similarities seem to be closer to independent discovery than influence". Despite independent discovery is also plausible for Micro-Based Behavioral Economics, some transmission of Tarde's legacy is not to be excluded for Macro-Based Behavioral Economics. The return of the "animal spirits" in the aftermath of the 2008 crisis would deserve to be examined in this perspective. Let us consider the assertion of Akerlof and Shiller:

The idea that economic crises, like the current financial and housing crisis, are mainly caused by changing thought patterns goes against standard economic thinking. But the current crisis bears witness to the role of such changes in thinking. It was caused precisely by our changing confidence, temptations, envy, resentment, and illusions-and especially by changing stories about the nature of the economy (Akerlof & Shiller, 2009, p.4).

This observation is very close to the following definition of the value of money given by Tarde:

Value, of which money is only the sign, is nothing, absolutely nothing, except a combination of all subjective things, beliefs and desires, ideas and wills, and the peaks and troughs of values in the stock market, unlike the oscillations of a barometer, could not even remotely be explained without considering their psychological causes: fits of hope or discouragement in the public, the propagation of a good or bad sensational story in the minds of speculators (Tarde, Psycho. Eco, p. 108).

103 Michelle Baddeley, (2013) 2019. *Behavioural economics and finance*, New York: Routledge, 2019.

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