

PRESIDENTE: Ringrazio il Prof. Berengo per aver posto alcuni problemi, ricordando anche alcuni studi e interventi che ci sono stati nei giorni precedenti. Pregherei la collega Brezis di prendere la parola.

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The papers that were presented during this week, which was devoted to the role of minorities, have examined topics that can be divided into four different categories of research. The first subject examined is if minorities have played a special role in the economy, and more specifically, how do we decide today if they played a role in the past? Obviously, this is a question of methodology, of how to define the importance of the role of minorities. The second subject of investigation was why do minorities play a special role, or in other words, what are the characteristics specific to minorities that enable them to play a specific role? I will divide these characteristics into three different groups. This typology will allow us to understand in which sector minorities can contribute most. This brings us to the third subject that was examined during this week: in which sectors do minorities contribute most? For instance, do they contribute mostly in the production sector or in the financial and commercial markets? Then, finally, the last topic will touch on the question that was the subject of many papers: the consequences of and the reasons for expelling minorities.

Let us examine the first point – the issue of the special role of minorities in the economy. This question is equivalent to understanding if a given minority played a minor role, an important role or if they had a monopoly. The meaning of monopoly needs some explanation. If having a monopoly means that the minority is the only one to have some role in a specific sector (as merchant, trader or money lender), then I agree with Professor Toch (on the subject of Jewish trade monopoly) when he claims that Jews did not have a monopoly. Jews were almost never the only ones to participate in a certain economic sector. There is a quote in his paper referring to “Jews and other merchants.” If there were 20 Jews and two other merchants, he is right to assert that they do not have a pure monopoly, but if this was the case then I claim that Michael Toch would be *plus royaliste que le roi*. Indeed, the anti-trust legislation (and more specifically the current Microsoft trial) has made it clear that the issue of monopoly is not strictly about being the only one, but of having an important position in the sector. Therefore, we should not discuss the question of monopoly (in its strict sense) but rather that of predominance.

This leads us to the issue of how to define predominance, and what are the tools to establish if a minority held a predominant position? On this inquiry, Professor Ries has underlined two important elements. The first one is that it is difficult to evaluate predominance from micro-data because there could be a bias in the data recorded. In her presentation, she brought an example pertaining to contracts. People who go to the trouble of asking a lawyer to write a contract for them often require a big, important contract. (For a small contract, they might just write it themselves.) So therefore, the historical record might contain major contracts but not trivial ones. Researchers

who use the data from contracts will, in fact, collect data only on major ones, which leads to a bias in the data.

Her second remark is about measuring predominance (assuming we have the data and that we took care of the bias). She proposed a non-quantified concept of "stop-gap". A minority that fills a gap is in a predominant position. This concept is very promising but not easy to use. And even she, in her paper analysing the role of the Jews in Germany, only examined data and didn't approach the question of gaps in an analytical way.

One other possibility, in order to define predominance, would be to find a quantified way to characterize it. This method would be similar to the way the anti-trust regulation has defined "dominance in a market". Nowadays the courts usually decide that if a firm retains more than 60-65% of the market, then it has a predominant position. We could apply this method to define predominance of minorities. If, for instance, a minority was 1% of the population and had 5% of the share of all commerce in a specific sector, would you call it predominance? We should figure out a way to determine what the optimal ratio for predominance should be. I leave this as an open question because I really do not know what the right ratio is, or even the right range of ratios. But we need to be aware that this question is crucial and is related to many papers presented this week.

The first paper to which I will refer is the paper by Nadal and Manera regarding the *Chuetas*. They showed that out of a population of 400,000, 14 families owned 50% of the insurance market. Should we claim that they had a predominant position? Probably yes. However referring to the papers by David Omrod on the Huguenots (17th century) and Odette Vlessing on the Dutch Jews (in the 16th century), where it was shown that approximately 1% of the population had more than 30% of the sectors in which they were involved, should we say that these minorities had a predominant position? The same question arises *a propos* the Scots in Denmark (as showed by Thomas Riis), the Armenians in Poland (see Dziubinski's paper), the Jews in Bas-Adour (see Anne Zink's paper) and Italians in Geneva (as reported by Liliane Mottu-Weber).

My last remark on the methodology of defining predominance is about Toch's presentation. Michael Toch has posited that Jews did not participate in slave trading and they weren't even in Europe before the 10th century. He argued that the common view that Jews were important during this period is due to stereotype, and he called this view "fallacies." I disagree with him. It is not due to stereotype; it is due to extrapolation. While it is correct that Jews lived in Europe and participated in slave trading, it was really four centuries later. As Peter Martin showed, Jews were indeed active in slave trading, but in the 15th century. So rather than referring to stereotype, it would be more correct to refer to errors of extrapolation from one period to another.

Now I come to the second subject brought up in most of the papers presented at our conference. Why do minorities play a special role? The characteristics of the minorities that allow them to play a special role can be divided into three categories.

The first one will be about culture and religion, the second one is termed kinship relations, and the third one will be the minority effect or what I call non-conformism effect.

Regarding the first category, culture and religion, the specific characteristics of minorities are related to the Weber thesis which connects religious attitude with economic behavior. Weber's line of thinking has been divided into two separate but not necessarily contradictory paths. For some it is the laws of the religion that are important in the creation of differential economic agents, for others only the side effects of religion. In accordance with the first view, Weber emphasized that religious values per se affect economic behavior. He claimed that Calvinism is based on asceticism (while some other religions are based on mysticism and rituals). Since capitalism depends on the continuous increase of output through savings and investment, this ascetic value could be a major component of economic behavior in a capitalist environment.

It is interesting to note that none of the papers presented during this week referred at all to this view of the Weber thesis. Why is this interpretation no longer in fashion? The reason is because the success of countries, like England in the 18th century, cannot be attributed to a difference in the savings rates. The hypothesis that high savings (due to the Protestant ethic) paved the way for the industrial revolution is not compatible with the updated data on the British industrial revolution. Recent works have shown that domestic British savings in the eighteenth century were not enough to finance industrialization, which was financed partly by international flows of capital, the ones to which David Omrod referred. So the asceticism and the savings motive lost their prominence in explaining the basis of capitalism. Therefore, there was a need to define the Weber thesis in a different way, a way that was introduced by sociologists like Talcott Parsons and Robert Merton. They have emphasized that it is not the religion itself, but rather the by-products of religion, like social norms, which determine economic development. What are those social norms? Rationalism, literacy, education, individualism, and self-discipline. Some sociologists even include "cheating" and "being tough", exactly the characteristics emphasized by Gerard Gayot in his presentation.

We now turn to the second category of characteristics specific to minorities, which I call the peer group effect, or as Peter Mathias referred to it, "the kinship effect". In an environment without laws, without good financial intermediaries and with a lot of uncertainty, economic transactions require a level of trust. Whom will you trust? The extended family, of course. Minorities with connections across the globe will bear lower risks and therefore lower transaction costs. Most of the papers presented here this week, especially the ones by Nadal and Manera and by Ormrod as well, pinpointed exactly this kinship effect.

I would like to stress a third characteristic typical of minorities, which was not strongly emphasized in the papers presented this week, but which is referred to in the literature on minorities. This is what I call the 'minority effect' or the 'non-conformism effect'. Being part of a minority can lead you to develop psychological

effects, such as marginality and self-esteem. Being part of a minority may also lead you to be non-conformist and even heretic, which are all, paradoxically, virtues for knowledge and innovation. These factors, therefore, have influence on the development of the economy.

These three categories, culture/religion, kinship effect and non-conformism effect referred to in the papers presented here this week, permit us to understand in which sectors minorities can contribute most. This is what we will talk about next.

There is a need to differentiate between the two main sectors in which minorities can contribute to economic development. The first one relates to their role in the productive sector. The second one relates to their role in the sectors that have permitted the passage from feudalism to a proto-industrial structure, sectors that include the financial and commercial markets. Let us examine the ingredients that are necessary for the development of successful financial and commercial markets, and that are less important for the productive market. They are: capital, kinship effect and education. The most important ingredient is, of course, capital (which is also necessary for the productive sectors). But not less important are the kinship effects, the interconnections within minorities or, in other words, the *carnet d'adresses* as it was referred to by Prof. Bergier this week.

Which minorities played a dominant role in the 16th and 17th century in the financial and commercial markets? The most common answer you would get would probably be the Huguenots and the Jews. Which characteristics did they possess which would be important for those markets? Their *carnet d'adresses* . This is the characteristic that was the most emphasized by the papers this week focusing on commerce and trade, and rightly so. Minorities played an important role in commercial and financial markets because of their connections in the world.

Another ingredient important for development, which was not mentioned this week and is important nonetheless, is education. We know that the Jews and the Huguenots had a higher level of literacy than the average population.

Let us turn now to the ingredients necessary for success in production. Production can increase only through an increase in capital or in technological progress. We know today that the latter is very important. The innovations in production, what I call technological progress, started to take place mainly in the 18th century. Did the minorities play a part in those innovations? Were Jews present or predominant in the industrial revolution? What about the Huguenots? The late Professor Paul Bairoch tried to evaluate the Jews' role in the advanced techniques. He investigated the number of Jews cited in many encyclopedias of techniques and he found that they were totally absent. Nevertheless, there are some writers like Cecil Roth who claimed the opposite, i.e., that Jews were significant in the industrial revolution. (He probably did it, not because of some stereotype, but due to time extrapolation, since he didn't check the data for this period carefully enough!) If it is not the Jews who played a role in the technical changes, which other minorities played an important role in the industrial revolution? Not the Huguenots and not the Jews, but rather the dissenters, and especially the Quakers.

Let us summarize what specifically leads to the success of minorities, both in the financial markets and in the production sectors. A sine qua non to success in the financial markets is to have connections, and minorities that display the kinship effect will succeed in these markets. For success in technology, the kinship effect is not of great importance. Minorities that display some cultural or religious factor that induces knowledge could succeed. This is true in the case of the Quakers, who had technical schools and emphasized the importance of technical education. It seems, therefore, that a synthesis of the papers presented shows that the Weber thesis is important when focusing on production and the kinship effect is important when looking at the financial markets.

The last subject examined this week is related to the reasons and consequences of expelling minorities. Despite the fact that many papers touched on this subject, I won't delve deeply into it now because it really is the expertise of some of my colleagues here on this panel. The papers of Jonathan Israel, David Palliser and Istvan Hont focussed on the question of xenophobic agitation, and whether economic factors contributed to it. These papers focussed mostly on the short-term view, while we should also examine the long-run consequences of this behavior. Let's say that in the short run, it could be (at least for some) advantageous to expel minorities and Jews – and we saw that in some countries this was the case. But this was a short-sighted view. We have to remember that expelling is a manifestation of arrogance and fanaticism. It is accepting norms of censorship and inquisition; therefore, it will lead to intolerance, to a closed society. The long-term consequences of these behavioral norms were that these countries were impermeable to scientific research and missed the scientific revolution and the innovation that later derived from it. Therefore, they missed out on innovations that were the basis for the important economic developments that took place in the 18th and 19th centuries.

My last remark will be to emphasize a few points that were not underlined enough this week and that require more research and analysis. First, we need to work on ways to define predominance of a specific group or minority. The second area needing further analysis is the role of education and also of capital. We should strive for better data. I am aware that this is not an easy task, but it is an important one. Finally, I would like to stress that none of the papers related to minorities who didn't succeed. Are there minorities who never succeeded in playing any economic role? Could it be that some minorities succeeded in certain places and not elsewhere, and if yes, then how do we explain that? For instance, from Jerzy Wyrozumski's paper presented this week, we learned that Jews did not play any important economic role in Poland. Why not? More recently, why has economic success been so difficult to attain for African-Americans? Those are a few of the questions that were not addressed this week. In conclusion, I would like to thank the organisers for inviting me to this "settimana di studi" and especially the Chairman, Mr. Cassandro. I would like to thank all the contributors and participants for adding so much knowledge, but also for leaving many questions unanswered for future research in economic history.