

## Review - A Critical History of the Economy

Written by Kees van der Pijl

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KEES VAN DER PIJL, NOV 20 2014

A Critical History of the Economy. On the Birth of the National and International Economies.

By Ryan Walter

London: Routledge, 2011. Paperback edition, 2014.

This short book, published in a series normally made available only in hardback, after three years has also come out in a paperback edition, the fourth of 34 titles so far. Since neither the publishers nor the series editors have added a note explaining why this is the case for this volume, and there is no new introduction by the author either, we can only guess why this was done. Other monographs in the series, such as Chris May's 'On Intellectual Property Rights', van Apeldoorn's 'On Transnational Capital and European Integration', books on children in the global political economy or the Tobin Tax, or Hannes Lacher's book on capitalism and IR territoriality, would seem to me to deserve a broader audience first.

Walter's book is a study of intellectual history and his argument is that 'the economy' was itself a product of that history, not a given at the outset. Originally wealth was discussed as one of several attributes of state power, and only with Adam Smith the economy was conceived as a sphere in its own right. This is then taken further with a discussion of Ricardo, because both Smith and Ricardo also delineated an international from a national economy. Hence the title.

The book is made up of three parts, one providing context and introducing the categories of 'political arithmetic' and 'counsel on trade'; the second is on counsel on trade in more detail, and then in Part III, 'Political Economy', come the chapters on Smith and Ricardo, one on domestic and one on the international economy for each.

Unlike Karl Polanyi, who in 'The Great Transformation' treated the economy as a natural given, a special field in every society, Walter wants to elucidate the historical trajectory of how the disembedding of the economy from society, which according to Polanyi was a violent, 'willed' process and not one inherent to human nature as liberals assume(d), came about intellectually. Since his analysis broadly follows the periodisation that Polanyi offers already, its originality resides in the method. In the Conclusion, the author takes aim at Robert Cox and the category of 'production' in the same spirit. Here again the argument is that 'historical investigation is subordinated to the requirements of an abstract and pre-determined theoretical framework' (p. 116). As with the economy in Polanyi, production in Cox, according to the author, is presented as an a-historical universal, whereas in fact it was itself a product of intellectual history. And although intellectual history accompanies real history, its insertion into it follows a logic which cannot be hypothesised or reified into a single naturalised category. It is inherent to processes of the social development of knowledge and therefore contextual, dependent on what authors (thought they) were doing when they wrote down their arguments.

The differences with Polanyi and Cox, I would argue, are subtle and boil down in the end to emphasising the contingent by adopting a more agnostic approach, as if categories quite different from the Polanyian economy or Coxian production might in principle also have emerged, which strictly speaking is correct but rather academic given what we know today. 'Critical' thus comes to mean, writing a fine-grained intellectual history with an eye for where the categories used originate within it, rather than adopting a critical stance towards society and re-reading history from that perspective and an express commitment.

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I would think that this latter approach (which applies to both Polanyi and Cox) is what critical social scholarship is about and that it in no way blocks the further, more detailed analysis of conceptual development as undertaken in Walter's account, on the contrary. Therefore I feel uneasy with the sort of cursory critique of the two authors mentioned. Isn't the 'critical' approach proposed here merely a refinement of our background knowledge, a deepening of our understanding of the historicity of categories used too often without further reflection? Is the claim that this approach contradicts the conclusions of authors who take their social responsibility more serious, really warranted? My answer would be no, except that by implicating the opposite, the author strongly suggests there is a methodological flaw both in Polanyi and Cox.

The seventeenth-century texts on trade were mostly written by counsellors who advised statesmen on what both considered a key aspect of state power, and in which obviously the statesman had the last word. The chapters in Part I are rich in detail and to this reader introduced some early writers he was not familiar with. Since the focus of the book is on de-naturalising the notion of the economy and seeing its emergence as a separate field of interest, arising from policy advice, this is not unexpected.

Once the crystallisation of an 'art of government' in the sense used by Foucault, and distinct from the Machiavellian art of maintaining personal power, had transpired, it was only logical that at some point the field of trade would appear as a relatively separate concern of state power. Foucault's example is mercantilism, and its understanding was premised on how the state would hold its own in a world of rivals. Daniel Defoe already distinguished trading nations from fighting ones and thought that the former would prevail in the longer run. But for early modern state counsellors 'there was no conceptual apparatus for projecting the process of wealth accumulation independently of the actions of states and statesmen, for the interconnections that trade was thought to engender between states possessed no ordering effects of this kind' (p. 63).

In Part III we get the detailed discussion of Smith and Ricardo. No longer counsellors on trade, they shift the focus to wealth production in its own right. The focus is now on labour as the activity to which wealth can be traced in the final instance, and the state as the central reference is replaced by the vantage point of private wealth accumulation. This entails, in the case of Smith, a concern with unproductive use of the human material that might also be utilised productively. Thus the state appears in a completely different light as a cost to and a burden on production and profit. The sovereign, Smith writes (quoted on p. 69) 'with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers'. If we think back to the Defoe's assessment two generations earlier, it is obvious why this is a waste.

The author argues that in *The Wealth of Nations*, the figure of the statesman is partially eclipsed by the 'moral subject and its decisions regarding the allocation of capital' (p. 76). However, I would contest that this would be a matter of theoretical advance in its own right, a higher level of abstraction, or the like. What if, from being a counsellor on trade to the statesman, thinkers moved to become 'counsellors on the economy to the ascendant factory owners', as Hume and even more so, Smith, were as members of the Edinburgh Select Society? As organic intellectuals they support the process of class formation of the emerging capitalists, just as prior generations of thinkers had served the interests of rising absolutism. Ultimately it is the development of society that constitutes the premise of all thinking, not an abstract trajectory of thought (the author rightly warns against seeing this as straightforward progress). How otherwise to arrive at a conclusion that 'the statesman should adopt a system of liberty wherever possible' if there wouldn't be a social interest behind that preference? With Ricardo, the author tells us, 'the relationship between profits and rent' takes the place of 'the state's strength and wealth' (p. 103). Can we really investigate this as a shift in discourse without taking into account that behind each category (profit, rent, state) there are definite social forces which want, and if they are not yet fully aware of it, need statements supporting their particular claims in the process of distribution of wealth?

I read this book as a long, informative appendix to a materialist history of thought in which the main body (the materialist history, which would include a sociology of thinkers and their concerns) is left unaddressed. Foucault, as so often, serves to highlight important aspects of a social analysis of which the essential power dimension remains in the dark.

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### About the author:

Kees Van Der Pijl is Professor of International Relations at the University of Sussex. He is known for his critical approach to Global Political Economy and has published, amongst others, *Three Volumes on Modes of Foreign Relations and Political Economy* (2007, 2010, 2014, Pluto Press); *Global Rivalries from the Cold War to Iraq* (2006, Pluto Press); *Transnational Classes and International Relations* (1998, Routledge); and *The Making of an Atlantic Ruling Class* (1984, Verso).