

Review Feature – Re-examining IPE

Written by Randall Germain

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RANDALL GERMAIN, MAY 26 2022

The Neomercantilists: a global intellectual history

By Eric Helleiner

Cornell University Press, 2021

Multicultural Origins of the Global Economy: beyond the Western-centric frontier

By John M. Hobson

Cambridge University Press, 2021

I have been teaching an introductory course in international political economy (IPE) for about two decades now, and it is one of my favourite teaching assignments. I get to introduce students to an important discipline of knowledge exactly as I wished I had been, which because I am of a certain age I was not. We cover the standard subjects of IPE, of course: trade, finance, production, development, capitalism, inequality, imperialism, geopolitical rivalry, and whatever else seems necessary to properly ground students in this exciting subject. If truth be told, however, the lectures that come at the beginning of the course, when I set the stage with IPE's origins and its enduring theoretical diversity, have always been where I shine. I hook them from the get-go, as it were, or at least a good many of them anyway. But now I will have to revise those lectures, rather substantially. You will too, once you read these books. Do not be daunted, though; a careful engagement will pay many dividends, among which will be a healthy corrective to the way we have told important parts of our disciplinary heritage. Thus does knowledge about our field evolve and improve.

It may be no coincidence that Eric Helleiner and John Hobson, two of IPE's most accomplished scholars, have written on topics that are joined at the hip. They each provide a global history, one of ideas and the other of large-scale transformation, that challenge core elements about our discipline — namely, that it originated from a singular train of ideas about the relationship between market economy and states, and that the global version of that market economy is the product of the Industrial Revolution and its direct off-spring, the British empire. We tell this story in many ways, and we often embellish it with nuance and complexity; we are, after all, rigorous scholars who care about the accuracy of our teaching. But if we are honest, until very recently, our story at its heart mostly involved the evolution of liberal capitalism and its consequences, which we traced through the global spread of *les bourgeois conquérants* and their European imperial masters. This is the story Helleiner and Hobson challenge, not so much because it is wrong in certain respects — we can all point here to our own favourite defects — but more-so because it is misleading, and because it is just not sound scholarship. I may have questions about some of their claims, but they are not enough to prevent me from revising my IPE lectures. Future students will deeply appreciate this, which is my way of saying thank you (again) to our two scholars: you have done us all a great service.

Broadening our horizons

These are big books, so I can only highlight some of their many contributions, but two stand out for me. The first is quite simply to broaden our intellectual horizons. They have undertaken research which we can all benefit from, and that is a huge contribution. For example, Helleiner explores over 60 neomercantilist thinkers in his book, and twenty-five of these in considerable detail. His main argument here is that neomercantilism is much broader and deeper — in a word, more *global* — than the work of Alexander Hamilton and Friedrich List. This breadth provides us with a wide

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array of material to use when we introduce students to the global history of IPE. The thinkers considered by Helleiner range across time (dating as early as China's Warring States era), across different cultures (for example Islam, Confucianism and other Asian traditions, Pan-Africanism and the Asante Empire of west Africa, and variants of nationalism from eastern Europe and Latin America), and across very different 'national' contexts (including sub-imperial versions and what he calls the diasporic neomercantilism of Marcus Garvey). Helleiner's grasp of neomercantilism is encyclopedic in its reach, and his survey is unusual in its refusal to cast judgement on his subject's ideas. They are delivered in an unvarnished form, which has the benefit of allowing us to use them on our own terms when we educate students about the multiple encounters between states and the market economy over the period of capitalism's global spread. After reading this book, our story of the principal intellectual counterweights to the forces advocating for liberal market economy cannot remain unchanged.

Hobson complements Helleiner's contribution here by challenging the long-established history of capitalism's global triumph as a purely *European* story. Europe, and the British empire especially, have always been deeply implicated in the spread of capitalism, but Hobson builds on a wealth of scholarship to argue that this process should more accurately be understood as Europe's incorporation into an already established and vibrant set of Indian and Chinese economic circuits, anchored by production and trade in textiles that were of far higher quality than anything the early industrialists of Britain and Europe could produce. This was a fully capitalist world economy, multicultural in form, and identified by Hobson as the 'first global economy', or FGE. At some point during the early nineteenth century, however, it transformed into a 'second capitalist economy', or SGE, and Hobson sees in this change the advent of 'modern capitalism'. Its driving force was the Industrial Revolution, or what he prefers to call the *Industrious* Revolution, to distinguish the significance of its labor-saving technologies that boosted productivity beyond what India and China could match. It was this development which leveraged British imperialism into a globalised market economy. Nevertheless, despite the ultimate transition to the SGE, Hobson insists that India and China cannot be overlooked as co-creators of a genuinely capitalist world economy; they must be written into our account of the birth of IPE. For me, the most important aspect of Hobson's research for our own teaching is to globalise our account of the origins of the world economy. It is not just, as a growing number of voices suggest, that we have a 'colonial' global political economy; rather, it is that this global political economy was in fact multicultural from its inception. This is the story we must tell to be true to the actual historical record.

Emphasizing movement and flow

The second contribution which these books make to how we should teach and think about IPE is to place even greater emphasis on movement and flow as the *sine qua non* of an IPE framing of the global political economy. In the world of ideas, as Helleiner makes clear, there is no such thing as a 'pure' ideational formation, or ideology as he styles it. Neomercantilism in the pre-1939 period is informed by a rich and diverse swirl of ideas, some directly connected to Adam Smith and the critical response generated to his liberal version of market economy, while others drew on traditions of thinking that were indigenous to parts of the world only recently touched by capitalist social relations. Neomercantilism also mixed and matched ideas without regard for their theoretical purity. In India, neomercantilists such as Mahadev Govind Ranade supplemented List's ideas with arguments drawn from India's *swadeshi* movement for self-made products. In Japan, debates about economic statecraft in the early Meiji period engaged, to some extent, the neomercantilist ideas of American political economist Henry Carey — whose work rivalled the influence of List in America, Germany and Japan — but more importantly, these debates engaged traditions that encompassed ideas from the *Tokugawa* period about commerce and industry, as well as from Confucian China. Helleiner points out that the circulation of ideas throughout Asia contributed to a deep and rich stock of ideas out of which a diverse response to European capitalism was fashioned. The market economy of ideas is built around a multicultural circuit.

Hobson's parallel contribution here is to globalise how we attribute agency in our accounts of the origins of the global political economy. He notes that one unfortunate by-product of our largely singular account of the creation of the modern world economy is that agency is confined to one motor force, usually some combination of *les bourgeois conquérants* and their imperial (European) states. Capitalism, exploitation, imperialism, slavery, violence: these are all the consequence of what Europeans did to others during the formative period of the expansion of the capitalist market economy. And while there is a lot of truth in this historical rendering, it is not the entire truth, especially if — as

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Hobson argues — Europe was initially incorporated into a pre-existing capitalist world economy that was anchored by Indian and Chinese capitalists. The history of capitalism, in this account, is pervasively multicultural. The logical conclusion here is that capitalist agency is also multicultural in its application, which means that the organisation of slavery and various forms of violence connected to economic exchange are not the sole purview of Europeans. Indians and other capitalist actors were active in perpetuating violence in the name of commercial exchange. For Hobson, multicultural agency in the global political economy generates a global distribution of blame, and he does not shy away from the logic of this uncomfortable truth. This research, without question, better enables us to teach our students about the multicultural origins of the global political economy in a manner that aligns much more closely with the actual historical record.

Caveats and disconnections

I have emphasised so far the contributions of our authors. However, these are also big and in some ways sprawling books, so it is not difficult to highlight features and claims that are not beyond reproach. Hobson, for example, offers an intriguing exercise to calculate the contribution of colonialism (and slavery, in particular) to British industrialisation efforts, concluding that the profits from what he calls the ‘Global Atlantic/Black Slave Production Driver’, together with the ‘Imperial-Military Debt Multiplier’, provided the necessary capital to propel modern (European) capitalism’s triumph in the SGE. This is a complex calculation that not everyone will accept, although I suspect that many will appreciate the effort. Similarly, we may not be as certain as Helleiner of the modern relevance of thinking about ‘economic’ statecraft from two thousand years ago — when power and might were calculated in very different ways, mostly because they were focused on instruments and processes which bear little resemblance to modern capitalist relations. Yet, we can appreciate his argument that this tradition should be included when we consider the determinants of how some Asian states responded to the (capitalist) West.

I will, however, flag one disconnect that I see at work in both authors — the way that they conceptualise and/or operationalise capitalism, or the accumulation dynamic which sets capitalist relations apart from all other forms of social relations. Nowhere in Hobson’s 450 plus pages, for example, do we find a working definition of capitalism, despite the heavy use he makes of this term, including extended engagements with scholars for whom it is a critical concept used with precision. How, then, do we assess his distinction between ‘historical’ and ‘modern’ capitalism, and his extended narrative of capitalism’s historical record, including Europe’s place within capitalism? He does not want to accept that capitalism and all its purported costs and benefits can be assigned to any single agent: capitalism, according to him, is from its inception a global phenomenon, and therefore both its positive and negative effects warrant a wider attribution. Slavery, for example, had many practitioners, who were not all European capitalists. But if everyone is a capitalist, and all economic institutions harbour capitalist features, where did capitalism as a world historical phenomenon come from, and why did only some capitalists (or their institutions) meet with success at a critical juncture in global history? I understand that Hobson wants to expand the attribution of agency in our accounts of change and transformation, but when you spread agency so widely, it is hard to see why some agents win and others lose in a manner that is so utterly transformative. I challenge readers to spot this agency at work in Figures 9.1 and 10.1, which purport to track the driving forces of transformation between the FGE and SGE.

In a similar vein, while I applaud Helleiner’s herculean effort to make visible non-Western contributions to neomercantilist thought, it is hard sometimes to see exactly how this concern with pre-capitalist ideas actually affects the trajectory of the encounter with the capitalist West. For example, Helleiner provides a very interesting discussion of the response of the Asante empire in west Africa to encroaching British imperialism in the early nineteenth century, suggesting that the Asante mercantile tradition — born of its trading roots — provided resources which Asante political leaders were able to harness as they considered how to engage with European traders and colonisers. The accumulation of wealth was highly valued by the Asante, and these commercial practices became a template around which their resistance to economic liberalism was fashioned. He notes a similar logic at work in parts of Asia. However, we are entitled to demand more here, especially in terms of how far ideas about pre-capitalist commerce and trade actually survived their encounter with the overwhelming capacity of modern capitalists. There is a reason why economies everywhere were transformed upon their encounter with capitalist social relations. And indeed, as Helleiner acknowledges, while non-Western ideas were circulating and available for use around the world, whenever

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those who deployed them came into sustained contact with actual capitalist forces, these ideas were either subordinated or accommodated to other ideas that provided real traction to drive a competitive response. Ultimately, it was the ideas that could generate wealth and power within a capitalist environment, whether liberal or neomercantilist, that survived to inform economic statecraft. In the end, while neomercantilism may possess a global footprint, that footprint — to this reader anyway — remains predominantly capitalist, modern and western in form and function.

However, none of this detracts from the contributions that Eric Helleiner and John Hobson have made to the disciplinary history of IPE. These are thorough and careful scholarly works conducted at the highest level, and they have provided arguments about the global circulation of ideas and the drivers of change and transformation that will resonate and be engaged with by scholars within and beyond IPE. It is also the case that our students will reap the harvest from what they have sown, as we revise those early lectures about our field to provide more accurate and honest accounts of the origins and history of the global political economy.

About the author:

Randall Germain is Professor of Political Science at Carleton University, Canada. He is the author of *The International Organization of Credit* (CUP, 1997) and *Global Politics and Financial Governance* (Palgrave, 2010). Most recently he edited *Susan Strange and the Future of Global Political Economy* (Routledge 2016). His current research projects explore the use of the idea of history in IPE and the future of world money.