



INTELLECTUAL HISTORY OF ECONOMIC NORMATIVITIES

EDITED BY
MIKKEL THORUP



Intellectual History of Economic Normativities

Mikkel Thorup
Editor

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Mikkel Thorup
Institute for Culture and Society
Aarhus, Denmark

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LIST OF CONTRIBUTORS

Casper Andersen is an associate professor in the History of Ideas at Aarhus University, Denmark. He has published extensively on British engineers as imperial agents and co-edited a five-volume collection on British colonial administration in Africa. His current research focuses on UNESCO and decolonization in Africa.

Jakob Bek-Thomsen is an assistant professor at the Department of Culture and Society at Aarhus University. He obtained his PhD from Aarhus University with a dissertation on early modern networks and scientific academies. Among his main research interests is the interdisciplinary nature of economic thinking, especially with regard to economic growth and circular economies.

Christian Olaf Christiansen is an associate professor at the Department of Philosophy and the History of Ideas at Aarhus University. He is an intellectual historian of twentieth-century economic and political thought. His main interest is to historicize ideas of pressing contemporary concern, ranging from the role of business in society to the history of social and economic rights.

Nicolai von Eggert is a PhD Fellow in the History of Ideas, Aarhus University, and is writing a dissertation on the economic and political theory of the French revolutionaries. Relevant publications include “Reappropriating Sovereignty” in *Tropos* (8:1); “The Right to Resist in the French Revolution” in *Victims and Agents*; and two co-edited books on the American and French Revolutions.

Louise Fabian is an associate professor at the Institute for Culture and Society, Aarhus University, Denmark. Fabian has published several articles on a range of topics, including spatial thinking, urban culture, DIY urbanism, social movements, mediated activism, cultural resistance, and cooperative learning.

Bue Rübner Hansen is a postdoc researcher at Aarhus University. His long-term research in intellectual history focuses on concepts of organization in classical German political and natural philosophy, particularly in Kant, Hegel, and Marx. He is investigating the relationship between societal problems, social movement practice, and ideation in the contemporary European crisis.

Stefan Gaarsmand Jacobsen is a postdoctoral researcher at Copenhagen Business School, working on the project “Sustainable Rationalities,” which investigates the economic philosophies of contemporary climate organizations. He has been part of the research project “Economic Rationalities in History” at Aarhus University, where he provided a critical perspective on the development of liberalist economic thought in the eighteenth and early nineteenth centuries and shed light on different attempts to democratize political economy from below.

Mathias Hein Jessen is currently a postdoctoral researcher at the Department of Business and Politics at Copenhagen Business School where he works on a project on civil society. He holds a PhD from Department of Philosophy and the History of Ideas, Aarhus University, Denmark. His thesis is entitled “Sovereign Bodies—Constitution and Construction of State, Subject and Corporation.” He works in the field of political and economic history of thought as well as contemporary political philosophy and is particularly interested in the state and its relation to the corporations and corporate bodies within it.

Thomas Palmelund Johansen is a PhD candidate in the History of Ideas at the Institute of Culture and Society, Aarhus University. His research interests include the circulation of economic knowledge and ideas about machinery in the early industrial period. His thesis work explores the contested nature of the concept of “useful knowledge” in Britain in the 1820s–1840s.

Eva Krause Jørgensen is a PhD and an lecturer at Aarhus University. Jørgensen’s research interests mainly revolve around political history and the history of political and economic thought in the long eighteenth century. In her work, she has been particularly occupied with how various political agents, in public or within the state, articulated, conceptualized, and (de)legitimated political, social, and economic ideas about agrarian reform politics in Denmark during the so-called reform period from 1784 to 1797.

Jonas Ross Kjergård is an assistant professor in the Department of Comparative Literature, Aarhus University. His PhD dissertation was a cultural history of French revolutionary human rights, emphasizing the importance of fiscal debates and economic thought with regards to the language of rights. His current research project focuses on slavery and the French-English competition in the eighteenth century.

Jaron Rowan, PhD is head of the Art Department at BAU, Centro Universitario de Barcelona. He also coordinates the research group *Objetologías/GREDITS*. He is currently working on a neomaterialist approach to culture and culture policy, and recently published *Memes: inteligencia idiota, política rara y folclore digital* (2015), a study on the political dimension of Internet memes.

Rune Møller Stahl is a PhD candidate at the Department of Political Science, University of Copenhagen, and holds an MSc in Economic History from the London School of Economics. His research focuses on the processes through which economic ideas gain influence in the wider political economy. His PhD project investigates the role of neoclassical economics in the neoliberal reform agenda in recent decades.

Jan Lohmann Stephensen, PhD is a postdoc at the AU IDEAS Pilot Centre, the Democratic Public Sphere, Aarhus University. He does research on creativity, democracy, and political economy, mostly in relation to digital media. He is also the editor of *Conjunctions: Transdisciplinary Journal of Cultural Participation*.

Mikkel Thorup is Professor with special responsibilities in the History of Political and Economic Thought at the University of Aarhus, Denmark. His publications include *Pro Bono* (2015), *The Total Enemy* (2015), *Intellectual History of Terror* (2010), and *Rousseau and Revolution* (2010). His research concentrates at present on the history of everyday economics.

Introduction: Profiting from Words

Mikkel Thorup

Whether shillings or arguments are being considered, evil consciousness consists of a man's awareness of the badness of the article which he intends to pass off as good.

(Jeremy Bentham, *Handbook of Political Fallacies*, 1824, §5.3)

On 28 August 1963, Martin Luther King gave his famous speech known by everyone for its moving "I have a dream" part at the end. Less known is the speech's start, where Dr. King laments the continued effects of slavery not yet remedied:

In a sense we've come to our nation's Capital to cash a check. When the architects of our republic wrote the magnificent words of the Constitution and the Declaration of Independence, they were signing a promissory note to which every American was to fall heir. This note was a promise that all men, yes, black men as well as white men, would be guaranteed the unalienable rights of life, liberty, and the pursuit of happiness.

Standing before what was then the largest crowd ever gathered in Washington, he declared: "It is obvious today that America has defaulted on this promissory note insofar as her citizens of colour are concerned." Mobilizing a religious rhetoric, he said, "Instead of honouring this sacred

M. Thorup (✉)

Department of Culture and Society, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

obligation, America has given the Negro people a bad check; a check which has come back marked ‘insufficient funds.’”

King powerfully combines an economic and a moral language and turns the individual experience of bankruptcy into a national shame. The truly insolvent is the USA. Working the daily experience of many blacks at the time, who were effectively barred from the ordinary banking and lending system, into his speech, he paralleled the nation with a bank: “But we refuse to believe that the bank of justice is bankrupt. We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. So we have come to cash this check—a check that will give us upon demand the riches of freedom and the security of justice.”

Coming out of a religious rhetorical tradition, the quoted parts of King’s speech demonstrate how economic and moral concepts can be intertwined rather than separate spheres.¹ The economic metaphors in the speech become powerful moral indictments because they are recognized and accepted as economic practices—practices which are then in turn dependent upon strong moral, often implicit, connotations. To pay one’s debt is both a moral and an economic imperative. In both the moral realm—like honouring one’s parents or paying one’s debt to society—and in the economic realm—such as paying back one’s bank loan, getting paid for a day’s work—the exchanges of debt and payments, obligations and expectations work, as they remarkably often do without question or protest, because the moral imperative borrows strength from the economic language and vice versa. To write a bad check is not only an economic and legal transgression but also a moral one. King’s speech works because the economic language draws upon the daily experience of the listeners and upon independent but interdependent economic and moral codes. The economic references in the speech are ordinary economic practices and institutions but they are also infused with moral ideas about reciprocity, indebtedness, promises, trust, and so on. They are, to phrase it in a way so that it is impossible to entangle the economic from the moral, dimensions of credibility.

ECONOMIC NORMATIVITY

This is what is meant by *economic normativity* in this book: the operative indistinctions of the economic and the moral; the ways they overlap and draw meaning and strength from each other; and the ways those overlaps can be subversive of purity claims from both the moral and the economic side. Basically, economic normativity is a conceptualization wanting to draw attention to the myriad ways ideas, concepts, meanings, and practices can be simultaneously economic and moral.

That is not to say that everything economic is also always already moral or that everything moral is also economic. Contrary to some studies related to this concept of economic normativity, the purpose is not to expose that economics is really morals by another name. That may be true or not, but is not the claim or issue here. The analytical starting point in the concept of economic normativity is to explore entanglements of the economic and the moral, keeping the historically specific and contextual content of “the economic” and “the moral” in clear view. “The economic” and “the moral” are languages situated in time and place, and the chapters in this book explore among many things how “the economic” was brought into conceptual existence as a sphere ideationally defined in opposition to many of morality’s characteristics like the personal and the intimate, but legitimating this separation in clearly normative terms. Their entanglements and conceptual overlaps, their explicit oppositions and implicit linkages, change from time to time and from case to case.

There is no one single or constant relation, but a relation there is. Anthropology and sociology have done a great job demonstrating these relations in the lived experiences of people all over the world, now and in the past, and this book gives a small contribution to that endeavour by adding the intellectual productions of the relations. This includes studies of how “the economy” was perceived before the modern functional differentiation, when economics was an explicit moral activity, and how possibly the gradual establishment of a differentiation between the economic and the moral was never complete; studies of the normative motivations of establishing concepts and institutions as economic and what conceptual moves were needed to establish “the economic”; studies of how economic terms are mobilized or translated as normative terms linking them to everyday justifications of behaviour, similar to what has happened to psychology and sociology as academic languages seep into everyday conversation and self-presentations; studies of parallel developments in economic and other languages, like the transition from a religious to a secular understanding of man and nature or the shift from a collective to an individualist culture, and how that translates into scientific theory building; studies of how normative terms are mobilized and translated into economic argumentations, and how the language of morality borrows from developments in the economic language; studies of how economic and moral imperatives become self- and other-defining resources for subjectivation processes and how the economic and the moral, the profitable and the just, to say it like that, oftentimes mingle and combine. An intellectual history of economic

normativity asks us to detail the conceptual production of indistinctions among the economic and the moral, also, or maybe especially, when that indistinction comes in the form of an explicit distinction.

Economic reasoning is historically contingent on contemporary, cultural, philosophical, scientific, and religious standards. It is filled with metaphors, images, models, and concepts borrowed from outside the world of economics. It is part of society's struggle with the proper codes of evaluation, part of the societal identification process, naming and owning "problems" and their solutions. It engages in constant practices of "authorization" and discursive constructions of the "true," "proper," "profitable," or "legitimate." It represents a historically contingent way of knowing, writing, demonstrating, advising, encouraging, and prohibiting, and as such is also to be found outside "pure" economics and economic transactions. We believe that these historical and cultural characteristics of economic reasoning, often involving questions of meaning, discourse, legitimacy, rhetoric, and use of language and metaphors, show that intellectual history has much to offer in terms of an in-depth understanding of the role economic thinking inside and outside economics plays and has played in societies past and present.

CASH AND OPINION

"Cash is fact. Everything else is opinion."² So spoke the London trader Terry Smith, echoing what many market actors and scholars think about the matter. There are the hard facts and numbers—the economy proper—and over there is all the soft stuff—culture, norms, opinions, and the like. This division has for a long time served economists and traders as well as social and humanities scholars; it is a neat division of labour reflecting preferences and interests rather than reality.

The cultural³ as well as metaphorical and rhetorical⁴ properties of economics and the economy are now a major field, as are increasingly its moral properties. What is really interesting is what circulates between or across cash and opinion, what opinions take shape as cash, and what cash as opinions, and what can be seen simultaneously as both cash and opinion, what—in the words of Bentham—happens when shillings and arguments are used, bended, counterfeited, exchanged, or mistaken for each other.

The mid-twentieth-century economist John Kenneth Galbraith once wrote that "man cannot live without economic theology—without some

rationalizations of the abstract and seemingly inchoate arrangements which provide him with his livelihood.”⁵ Galbraith may have captured the very essence of what intellectual histories of economic normativity are all about: studying how historical actors have justified and legitimized their economic practices. How did past actors and cultures evaluate, describe, or justify their economic activities, their financial investments, their slavery, or the household labour of women? How did they evaluate work or even recognize something as work, as legitimate work or profitable work? Which moral value did they ascribe to different forms of economic activities? Where would they place business, getting wealthy, working all day long, and so on, in their moral hierarchies of life?

The literature exploring the connections between the economic and the moral is enormous.⁶ One major and quite visible part of this literature is what Viviana Zelizer has called the “separate spheres” and “hostile worlds” approaches postulating a qualitative and constitutive difference between the economy and other spheres, the private sphere mainly, and a contaminating effect if mixed.⁷ A small sample of recent works would include Robert Kuttner, *Everything for Sale*,⁸ Debra Satz, *Why Some Things Should Not Be for Sale*,⁹ Thomas Sedlacek, *Economics of Good and Evil*,¹⁰ Robert and Edward Skidelsky, *How Much is Enough?*,¹¹ Michael Sandler, *What Money Can't Buy*,¹² and Philip Roscoe, *I Spend Therefore I Am*.¹³ Opposed politically yet related analytically are those, mainly neoclassical economists, trying to claim and police economics as a pure science free of all normative considerations. Others have argued that market activity creates moral virtues, persuasively done by Deirdre McCloskey in *The Bourgeois Virtues*.¹⁴ Still others subscribe to what cultural critic Thomas Frank has called “market populism,” an aggressive assertion of capitalism as the only true freedom.¹⁵ Recently a “science war” has sprung up in economics departments, not least initiated by dissatisfied students in economics departments and intensified in the aftermath of the finance crisis, where a group of critical researchers and students accuse the mostly neoclassical economists of wilful ignorance of the methodological and political biases of their work.¹⁶ This parallels the many efforts, too numerous to list here, of a “green economy,” a “new economy,” a “human economy,” and so on, explicating the moral issues of the economic system and turning the relation between the economic and the moral into political practice. The debate on economics and morality is ongoing and is increasingly debated and investigated in places beyond political struggle and economics departments.

Besides the classical history of economic thought and intellectual history dealing with economic thinking, primarily the classical economists,¹⁷ there is what, using a now familiar term, we can refer to as a “moral economy” literature. This is a genre of historical writing that often has crisscrossed borders between social history, historical sociology, and the history of economics. It includes important studies such as Max Weber, *The Protestant Ethic and the Spirit of Capitalism*,¹⁸ E.P. Thompson, *The Making of the English Working Class*,¹⁹ Albert O. Hirschman, *The Passions and the Interests and Rival Views of Market Society*,²⁰ Fernand Braudel, *The Wheels of Commerce*,²¹ Jacques Le Goff, *Your Money or Your Life*,²² Odd Langholm, *The Legacy of Scholasticism in Economic Thought*,²³ Karl Polanyi, *The Great Transformation*,²⁴ Robert H. Nelson, *Economics as Religion*,²⁵ Emma Rotschild, *Economic Sentiments*,²⁶ Jerry Z. Muller, *The Mind and the Market*,²⁷ Mary Poovey, *Genres of the Credit Economy*,²⁸ Bernard E. Harcourt, *The Illusion of Free Markets*,²⁹ and Mark Blyth, *Austerity—The History of a Dangerous Idea*.³⁰

All differences aside, they explore and expose the many ways that morality influences our economic thought and behaviour and vice versa. One may not want to categorize them all as intellectual history—some lean more towards event history, literary history, or sociology—but they all have the history of thought, the historical contextualization of economic thought, at the centre of their analysis. One would, as an intellectual historian of economic thought, be much disadvantaged without these works, and they demonstrate how the issue we propose to call economic normativities has been developing—albeit under other names—throughout decades of research.

One of the things characterizing most recent work done in what we can call economic intellectual history³¹ or the intellectual history of economic thought is that it is no longer merely history and philosophy that serve as inspiration and source material. The work of other disciplines inspire still more and serve to broaden what intellectual historians can do with economic issues, what is seen as relevant “intellectual” production to analyse, and what materials and methods to use. Let us briefly mention four such disciplines relevant for our concern here.

Sociology and anthropology have made very detailed investigations of the moral content of economic behaviour. Anthropologists have greatly expanded our understandings of markets and market relations, evident in works like James C. Scott, *The Moral Economy of the Peasant*,³² Jonathan Parry and Maurice Bloch, *Money and the Morality of Exchange*,³³

James Carrier, *Meanings of the Market*,³⁴ and the recent David Graeber, *Debt*.³⁵ Sociologists have added to this complexity with studies of how people provide meaning and narrative to their economic practices, and have made significant contributions to the understanding of how collective systems and individual behaviour is interlinked. This is shown, among others, in Margaret Radin, *Contested Commodities*,³⁶ Marieke de Goede, *Virtue, Money, and Faith: A Genealogy of Finance*,³⁷ Rob Aitken, *Performing Capital*.³⁸ Luc Boltanski and Ève Chiapello, *The New Spirit of Capitalism*,³⁹ David Stark, *The Sense of Dissonance*,⁴⁰ Alex Preda, *Framing Finance*,⁴¹ Jacqueline Best and Matthew Paterson, *Cultural Political Economy*,⁴² Pierre Bourdieu, *The Social Structure of the Economy*,⁴³ and Viviana Zelizer, *Morals and Markets*.⁴⁴

Two other very important lines of critical inquiry that have enormously impacted the debate on the hidden presuppositions and implications of economics as a science and the economy as a practice are feminism and post-colonialism. Feminist or gender studies have exposed the biases inherent in the very terms and methods used in economics and have thereby shown some of the ways culture and norms get translated into knowledge and practice systems. A few of the many interesting studies are Michèle Pujol, *Feminism and Anti-Feminism in Early Economic Thought*,⁴⁵ Marianne Ferber and Julie Nelson, *Beyond Economic Man and Feminist Economics Today*,⁴⁶ and Nancy Folbre, *Greed, Lust and Gender*.⁴⁷ Like feminism did with the man lurking in the neutral science of economics, so has post-colonialism done with the West—that is, shown how key concepts are morally loaded and culturally biased towards a certain modernist, Western conception of the profitable and the efficient. A highly interesting contribution is *Postcolonialism Meets Economics*,⁴⁸ which takes post-colonialism a significant step away from literary and political criticism into economic investigations.

Sociology, anthropology, feminism, and post-colonialism challenge intellectual historians to expand our relevant themes and materials and to question assumptions and reading strategies. These contributions add to the ways we can historicize and contextualize our studies. A gathering theme of all of the named studies above and many like them has been to look at how historical actors have claimed moral authority for their economic activities. Through a sometimes creative appropriation of historically specific values and discursive patterns, individuals and groups in society have sought to procure moral legitimacy for actions hitherto considered amoral or just not relevant as economic practices. Today, most

histories of the moral dimension of economy would probably refrain from asking questions about what came first—a change of discourse and moral evaluation or economic change. What still needs studying is, rather, the intersection of moral discourse and economic activity as it evolves and changes through history: the issue we propose to summarize under the title economic normativities.

Since morals are developed, distributed, and negotiated discursively, a moral history of economy will place great emphasis on discourse, culture, and social constructions, which means that they differ markedly from analytical histories of economic thought, as regards both the kinds of research questions asked and the materials used. Moral histories are not interested in the “perennial questions” of economics, such as what really constitutes economic value, what actually defines a market, what money is, what causes inflation, and so on. Instead, it is interested in how actors have understood and conceptualized as well as justified and legitimized economic activities. This involves knowledge about historical contexts, and about which competing moral values and discourses were at play in different settings. It requires knowing about a particular society’s moral norms, cultural values, epistemological underpinnings, scientific methodologies, judicial practices, or religious ideas.

Moral ideas are not exclusively expressed in any one textual genre. On the contrary, discussions of morality seem to blur common distinctions between high and low literature, science and fiction, and public and private texts, which means that those interested in moral histories of economy are attracted to a wide variety of different kinds of historical documents: from merchant handbooks to investor manuals, from political pamphlets to popular management books, from a slaveholder’s personal diary to utopian visions of a new economic and social order, from religious treatises and sermons to political and economic thought. Whereas this plurality of sources might be confusing if handled uncritically, it also, potentially, allows for much more nuanced depictions of historical events and situations than one done solely through canonical texts. The plurality of textual genres, furthermore, has the benefit of admitting unfamiliar voices into the historical inquiries, since these might have had an influence from a moral perspective that they lacked from a more traditional qualitative or canonical point of view.

In his bestseller *23 Things They Don’t Tell You About Capitalism*, Ha-Joon Chang argues that the first and most fundamental untold thing about capitalism is that there is no such thing as the free market. Chang,

therefore, sets it as his agenda to expose the idea of a free unregulated market as a politically influential myth. He does so by emphasizing the many ways in which markets are always regulated and bounded by states, laws, norms, or other institutions, a fact that is, for example, evident in the regulations of child labour since the nineteenth century or in the market for medical treatments and in the environmental protocols of the twenty-first century. As such, the history of capitalism needs to be seen as a constant struggle over the boundaries of the market and over its regulations rather than as the history of “the free market” versus “state regulation.”

Chang’s analysis is relevant because it draws our attention to the ways in which agents speak about the free market and more generally about the regulations of economic activities. Chang insists that “how ‘free’ a market is cannot be objectively defined. It is a political definition,” and he cogently observes that we are most inclined to “see a regulation when we don’t endorse the moral values behind it.”⁴⁹ While the free market and market forces may not exist as independent, natural entities, the *idea* of the free market has been influential in history, and the evaluations of “free” and “fair” are economic normativity in action. This is also amply shown in the chapters below. As Timothy Mitchell has demonstrated, “the economy” as an academic and political concept is a recent phenomenon:

The emergence of the economy, then, should not be examined merely as a conceptual innovation within the discipline of economics or in general social theory. These intellectual developments accompanied and interacted with a broader discursive change in which political and social practice constructed a new object.⁵⁰

What Mitchell has done in historicizing “the economy” and contextualizing its appearance in both discursive and non-discursive practices, as development of answers to practical and cognitive challenges, this volume tries to do with a range of related terms, paying attention to his reminder that “a representation is never, as it always pretends to be, a mere representation.”⁵¹ In modern Western debates over the economy, the complexity of economic relations has been a consistent topic. The production and circulation of goods in a whole society, be it a village or the whole world, has been described and analysed with myriad different concepts, none of which have been immune to critique. Nevertheless, self-proclaimed political or scientific “truth-tellers” have constantly attempted, in the face of enormous complexity, to push a certain simplified conception of what we are dealing

with. The application of vague words and general arguments and their social consequences is what critical historians are especially attentive to.

TEMPORALITIES, PAST AND PRESENT

Everyday life is mostly implicit. Not that everyone is not talking, debating, and shouting, but everyday life does not substantially call for a constant reformulation. It lives on its implicit naturalness. One could even define everyday life as a life in need of no new concepts. Let us push the point further and state that in everyday life the past, present, and future collapse into the ever-now, along with the assumption of repetition and the expectation of continuity.

Reinhard Koselleck speaks of a profound shift in the so-called *Sattelzeit*, circa 1750–1850, from experience as the preeminent social modus to expectation and that modernity is characterized by a continuous and perhaps accelerating separation of the two. This is making experience, that is, the extrapolation of the past into the future, ever more precarious, or even obnoxious, to a present that is fixated on the horizons of future possibilities. Taking this differentiation from its epochal-geographical point in modern Europe and generalizing it, we could perhaps state that there is an ever-present tendency to naturalize and thereby detemporalize everyday life, a life that is dependent, for its cognitive security, on a notion of continuity, of ever repeating the past, of experience as a sure guide to the present and future.

The other social modus, expectation, requires a break; it necessitates a double movement of both unknowability and assurance. When decoupled from experience as a guide to the future, contingency and unknowability become prominent. When the future is open, it is also unsure. However, a radical understanding of that would paralyse any social action. Instead we get expectation, lines drawn from the present into the future, and extrapolations of hope promising to become realities. The assurance once provided from the past is now to be provided from the future—from the expectations of the future, but also from the signs in the present. Speaking of the radical or the revolutionary, John Pocock has said that such an actor “reconstructs the past in order to authorize the future; he historicises the present in order to deprive it of authority.”⁵²

Breaks or ruptures in everyday life force forward retemporalizations and reconceptualizations. Any revolution, big or small, is almost by definition illegitimate. It disrupts the ever-now and at first offers nothing

but discontinuity and uncertainty. The known is discarded or devalued in return for what at first is nothing but the unknown or weakly conceptualized. If everyday life is legitimately silent, ruptures are public and talkative. There is a pressing need to close the gap between the discontinued past and the unknown future. Concepts and assurances, lines and projections, reconstructions of the past and historicizations of the present are needed to provide the security once provided by what we may term continuous continuity or retrospective continuity.

Now a projective continuity is called for, which can explain the relation between a present suddenly precarious and a future suddenly unknown. Legitimizing the new provides conceptual and explanatory material to make the future as reassuring as the past used to be. The task then becomes to explain what needs to be done and what must be thought differently in the present in order to assure the future. What to put instead when experience is reinterpreted as misleading?

The history of economic thought is a privileged site to observe these temporal reconstructions to legitimize the present. Since the beginning of the transitional epoch that Reinhart Koselleck⁵³ referred to as the *Sattelzeit*, economic reasoning has been dependent upon certain historical narratives of transitions between different epochs broadly defined by their mode of production. Whether it is Adam Smith or Adam Ferguson describing a stage theory going from hunter-gather societies to commercial ones, Karl Marx basically reproducing the model but adding the hope of a successor communist stage, or contemporary descriptions of the experience economy or knowledge economy, they are all explicitly or implicitly dependent upon arranging and selecting historical facts. The past becomes the accumulation of promises of the present or future.

The new present or the promising future needs new names, and new societal characterizations that mark both the break with the past and the trajectory of the future. This was “commercial society” for people like Adam Smith and David Ricardo, “the communist society” for Karl Marx, “industrial society,” “market society,” or just “capitalism” in the early decades of the twentieth century, and a rapid progression of new societal self-descriptions in the latter parts of the twentieth century and the early part of the twenty-first: “service society,” “leisure society,” “post-Fordist society,” “risk society,” “dream society,” “knowledge society,” and “creative society.” All of these terms need elaborations. They need to be made relevant, hopeful, and all-encompassing, which is the work of intellectuals and writers of all sorts, who often produce philosophical

tracts, governmental policy papers, journalistic pieces, consultancy work, conference proceedings, and so on. Much work and many words go into making a new term viable and persuasive.

One of the tasks of intellectual history is to understand the historical constructions of epochal terms and their embedded temporalizations. A related task, one fulfilled a whole lot less than the ordinary “history as the past” approach mastered by intellectual historians, is the *intellectual history of the present*. In all modesty I explored (successfully or not, as others must decide) how to go about such a task in my book, *An Intellectual History of Terror*,⁵⁴ and the final two chapters in this volume are attempts at contemporary intellectual diagnostics taking cultural economy and creativity as their subjects. But in all the contributions temporal issues are at the forefront.

One word, however, is probably useful concerning the final two chapters. They stick out not only epochally but also in terms of materials and methods used. Rather than having an engagement with history as a discipline, they relate and develop their argument with the social sciences, sociology and political economy in particular. As an intellectual historian one is always in dialogue with other disciplines and when dealing with the present it may not be history but diagnostic approaches in other fields that are the main partners in crime. The material used is also somewhat different, or rather, it looks different, because it’s so contemporary, so well known, that it may at first glance seem below a proper intellectual historian to deal with: government papers, newspaper clippings, management texts, self-help manuals...one is struck not only by the sheer amount of text being published nowadays but also by its plurality. Our intellectual history effort must reflect this more rigorously than hitherto and the two final chapters of this volume tries to do just that.

INTELLECTUAL HISTORY OF ECONOMIC THOUGHT

In the last section of the concluding notes to his seminal work *The General Theory of Employment, Interest and Money*, John Maynard Keynes famously wrote that

the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the

slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.⁵⁵

Expanding from Keynes' quite elitist view of a one-directional move from idea-producers to practical doers, we can acknowledge that the world is ruled by notions of right and wrong, just and unjust, profitable and non-profitable. Men and women engaged in what appear to be purely practical pursuits may be consciously unaware of the ideas and concepts guiding and defining their actions. Nowadays, we do not usually consider murdering, raping, or pillaging our fellow human beings, to take an extreme example, nor do we consider the pecuniary possibilities of slave trade. Intellectual influences, to use Keynes' words, or just plain ideas, do rule the world of actions in their subtle rearrangement of what presents itself as natural, obvious, good, charitable, or the opposite.

As noted above, Keynes' list of idea-producers includes us all. In this context, actions can be understood as testing out ideas; we evaluate, gossip, brag, or just contemplate our own actions and those of others; we talk and listen, thereby participating in endless adjustments and occasional disruptions of consensus. There is obviously a hierarchy of idea-producers and Keynes is right to single out economists and political philosophers, though these professional categories need to be broadened too (as Jan-Werner Müller has recently done⁵⁶). These days, professional economists are not the only ones developing and evaluating economic models and reasoning; this also applies to commentators, management thinkers, think tanks, public servants (as Keynes, being one himself, was probably aware), and others. Likewise, the label "political philosopher" is now too narrow to describe the range of thinkers and authors contemplating and explaining our political world. The contributions in this book represent a small testimony that this expansion of idea-producers is not a novel phenomenon. Rather, ideas are what we all help to create and sustain, while doing all the other things we do. Some idea-producers are just more vocal, determined, or privileged than others.

Let us briefly visit one such idea-producer. In 1494 the Italian monk and mathematician Luca Pacioli wrote in his treatise on bookkeeping that a good merchant needs three things: cash, a good bookkeeper, and the ability to organize all transactions in a systematic way, "for if he does not put each thing in its own place, he will find himself in great trouble and confusion as to all his affairs."⁵⁷ Bookkeeping is both a mathematical

and an epistemological exercise necessary for the spiritual and financial well-being of the merchant. “The purpose of every merchant,” he writes, “is to make a lawful and reasonable profit so as to keep up his business. Therefore the merchants should begin their business with the name of God at the beginning of every book and have His holy name in their minds.”⁵⁸ That is but one small example of how to profit from words: invoking God, saying and writing God’s name, both as an assurance that this is a lawful and reasonable profit—covering the notions of legal/illegal as well as just/unjust—and as evidence that it has the divine blessing, covering the notion of being saved/damned. Pacioli is one example of economic normativity in action where the economic, the moral, and the religious are interchangeable, and they first become visible as separate languages from the vantage point of secular scholarship some hundreds of years later. Contextualizing the intellectual environment in which what appears to us as a strange indistinction makes perfect sense, and is what intellectual history is all about: exploring the ways in which people produce narratives of the meaningfulness of their lives situated as idea-producing agents between cultural truths and intellectual traditions as well as material conditions and societal enforcements.

In his *Second Treatise on Government* from 1690, John Locke said that the same laws of nature that give us property “bound that Property too.”⁵⁹ We are not free to use our property in any way whatsoever and still maintain it as our own property. Property right has enabling as well as constraining powers. This fits nicely with a fundamental claim of intellectual history: namely, that all statements both facilitate and limit action. We can only do that which we are able to explain and legitimate as a reasonable form of behaviour, as detailed by Quentin Skinner,⁶⁰ and this legitimization constrains possible contemporary and future actions. That is, at least if our actions are to be seen as legitimate actions.

Applying this fundamental claim to the history of economic reasoning, we can easily appreciate that what counts as legitimate economic activity, whether it concerns company profit-making, banking activity, household labour, begging, or the like, is highly historically contingent. The economic practice of slavery, for instance, has become impossible to justify. Profit-making, on the other hand, seems to have altered its status from being ill-regarded, partly due to religious beliefs, to becoming the norm, although this has once again started to be challenged due to a broad range of social and environmental concerns, for example. In brief, economic reasoning and practice are historically embedded.

The chapters in this book demonstrate different ways of dealing with the historicity of economic normativity. The arguments, practices, texts, and concepts investigated are not bound to a specific time period or a specific national context. The “classical” question in intellectual history is one of beliefs. What did certain actors of a certain period think they knew about the economy? Indeed, in the Cambridge school of political and intellectual history one of the hallmarks has been not to focus only on the development of a received canon of “great thinkers” but rather to provide analyses of the wider context of the debates in a certain period. This has been very helpful in correcting the most bombastic teleological claims about the political trajectory of European political and economic history. It has, however, also made it difficult to gain an insight into the way political theories are responses to broad social, economic, and even environmental problems of their age, on the one hand, and the effects of political theories on the fields that they try to theorize, especially when it comes to their impact on the development of economic policies, on the other. The complexity of the traditional (intellectual) histories have meant that the stress is on *understanding* the debates of a certain era, rather than *explaining* a specific development over a longer time span. Therefore, the consequences of certain patterns of thought, understood as applied economic theories and policies, can often be lost in these finely woven webs of context, a context which tendentiously is reduced to the intellectual sphere.

A critique along these lines has recently been raised by Ellen Meiksins Wood, who points to problems in the Cambridge school framework of properly addressing the historical processes that their political languages, concepts, and texts are part of:

At neither end of the Cambridge historical spectrum, from the very local episode to the long and wide-spread tradition of discourse, do we see any sign of historical movement, any sense of the dynamic connection between one historical moment and another or between the political episode and the social processes that underlie it.⁶¹

Wood’s position is well taken and we can use it here to situate this book’s approach alongside that of economic history. Rather than map out that expansive approach, I aim to briefly debate one of its most important contemporary figures, Roger Backhouse. I do this because we in this book come from intellectual history and move towards some kind

of economic history, while he comes from economic history and moves into some kind of intellectual history.

In his small but wonderful *Penguin History of Economics*, Backhouse describes his history writing as intellectual history because it is not “concerned with the economic phenomena themselves, but with how people have tried to make sense of them.”⁶² The people turn out to fit a quite particular division: philosophers and theologians mostly in the premodern period, political philosophers and lawyers mostly in the early modern period, and almost exclusively professional economists from the mid-eighteenth century onwards. The first two periods resemble what many intellectual historians would do, and the thematics are also quite broad, but it narrows in as we move up towards the present. Backhouse mirrors the economy discipline narrative of the prescientific versus the scientific era, where I along with intellectual, social, and cultural historians would emphasize that “the economic” continues to be something debated and developed by all kinds of people. So while he states that “economic ideas are an integral component of culture,”⁶³ he does only give scant attention to how culture continues to be an integral component of economics and the economic. Backhouse is very sensitive to the plurality and historicity of economic thinking—he is expanding the traditional canon of great thinkers and big issues—but for better or worse he does “aim to explain how the discipline reached its present state,” making “developments within its theoretical ‘core’”⁶⁴ the most important to cover.⁶⁵

So, the main difference when it comes to exploring the history of economic thought between this book and someone like Backhouse is his limitation to a “discipline history,” the discipline of economics, the development of economic theories, the work of economists. While intellectual history will want to deal with perceptions of *the economic* (and social and cultural history with *economic life*) and pursue it in all kinds of materials and social settings, economic history remains predominantly interested in *economics*. Some years ago Stefan Collini gave a definition of discipline history that does cover much economic history writing and the way their materials and questions are picked. Discipline history, he writes,

[...] offers an account of the alleged historical development of an enterprise the identity of which is defined by the concerns of the current practitioners of a particular scientific field. For the most part it is assumed that such accounts will be written by those who are trained in the modern practice of the discipline, and that the relevant audience will be primarily composed of other practitioners.⁶⁶

The latter is quite important. Discipline history is mostly written for practitioners in the field, though they often seem quite uninterested, and economists probably the most of all the social sciences.⁶⁷ This understandable and legitimate enterprise of writing one's own discipline history can be expanded or supplemented by intellectual history that has no discipline of its own, no practitioners (other than other intellectual historians), no field all its own to demarcate, define, and defend.

One important question that comes out of not staying within economic history proper is asking who decides what is part of the economy, in the sense of what belongs to the market, and what does not, what is economics and what is not. Economic historians tend to freeze the concept of the economy in delimited epochal prescientific and modern scientific versions. In his latest book Keith Tribe remarks that "instead of this essentially 'ancient and modern' perspective, we should think in terms of a constant transformation of the conceptualisation of economic activity from ancient Greece right through to the present."⁶⁸ The question of what, at certain points in time, we take the economy to be and entail, has also driven much Marxist and critical research into the development of capitalism that again underlines the importance for the conception of the economy of the processes that introduce new forms of ownership and new ways of distributing the products of work. In short, it is not primarily the economists who decide on what is "economic"; the extent of actual economic processes, which economists can try to model and demarcate, is given in the daily practices of exchange and wage labour, and expanded through processes of the commodification of products, resources, lands, and activities as well as co-conceptualized through social and political struggles outside the science of economics.

THE BOOK

The Intellectual History of Economic Normativities is an anthology of case studies within the history of economic thinking. The guiding idea is to explore how our economic conceptions and arguments were developed and formulated in specific historical contexts and how they have informed subsequent thinking and argumentation of economic issues as well as practices understood to be economic. By enlarging the meaning of "economic," we seek to argue that the history of economic thought is more than the history of the economy and economists. Economy signifies not only something there is—but also something we do, say, and think.

Economy also covers arguments, perceptions, and actions. It is deeply embedded in many complex ways with moral reasoning and normative evaluations. Going from “the economy” to economic reasoning, we see that the latter is embedded in ideas, practices, cultural codes, behavioural norms, religious prohibitions, societal and institutional conventions, scientific standards, jokes, aesthetic products, and so on. It plays out in the totality of human physical and mental productions. It is not limited to tables showing inflation rates or profit margins; nor is it something restricted to professional economists or bankers.

Economic reasoning is something we all do constantly—testing, describing, and explaining our behaviour using economic models and metaphors or using non-economic language to describe our market behaviour. As Michael Sandel demonstrates in his most recent book, *What Money Can't Buy*, economic reasoning reflects highly influenced non-economic standards of evaluation, whilst also being thoroughly historical.⁶⁹ In a sense there is no such thing as *the* economy. There is only an endlessly changing flux of people doing, thinking, and speaking economically, or what they perceive to be economically, creating economies as they go along.

This book is not specifically about economics as a social science discipline, but more broadly about how we all reason about economic issues and decisions as communities, businesses, and individuals. The book provides important insights into the historical formulations of economic science and an economic language distinct from other social, moral, religious, and scientific languages. At the same time it highlights how those other languages informed—as inspiration and as opposition—the development of an economic language proper, and how those other languages were also informed and transformed by the continuing reflection and conceptualization of economic issues.

The guiding analytical approach of the book is based on intellectual history or the history of economic thinking. The book brings together young scholars from or related to intellectual history and with a special interest in the history of economic thought. This allows for some new perspectives and approaches, and signals an increasing interest in economic issues in an academic field, intellectual history, which has been predominantly concerned with the history of political thought. Our assertion is that the contributors' interest is indicative of a broader redirection of focus that this book hopes to support and accelerate.

The aim of the book is to further an ongoing, but still quite minor, orientation towards an intellectual history of economic ideas and economic

life in broader terms. We hope to demonstrate that economic reasoning is a fertile field for intellectual history that has all too often been left to economic historians or even economists—perhaps due to the degree of mathematical reasoning in neoclassical economics or to a sheer “fear of numbers” in the humanities sector.

The contributions to this book demonstrate, each in their own way, how intellectual historians can go about studying the history of economic ideas. One point to note is that such histories do not have to revolve around the theories of “big economic thinkers,” but can trace economic reasoning and discourse at various levels. Furthermore, it shows that the contexts for understanding “big economic thoughts” must be expanded beyond the imagery of an isolated and timeless community of fellow economists.

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The Greed of Gold: Early Modern Conceptions of Money, Nature and Morals

Jakob Bek-Thomsen

In his four treatises on the family and domestic life from the 1430s to the 1440s, Leon Battista Alberti described the ‘*santa cosa la masserizia*’—the sacred art of keeping of a household.¹ By pointing to the sacredness of organising and administrating one’s economic affairs, Alberti did not just refer to the traditional moral restraints on medieval and renaissance economic transactions but also to a shift in attitudes regarding the accumulation of money and its benefits on both a personal and societal level. Gradually, the acquisition of wealth was becoming a quality or even a ‘necessity for the good of virtue,’ as Thomas Aquinas stated.² Alberti was part of the humanist movement, which sought to reinterpret the classical ideas and break from what they considered medieval dogmatism. Part of this humanist revision happened in natural philosophy, where the rise of mathematics and calculative innovations proved ideal to an economic authority challenged by religious pietistic decrees. As such, ideas about money and economy were shaped by the ongoing transformations in the humanistic, religious, and scientific areas where the origin of a positive economic authority was conceived. This chapter aims to reevaluate previous studies on early modern economic thought but with specific attention to more recent studies on knowledge production and pre-scientific

J. Bek-Thomsen (✉)

Department of Culture and Society, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

approaches to *oikonomia*. The main purpose is not to reignite the Sombart/Weber debate on the origins of capitalism but rather to illustrate the depth of the ‘interdisciplinary’ knowledge that formed ideas and thoughts about economy in the Early Modern period.

IDEAS OF THE ECONOMY

There was no theory of economics during the Renaissance. The structural organisation of intellectual theories about an economy did not fully manifest until the seventeenth century and was not institutionalized until the nineteenth century.³ However, that did not prevent the flourishing of *ideas* about money, wealth, affluence, and debt during the Middle Ages and early Renaissance period.

In the present chapter, I use ‘economy’ as shorthand for different practices, ideas, and thoughts related to *oikonomia* and trade in the Early Modern period. While I’m aware of the potential anachronism, I value the concept as an overarching term bridging different knowledge areas together. Thus, thoughts about economy circulated in many different forms, from ideas about the domestic household and the family to etiquette and civil manners. This approach is in many ways similar to Tomas Sedlacek’s analysis in *Economics of Good and Evil* where categorical distinctions are sacrificed for the benefit of a more interdisciplinary study of *proto-* or *meta-economics*.⁴ Sedlacek’s book traces instances of economic ideas in myths, religion, theology, and philosophy and the reverse without reducing one to the other. Like the present chapter, Sedlacek tries instead to show how, perhaps especially during the Early Modern period, economic ideas and morals worked simultaneously.

As noted by the economist Allesandro Roncaglia, it is possible to identify two intellectual streams that concerned economic behaviour and functions in the pre-theoretical period: one was the moral concerns of how to conduct oneself in economic affairs; the other was scientific or analytic efforts to deduce an economic *scientia* of society.⁵ Obviously, these two were connected and intertwined as commentaries and reinterpretations of either *Oeconomicon* by Xenophon or the pseudo-Aristotelian work *Oeconomica*. The art of household management was working on both a macroscopic and microscopic level from the administration of government to the daily handling of a family. In the words of Xenophon: ‘The management of private concerns differs only in point of number from that of public affairs. In other aspects they are much alike.’⁶

The connection between the individual and governmental administration of economic activities has also been noted by John F. McGovern in his studies of what he labelled ‘Economic Humanism.’⁷ In his impressive study on the economy of Renaissance Florence, Richard Goldthwaite addresses a similar strain of ideas, albeit under the label of ‘civic humanism.’⁸ Goldthwaite stresses that in his view, proponents of civic humanism never crossed the threshold to systematic economic analysis, which in his opinion makes it more a question of morals rather than economics. This much-overlooked perspective on Early Modern attitudes to economy is worth reconsidering in light of the recent studies on the concept of *historia* during the Renaissance. The *historia* genre spanned both the study of nature and the study of culture. Contributors to the scholarly literature on *historia*, such as Anthony Grafton and Nancy Siraisi, have argued on how the concept became part of the struggle of securing accurate knowledge in the early modern world.⁹ The concept *historia* has its origins in the less prestigious Aristotelian concept meaning incomplete knowledge that dealt only with the how of things and never the why of things—otherwise known as causes. Through the humanist revaluation of antique knowledge, *historia* transformed into an epistemological alternative that, based on experience or direct observation, was able to produce valid, trustworthy, and non-causal knowledge. Apart from illustrating a much closer link between the humanistic movement and the scientific revolution than what has previously been done, the attention to *historia* in the history of economic thought can help us understand elements of the pre-history of economic theories. Why is *historia* important to the understanding of economic ideas? It is important because it enabled humanist opponents of scholastic dogmatism to produce valid knowledge that was legitimized outside the universities and monasteries, and to suggest alternative modes of knowledge besides scripture and academic philosophy. This in turn made it possible to combine the humanistic goals of self-improvement with more general aims of a better society. As such, some economic ideas became something more, or something else, than merely morals disguised as economic practices. But they did not appear as economics proper either. Social status and its tie-in with moral conduct were at the very heart of economic ideas and activities—as they were with all activities of middle- and upper-class Florentine citizens.

Parallel with the humanist ideas flourishing in Renaissance Italy, other factors had an impact on the development of economic thought. One was the successful expeditions to new and previously unknown cultures, which revealed not only abundant earthly riches but also alternative cul-

tures of value and trade. Another was the development of new epistemologies from especially the British empiricism, which paved the way for an economic reasoning.¹⁰

ECONOMIC HUMANISM

The late historian John F. McGovern saw economic humanism as a necessary yet indeterminate parallel to the later economic nationalism.¹¹ The simplest definition of economic humanism is basically an appreciation of the economic activity of an individual. If this is understood as the microscopic level, then the amplification of the term on a macroscopic level became economic nationalism, which McGovern defined as a state's interest in wealth. The main issue at stake is the changing attitude, on both an individual and an administrative level, wherein wealth and the acquisition of goods beyond what is 'necessary to live' is a good thing and even a virtue.

Religious and philosophical authorities had placed economic affairs low in the hierarchies of life and salvation. Christianity asked that people involved with money should be *forgiven* for their sins, as with Zacchaeus in Gospel of Luke. Certain Christian orders, such as the Franciscans, contended that the only true worship of God could come through a life in absolute poverty without possessions or ownership of any kind. The association of money with the devil is a familiar story and image often used as the temptation of just and virtuous men.¹² The philosophers, most notably Aristotle, who was a great influence and an often-quoted authority in the late Middle Ages, were also cautious when it came to the handling of money combined with the talking of interest:

As it is so, usury is most reasonably hated, because its gain comes from money itself and not from that for the sake of which money was invented. For money was brought into existence for the purpose of exchange, but interest increases the amount of the money itself. [...] Consequently this form of the business of getting wealth is of all forms the most contrary to nature.¹³

This specific kind of monetary activity—the taking of interest—was particularly despised by many scholastics and theologians of the Middle Ages. Although the modern use of usury normally signifies an excessive charge of interest rates, it has been used historically as the charging of any interests.

Traditionally, most scholarship has concentrated on the scholastic anti-usury sentiments and their just-price considerations in continuation of

Aristotle. However, regulations to doctrine such as Thomas Aquinas' rules of justification resulted in a range of inventive measures to circumvent the restrictions. The bill of exchange and foreign currency transactions are two of the better-known examples. The holding of a title was another exemption making the matter of anti-usury mostly a concern for civil financial activities and not for governmental administration. Furthermore, although the debate on usury was still alive during the fifteenth century, the Catholic Church had already come to terms with it a century earlier. One strong blow against the usury doctrine was in fact delivered by Pope Leo X at the Fifth Lateran Council in 1515, where he sanctioned the taking of interest from a loan and redefined the meaning of usury: 'Usury means nothing more than gain or profit drawn from the use of a thing that is by its nature sterile, a profit that is acquired without labor, cost, or risk.'¹⁴ This in effect meant that all except the most indolent lender making a cost- and risk-free profit were allowed to charge interest from their loans.

Simultaneously, most of the scholastics did not place equal judgment on the use of *usura* and the acquisition of wealth. During the thirteenth century, scholastic writers began suggesting wealth and riches as a means to obtain a good and virtuous life. Even Thomas stated that 'riches are a good of man forasmuch as they are directed to the rational good.'¹⁵ Thomas wrote this as part of his discussion on poverty in his *Summa Contra Gentiles* in 1264 and argued that riches were never good (a virtue) in themselves, just as poverty was never a virtue in itself but only when applied to a rational good.

This implied that although usury was naturally unlawful and considered a sin, wealth in itself was not. These kinds of sentiments were much in line with other medieval theologians, such as the Franciscan preacher Bernardino of Siena who in his sermons argued for a separation of money and morality.¹⁶ This no doubt came from his opinion that the rich were a necessity to the state: 'When God sees that a soul can be better saved through riches than through poverty, God bestows riches [...] God calls each one of us to the state that befits him best. The rich are a necessity to the State and the poor to the rich.'¹⁷

It may seem like a rather strange opinion to hear from a Franciscan, yet Bernardino argued that virtuous behaviour was obtainable through the proper conduct of business. A rational and orderly conduct of economic affairs would involve the virtues of efficiency, responsibility, stamina, and daring, and thereby bring the merchant or family man closer to God. As noted by Patricia Rubin, such a conclusion was common with the humanists of the Florentine Renaissance, where wealth was considered essential

to individual morality *and* the good of the republic. As such, commercial success was connected to both personal and civic virtue.¹⁸

However, since the Middle Ages, it had been common among scholastic and early humanistic writers to follow a close connection between moral and economic affairs albeit with a renewed perspective. The Dominican theologian Jordan of Pisa, who was one of the pioneers of vernacular sermons, stated that ‘of many saints we read that they were very rich [...] The more they had, the higher they were and the nearer to heaven.’¹⁹ The Augustinian archbishop of Bourges, Aegidius Romanus, wrote his mirror for princes *De Regimine Principum* (On Princely Rule), wherein the focus is on the preservation of three things for the successful prince: knowledge, virtue, and temporal goods.²⁰ Advisors skilled in *oikonomia* were a central element in the organisation and structure of a healthy state. Gradually, moral concerns began to trail economic considerations, which meant that the greater good of economic welfare overrode the moral evils of growth or avarice. The papal bull of 1323 *Cum inter nonnullos* declared by Pope John XII stated that the Franciscan view of poverty—if taken as universal—was considered heresy. While the bull did not put an end to the discussions on poverty, it stands as an illustration of the clerical position on earthly possessions as something necessary for the individual as well as the common good.

These ideas were carried over into the early Renaissance. Humanistic writers picked up on the discussions of avarice, thrift, and riches as seen in Leon Battista Alberti’s *I Libri della Famiglia* (Book of the Family), in which the goods and evils of avarice are discussed. In an argument with strong Aristotelian connotations, Alberti described the virtue of thrift as the mean between avarice and spendthrift.²¹ The pure acquisition of wealth was not a virtue in itself—neither was lavish or excessive spending. However, the proper spending ‘no greater or heavier or larger than is needed, yet no less than honour requires,’ was the goal of the successful merchant or head of a family.²² Alberti was above anything else a Renaissance *virtuosi* who incorporated many of the humanist values in his works on painting, architecture, and family life. As described by Anthony Grafton in his seminal biography on him, ‘Alberti mastered all the traditional arts of the medieval courtier and all the new ones of the Renaissance intellectual.’²³ Alberti’s book on the family was his dissection of Florentine society, somewhat displayed as a personal history of his own kin. Covering subjects of upbringing, marriage, and career choices, the most famous part is Alberti’s thoughts on economy and household management, which only found a readership in the nineteenth century.

The contemporary reception of the text must be assumed to have been very limited. There are only three original surviving manuscripts and several versions that are only partial. It was not printed until 1843 but soon found an audience with writers on the rising modernity.²⁴ Through the works of Werner Sombart and Max Weber, Alberti gained fame as perhaps, or perhaps not, the first example of a capitalist thinker.²⁵ While this discussion has yet to be fully resolved, or perhaps redefined, the Sombart/Weber debate inspired many scholars to focus on Alberti's book on the family and to produce several works with a stronger aim at connecting Alberti's work to his own time and place.

Alberti was not oblivious to the moral or civil codes that not only frowned on but even condemned many mercantile practices. Economic affairs should be handled in private with the most discretion possible. In the tradition of Xenophon's *Oeconomicus* and Leonardo Bruni's translation of the (pseudo-)Aristotelian *Oeconomica*, Alberti addressed the proper administration of household management. He did this quite explicitly in the preface to the third book of the family: 'I have done my best to imitate the charming and delightful Greek writer Xenophon.'²⁶ The similarities between these classic works on *oikos* and Alberti's are many, but in the humanistic spirit a certain rearrangement and alteration is clearly visible. As identified by Grafton, Alberti's portrayal of Florentine society was not always an accurate description of existing customs but rather a call for change and improvement.²⁷ His household was an ideal meant for inspiration and imitation. In the tradition of *historia*, which Alberti had presented and used elaborately in his work on painting, 'history,' *istoria* or *storia*, referred to several concepts not excluded to the traditional understanding as a narrative history. In painting, *historia* referred to a work of art—an image or interpretation: an example of an interpretation or delivery of an account. Like the paintings, which presented an idealized view of a scene, so did the *oikonomia* present an observation—not necessarily factual—as an example of how to behave economically:

I really don't think you will find less good sense and knowledge of life among historians than among any ordinary persons, however clever, that you might choose. If it is age and experience that make men wise, history, as you know, covers not only more than one lifetime but more than one century. If we gain knowledge and astuteness through having heard, seen, experienced many things, history both sees and knows more causes and effects, and more remarkable ones, of greater authority and eminence than any *pater familias* you might meet, however bent on gathering wisdom.²⁸

History was the humanistic substitute for *causes*—the highest possible authority within philosophical knowledge—and possessed the ability to do more than merely *describe* the world. Alberti's story of the ideal family life was a witness of experience. And experience was certainly coming into fame in both natural philosophy and the rising humanism. With respect to economic behaviour, Alberti's books can be described as a constant struggle between a private, avaricious enterprise and a public civil servitude necessary for obtaining honour and fame in society. The road towards a successful life lay in the proper combination of these two obligations. Therefore the fortune of the family required meticulous attention to the administration of the household where everything was to be recorded:

It [is] essential for a merchant or anyone who does business with a large number of persons always to write everything down, to note all transactions, and to keep record of every item brought in or taken out. As he watches over the enterprise, he should almost always have a pen in his hand.²⁹

The records should be 'locked up like sacred and religious objects' in the *pater familias*' study from where he could arrange his affairs and keep an eye on everything like a spider at the centre of a web.³⁰ Only by abiding this system could the Florentine administrator hope to be successful. And success was not an achievement easily obtained. Humanists such as Alberti were caught between the struggles to ascend the social hierarchy, through the wielding of money and power, and the moral teachings of Christianity, which frowned upon and condemned any extraordinary spending that was not aimed at the church or public welfare. Without the monetary (and thus political) power, social networks remained at status quo; but without the blessings of the Church, which would vanish with lavish spending, networks could be lost altogether.³¹ As a remedy, sins such as lying could even be justified if they were used to downplay private income, thus maintaining a modest public image. In this fashion Alberti attempted to find the middle ground in a minefield of treacherous pits and tripwires. However, he was also writing his work on the family at a time when the social and moral traditions of Florence were beginning to change under the rule of Cosimo de Medici. As a result, the display of private wealth began to be accepted and even appreciated in the Renaissance capital.³²

This change is evident in the works of other writers, who placed a stronger emphasis on the fortunes of avarice like the 'papal' humanist Poggio Bracciolini, who in his *De avaritia (On Greed)* stated that

‘without avarice all the magnificence of cities would vanish, culture and decoration taken away.’³³ Just as Hobbes identified money as the ‘blood of the commonwealth’ so did Bracciolini compare the state with the human body: ‘Money is necessary as the nerves (nervi) that sustain the *res publica*.’³⁴ The comparisons with nature were common enough. At the time of Bracciolini’s book on avarice in the 1420s, Leonardo Bruni translated the pseudo-Aristotelian *Oeconomica* into Latin, wherein he added the preface comparison: ‘As health is the goal of medicine, so riches are the goal of the household.’³⁵

The interest in economy from the early Italian humanists added to their popularity as governmental consultants on economic affairs.³⁶ As such, the link between the *humanitas* goals to better mankind was closely linked with solutions to deal with poverty and problems of currency during the fifteenth and sixteenth centuries. In England, the translation of Xenophon’s *Oeconomicon* was introduced by the publisher as ‘profitable for the wealth of the realm,’ in that its effect on the readers would reflect in a profitable economic behaviour of the public. Thus, the link between the prosperity of the individual and the benefit of the state was clearly visible, and thus so was the intertwining of several economic normativities.

THE CODES OF SUCCESS

Another place where it is possible to find traces of a growing change in attitude towards the acquisition of wealth is in merchant handbooks, codes of conduct, and professional business manuals. One of the most influential ones, which was not solely a handbook for merchants but a general book of etiquette, was the merchant and writer Paolo de Certaldo’s *Il Libro dei buoni costumi* (Book of Good Behaviour) from 1360. Best compared with Baldesar Castiglione’s famous masterpiece *Il Cortegiano* (Book of the Courtier), Certaldo’s book involved strategic economic thinking as an overlapping principle throughout all of a man’s affairs. It was closely linked with the societal structure of Florence, where ascensions in status and hierarchies were the governing dynamics. Gaining friends (the Tuscan word *amici*, here meaning a multitude of different kinds of friendship) was seen as an important task embodied with specific tactics for each friendship. Certaldo suggested the friendship of a doctor, judge, priest, and one or two ‘great men,’ and to offer them gifts every year.³⁷ Secretaries of the most powerful men were likewise highly prized friends as they could serve as brokers when the favour of more powerful patrons was needed. Profit—either economic

or social—was always the guiding principle to decisions as one’s reputation or social status was equal to one’s financial situation. This also meant that good management—keeping house—involved bribes, if necessary, and acting out of self-interest before others.

Books such as *Il Libro dei buoni costumi* were intended for a wider audience, and not just the court as Castiglione’s book was. As such, their purpose must be seen as referring to an individual conduct with economic affairs. Another genre involved the more professional literature of business manuals that argued for a heightening of the social status of the merchant. One such example is Benedetto Cotrugli’s *Libro de l’Arte de la Mercatura* from 1458, which argued that ‘no professional understands or has ever understood the monarchies and the states in regard to management of money as does a good and learned merchant.’³⁸ As mentioned by Robert Lopez, there are many similarities between the virtues of Castiglione’s courtier and Cotrugli’s merchant: ‘sobriety, dignity, orderliness and self-help characterize the merchant.’³⁹ By putting merchants in charge of the administration the state would secure the advancement, health, and comfort of the republic, Cotrugli stated. This was not only because they possessed the necessary calculative skills, such as the double-entry book-keeping technique, but also because being a good merchant required the right set of moral virtues and religious commitments.

RISE OF A PROTO-SCIENCE

Simultaneously with the rise of humanism, natural philosophy gradually began to change from the preservation of antique knowledge of the world to an exploration of new ideas and methods. Small anomalies did not fit the governing astronomical worldview or the prevailing images of how the human body looked and functioned on the inside. As a result, new ideas about value, sums, systems, and other effects began to intertwine with the humanistic and mercantile ideas about *oikonomia* and trade.⁴⁰ This infusion of ideas is clearly visible in a discussion on the correct valuation of a horse recently reevaluated by Germano Maifreda. The Florentine *signore* Andrea Gerini suggested the following dilemma to the priest Tolomeo Nozzolini in 1627: ‘A horse is really worth 100 *scudi*: one person values it at 1000 *scudi*, another at 10 *scudi*: the question is, which of them made the best evaluation and which the least extravagant.’⁴¹

Nozzolini replied immediately that since one of the traders are off by 900 *scudi* and the other by 90, the first is ten times more extravagant in

his valuation. He then added that he was well aware that mathematically it could be objected to that the first valuation is ten times larger and the second evaluation is ten times smaller but that no merchant would consider this a manner to solve the question of the just price.⁴² However, Gerini had already proposed the same question to the already famous court mathematician and philosopher Galileo Galilei, who came to the complete opposite conclusion: ‘one must consider the proportion geometric and not arithmetic.’⁴³ In Galileo’s opinion, the matter of business was inconsequential to the solution of just price. This, Galileo stated, was a political issue whether someone wanted to maintain an absolute (arithmetical) solution to just prices. To him, the question was a purely philosophical one since it demanded only the use of logical instruments (geometrical mathematics) detached from any social context.

This is a good example of the introduction of proto-scientific ideas into the art of trade and *oikonomia*. These ‘interdisciplinary’ crossovers were also evident in discussions on the setting of value, which Galileo discussed in his *Dialogue Concerning the Two Chief World Systems* from 1632: ‘It is then scarcity and abundance which give price and make things mean [in the eyes of] the common folk, who will then say that is a most beautiful diamond because it looks like pure water, and would not exchange it for ten barrels of water.’⁴⁴

The identification of scarcity and abundance as the two defining factors of value ring true even today. Furthermore, Galileo’s thought from the beginning of the seventeenth century was not that unique to Renaissance society. The poet Torquato Tasso published his *Il padre di famiglia* in 1583, which was translated by his English colleague Thomas Kyd in 1588 as *The Householders Philosophie*. Herein Kyd stated: ‘Furthermore (to be certified of his substance and the value of his riches) it behoves that he himself have seen and measured his possessions, even with those compasses which gave beginning to *Geometry* in *Egypt*.’⁴⁵

This indicated that value was—at least in part—measured by proto-scientific methods. However, these measurements were only valid in so far as it signified the value of a commodity in itself. The price of a commodity was found by combining the value of the said item with the price of the seller’s efforts, as Alberti had stated:

If, then, in making profit wealth grows, and if profit derives from effort, diligence and our capacity to work, then diminishing wealth will be the result of the contrary – negligence, sloth and indecisiveness – vices which are not part of fortune, nor of things, but are in oneself alone.⁴⁶

In this way, the accumulation of wealth could be seen as an identification of the proper virtues, making the display of riches a demonstration of a virtuous life.

As displayed elegantly by Maifreda, the symbiotic relationship between humanistic dialogues on *oikonomia* and proto-scientific theories of value and mercantile transactions would only grow more frequent during the seventeenth century. William Petty's *Political Arithmetick* from around 1676 established itself as a forerunner with its focus on a specific method, with his reasoning by figures alongside Charles Davenant's *Essay upon the Probable Methods of Making a People Gainers in the Balance of Trade* from 1699, wherein the systematics of the later discipline of economy found a place.

CONCLUSION

Economy as a science was born out of moral philosophy. Yet much economic practice in the Middle Ages and Renaissance periods was considered part of the *arts*. According to Aristotelian doctrine, these parts of economic affairs were to be considered inferior to the theoretical parts of economy that fell within the category of ethics. Thus, economic activities would only be moral in so far as the practitioner was a moral or virtuous individual.⁴⁷ In this fashion, Renaissance revaluations of Aristotle, especially within humanist circles, framed economic activities as scenes of moral displays. Thus economic affairs would reflect the moral character of an individual in the same way as his social and spiritual activities would. The gap between a morally grounded economy as a philosophical *scientia* and the practices of economic affairs as an art was an uneven comparison. But proper economic behaviour became the benchmark of a credible, trustworthy, and honourable member of society through which his moral virtues were disclosed for all to see. Hence, a new authority was needed to legitimize economic knowledge claims. One place to look for legitimization was in the mathematical calculative techniques which in the application on money became a guarantor of truth in each specific transaction. The other place to look was in the reevaluation of the Aristotelian hierarchy of knowledge production. Here *historia*—based on examples and without the need for philosophical causes—could provide authority to merchant handbooks and business manuals, which to a much larger degree became able to deliver legitimate claims about economic practices. Arguments about the virtuous nature of avarice and wealth needed this authoritative backdrop to justify their claims morally, while at the same

time promoting humanist ideals in economic affairs. Economic thinking during the Renaissance was indeed morally founded. But it was also humanistically grounded and contained social mechanisms aimed at promoting and presenting proper individual and societal behaviour.

To a large degree this part of the history of economic thought remains an overlooked perspective that may shed light on how the otherwise negative attitude towards wealth, growth, and riches was gradually changed to become one of the cornerstones of modern capitalism.

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Trade is a Kind of Warfare: Mercantilism and Corporations in the Thought of Josiah Child

Mathias Hein Jessen

‘All trade is a kind of warfare,’ Sir Josiah Child (1630–1699) once stated to the Lord’s committee. Child was a successful merchant, member of parliament, economic advisor to the English government, and one of the most influential and powerful governors of the English East India Company. He was also a very popular and widely read economic writer, although only later in his life under his own name, and his *A New Discourse of Trade* from 1693 was reprinted several times, signifying the popularity of his views.

The statement ‘all trade is a kind of warfare’ can be read in two different contexts: the first and more specific is in relation to his position at the East India Company, where as governor he had begun an aggressive tactic of expanding the company’s territory in Bengal and acting against interlopers seeking to trade outside the company’s monopoly. To secure and expand trade and create new markets, war and violence was necessary. The second is reading it as a more general symptomatic view and characterisation of the transformation of state power in the seventeenth century. Trade, commerce, finance, and economic wealth were becoming increasingly vital for the power of the emerging territorial, administrative states

M.H. Jessen (✉)

Department of Business and Politics, Copenhagen Business School,
Porcelænshaven, 2000 Frederiksberg, Denmark

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for upholding a position of relative strength in the commercial and colonial competition between them. In this sense trade was a kind of warfare both because trade had to be fought for with other European nations, but especially because trade and commerce was pivotal for outward strength. The increased focus on economy naturally necessitated an attempt to understand, grasp, and (attempt to) control it—it necessitated economic thought. These first attempts of systematised economic thought emerging in the seventeenth century—especially in England—and closely connected with the power of the emerging territorial states is what we today term ‘mercantilism.’

In the following, I will investigate mercantilist thought—particularly that of Josiah Child—not so much for its contribution to the history of economic thought, but rather as an essential reflection on the emergence of the modern, territorial, administrative, sovereign states of (Western) Europe, and particularly the construction of these as uniform bodies (politic) in a constant (bellicose) relation to other bodies. Mercantilism is understood as the construction of the state as a uniform body politic, which is at the same time a unification *inside* the territory (what will be termed *police*) and *outwards* from the territory (in the form of diplomacy, war, and power). A uniform and stable interior was necessary for a mighty exterior, just as external might was pivotal for the upholding of the internal strength.

In both endeavours, Child envisioned corporations to be crucial: externally trading companies (like the East India Company) were important for securing commerce and a positive balance of trade, and internally he envisioned a new type of corporation to educate the poor to be productive economic individuals, and to direct and send them to where in the body politic they were needed. What is important here is not how mercantilist thought was the first systematised (however flawed) way of thinking economics, but how mercantilist political-economic thought (as all economic thought, it could be argued)—here exemplified by the thought of Josiah Child—is a normative and prescriptive discourse, structuring and constructing the subjects and objects it pretends to describe.

MERCANTILISM

The term mercantilism was never used by any writers to describe themselves or their own practice, but is a concept later applied to the vast amount of economic tracts, writings, pamphlets, and discourses emerging all over Europe in the seventeenth century. Mercantilism is a term used to grasp generally the first systematised attempts at gaining knowledge of the economy as a

separate sphere with its own logic and principles (a ‘science’ of economics, we might say). Mercantilism, as already mentioned, emerges at a time where the economy was becoming the central matter for the emerging sovereign, territorial states asserting themselves in a space of (economic) competition.¹ The seventeenth century was a time of great economic expansion with a boom in foreign trade, colonies, plantations, enclosures of commons, agricultural innovations, increasing capitalist organisation in estates and banks, and the emergence of national banks, stock markets, and credit systems.²

There are some general traits that are associated with mercantilism, and many of these we find represented in the work of Josiah Child: the notion of land as the only producer of wealth and the notion of a fixed quantity of economic resources in the world, and thereby the view of trade as essentially a zero-sum game; the focus on bullion as the measurer of wealth; the focus on (a numerous) population as the generator of wealth; and a focus on a balance of trade relative to other nations. The importance of a productive population as well as powerful companies should be understood in relation to the balance of trade, as a productive population was pivotal for the economic and internal strength of the body politic and therefore of the balance of trade and power in relation to other bodies politic.

Generally, and very broadly, I distinguish between two types of (academic) approaches to mercantilism: on the one hand, a history of economic thought-approach with a close reading of the mercantilist writers, focusing on the economic content and their contribution to the emergence of an economic science or language.³ On the other hand, a reason of state-perspective where the mercantilist writers are not read very closely, but the general ‘doctrine’ of mercantilism is seen as a reflection in the emergence of the modern, territorial, administrative, sovereign states of (Western) Europe and the economic power-politics between them. This view is summed up by Michel Foucault in the first lecture of *The Birth of Biopolitics* from 1979:

Mercantilism is not an economic doctrine; it is something much more than and very different from an economic doctrine. It is a particular organization of production and commercial circuits according to the principle that: first, the state must enrich itself through monetary accumulation; second, it must strengthen itself by increasing population; and third, it must exist and maintain itself in a state of permanent competition with foreign powers.⁴

Building on such a conception of mercantilism, I focus on how this state, this nation, or this body politic was something that had to be

created as a unified, territorial economy, which could then stand in relation to other economies. This way of thinking mercantilism thus implies that it was a two-way movement of inwards *unification* of the territory and outwards *power* projection outside the borders of the territory,⁵ or what we here, with Michel Foucault, will call, on the one hand, *police* and on the other hand, *diplomacy* and *war*.⁶ Police in this way is used in its early modern signification of ‘good order’ concerned with the planning of cities, irrigation of fields, control of measurements and prices on the market, general moral behaviour, and good government of cities and states, to which I here add the creation and conceptualisation of economic and political dependable, uniform, productive subjects. It is this double-sided movement of mercantilism that I will illustrate in the following, with the focus on Josiah Child and the role he ascribed to corporations for the government of the poor and of trade, commerce, and diplomacy.

TRADE AND TERRITORY

Towards the end of his *A New Discourse of Trade*, Child sums up what he has been trying to do:

I have in this late discourse of the balance of trade [...] confined myself to write only general heads and principles that relate unto trade in general, not this or that particular trade; because the several trades to several countries may require distinct and particular considerations.⁷

The *Discourse* had, in Child’s mind, been an attempt to find general principles for trade and commerce and their relation to economic growth and development.⁸ However, as I attempt to show, this way of thinking economics was not so much a description and attempt to understand economic relations, which were already there, but equally, and more importantly, a prescription of an economic order in which a productive nation, a productive population, and a productive individual were pivotal for the survival and strength of the state. Child was very aware of this, stating that ‘all war is become rather an expense of money than men, and success attends those than can most and longest spend money, rather than men; and consequently princes armies in Europe are become more proportionable to their purses, than to the numbers of their people.’⁹ Economic power was necessary for military power.

In his short treatise *Brief Observations Concerning Trade and Interest of Money*, published anonymously in 1668 (and later republished, as most of his writings, under his own name as part of *A New Discourse of Trade* in 1693), Child listed a number of reasons why the Netherlands was such a wealthy and powerful nation. The treatise opens:

The prodigious increase of the Netherlands in their domestic and foreign trade, riches, and multitude of shipping, is the envy of the present, and may be the wonder of all future generations: and yet the means whereby they have thus advanced themselves, are sufficiently obvious, and in a great measure imitable by most other nations, but more easily by us of this kingdom of England; which I shall endeavour to demonstrate in the following Discourse.¹⁰

The conception of the Dutch played an enormous role in seventeenth-century English economic thought because they were the primary enemy of the English commercially, colonially, and militarily, and they defied every normal rule of economic prosperity by being powerful both commercially and militarily despite being a small country without considerable territory, population, or natural resources. This made them both an enemy to be defeated and a competitor to be emulated, and therefore also a powerful image for Child to use to construct his argument.

Of all the reasons for the wealth and power of the Dutch, Child believed that reducing the interest rate was the most important point, because it was ‘the causa causans of all the other causes of riches of that people. And that, if interest of money were with us reduced to the same rate it is with them, it would in a short time render us as rich and considerable in trade as they now are.’¹¹ ‘Low interest,’ he believed, ‘is the natural mother of frugality, industry, and arts’ because it ‘[i]nclines to thriftiness and good husbandry.’¹² Lowering the rate of interest would, according to Child, both increase the value of land and stimulate foreign trade. This in turn would increase domestic production and manufacture, thereby creating employment and wealth; in turn attracting immigration from abroad, increasing the (productive) population; which in turn would produce even more economic activity and thereby wealth and power.

The importance of a productive population as well as of territory is sufficiently obvious. There was an ‘inseparable affinity [...] between land and trade, which are twins, and have always, and ever will wax and wane together. It cannot be ill with trade, but land will fall; nor ill with land,

but trade will feel it.¹³ A high rate of interest (relative to the competitors) would ‘render our lands (our common mother) of vile and base esteem; doth prevent the cultivation and improvement of our country, as otherwise it might and would be improved,’¹⁴ such as the ‘breaking up and inclosing of wastes, forests, and parks, and draining of the fens, and all those places inhabited and furnished with husbandry.’¹⁵ What we see here is also a good example of how the new economic relations were pivotal for the improvement of the land—that is, of making the entire nation a part of the economic circuit. All of the land had to be improved in order for the nation to be as competitive as possible.

An abatement of interest, Child argued, would then both stimulate foreign trade and advance the price of land and thereby stimulate the improvement and more productive use of the land. Furthermore, it would lessen the advantages of usury, inclining people to invest in trade and manufacture, thereby also facilitating the greater circulation of money and goods within the body politic. Even though Child is not so explicit about it, his views can be seen in prolongation of the bodily metaphors, especially that of circulation, in the seventeenth century, where the circulation of blood (money) in the body politic was a central one.¹⁶ This image of money being the blood of the body politic was very famously illustrated by Thomas Hobbes in the *Leviathan*, who described how money circulated in the commonwealth: ‘Nourishing (as it passeth) every part thereof; [...] as it were the Sanguification of the Common-wealth: For naturall Bloud is in like manner made of the fruits of the Earth; and circulating, nourisheth by the way, every Member of the Body of Man.’¹⁷ This circulation, Child believed, could be improved by the lowering of interest.

PROFITABLE AND PRODUCTIVE PEOPLE

Child argued that a lowering of the interest rate was for the common good and general interest of the nation, seeing that an ‘abatement of the interest (besides the general benefit it brings to all, except the griping, dronish usurer) will add new life and motion to those most profitable engines of the kingdom.’¹⁸ He argued for a policy that would benefit the ‘profitable engines’—that is, those who were important for the improvement of the economy, and not ‘the griping, dronish usurer’—and thus the strength of the nation (and those profitable engines were especially the big companies, such as the East India Company).

Those who would immediately benefit from the introduction of such a policy would be firstly the king, who would be able to loan money on better terms, get an increase in the value of his land, and have higher customs ensuing from the increase in trade. The nobility and gentry whose wealth was mostly in land would profit, and the ‘merchants and tradesmen, who bear the heat and burthen of the day, [...] will find their yoke fit lighter upon their shoulders, and be encouraged to go on with greater alacrity in their business.’ In addition, all the ‘mariners, shipwrights, porters, clothiers, packers, and all sorts of labouring people that depend on trade, will be more constantly and fully employed’ and the farmers would be able to sell their products at higher prices.¹⁹

There were, however, Child acknowledged, also some who would be hurt by such a measure, such as the poor and the usurers. Child admitted that a few would suffer at first, but their number would be very low and the increase in trade would create more wealth and more work, thus also benefiting the poor, who generally were better off the richer the country was.²⁰ The misery of the few, unlucky individuals would be more than offset by the general rise in prosperity, and further:

For the sufferers by such a law, I know none but idle persons, that live at as little expence as labour, neither scattering by their experiences so as the poor may glean any thing after them, nor working with their hands or heads to bring either wax or honey to the common hive of the kingdom; but swelling their own purses by the sweat of other men’s brows and the contrivances of other men’s brains; and how unprofitable it is for a nation to suffer idleness to suck the breasts of industry, needs no demonstration.²¹

There were those who were productive and those that were not, those who contributed to the common hive and those who did not, and the politics of the state needed to benefit and facilitate those productive forces of the nation.

The population generally played a very important role in mercantilist thought, as a numerous and skilled population was central to production, trade, and thereby power. This is also very much the case with Child. The employment of the poor, or of as much of the population as possible, was crucial as was the attraction of further productive workforce and population from abroad. Child, therefore, advocated naturalisation and a high tolerance of religion, to attract productive individuals (and also because religious conflicts created fear and hatred and, therefore, the risk of sedition and rebellion, which obviously was not conducive to a stable,

productive economic environment). The wealth and power of the state hinged on not only a numerous, but on a *productive* population. Mere numbers weren't enough; what mattered was the productivity. The poor in this sense were both a resource and a problem. In the condition they were in, they were no help to the country, seeing that 'the poor remain in a languishing, nasty, and useless condition, uncomfortable to themselves, and unprofitable to the kingdom,' and furthermore:

[T]he children of our poor, bred up in beggary and laziness, do by that means become not only of unhealthy bodies, and more than ordinarily subjects to many loathsome diseases, whereof many die in their tender age; and if any of them do arrive to years and strength, they are by their idle habits contracted in their youth, rendered for ever indisposed to labour, and serve only to flock the kingdom with thieves and beggars.²²

The increasing complexity and importance of the economy not only necessitated productivity and economic behaviour from the subjects, but the emerging impersonal economic structures and institutions and credit systems necessitated an accountability and trust in the nature of human beings. And such a human being needed to be created.

In the chapter on naturalisation in *A New Discourse of Trade*, Child invoked the 'known principles of nature,' the first of which states: 'All men are by nature alike, as I have before demonstrated, and Mr. Hobbes hath truly asserted, how erroneous he may be in other things.'²³ Hobbes had, inspired by the scientific developments, geometry, and the application of rationalist principles to philosophy, sought to make a science of politics grounded on firm and secure principles, the most basic of which was the uniform nature of human beings in their striving for self-interest and well-being. Just like Hobbes, Child believed that 'all men by nature are alike; it is only laws, customs, and education, that differ men; their nature and disposition, and the disposition of all people in the world, proceed from their laws.'²⁴ This meant that human beings essentially were the same, but also that laws, to some degree, could change them and their dispositions.

The poor were in other words not proper economic subjects equipped (either mentally or physically) for the economic realities and needs of the kingdom. But seeing that all human beings essentially were the same, not only in their 'love with liberty and security,'²⁵ but as 'naturally led by profit,'²⁶ they could be. If all people were naturally led by profit they needed to be educated to fully profit from this interest in profit. They

could be educated, like the Dutch, ‘to have the full knowledge and use of arithmetic and merchant accounts; the well understanding and practice whereof doth strangely infuse into most that are the owners of that quality, of either sex, not only an ability for commerce of all kinds, but a strong aptitude, love, and delight in it.’²⁷ A lowering of the rate of interest would also get parents in England to educate their children in ‘writing, arithmetic, and merchant accounts, and instruct them in trades.’²⁸

All people had the potential to become proper, profitable, economic subjects, even the poor, idle, and lazy persons now in a ‘nasty and useless condition’ and ‘unprofitable to the kingdom.’ Such a big part of the population not contributing was a waste, seeing that ‘if all our impotent poor were provided for, and those of both sexes and all ages that can do work of any kind employed, it would redound some hundreds of thousands of pounds *per annum* to the public advantage.’²⁹ Child thus proposed the creation of an assembly ‘incorporated by act of parliament, with perpetual succession, by the name of *the fathers of the poor*, or some other honourable and significant title’ to be ‘entrusted with the care for, and treasure of, all the poor.’³⁰ The problem was, according to Child, that the poor hitherto had been handled by the different parishes and the continual sending back of drifting and vagabonding poor to their home parishes. *The fathers of the poor* should be a coordinating national organ for the treatment of the poor. And this organ, ‘and such as they shall authorise, may have power to purchase lands, erect and endow workhouses, hospitals, and houses of correction, and to exercise all other powers relating to the poor.’³¹

The plan was to make a coordinated effort to control the poor and make them useful for the nation. And for those ‘loose vagrant people,’ who ‘could probably never have lived at home to do service for their country,’³² ‘the said *fathers of the poor* may have power to send such poor beyond the seas as they shall think fit into his Majesty’s plantations,’³³ where they could serve some purpose, which was better than hanging them or allowing them to emigrate to a competing nation. Interestingly, Child also believed that *the fathers of the poor* could not ‘possibly be better contrived than after the same way which the East-India company chose their committee.’³⁴ He envisioned this organ, this corporation, to be constructed in the same way as that organization which he knew so well, the East India Company.

The sought-after productive, economic subjects were not yet at hand, but in great measure needed to be conceptualised theoretically as uniform, dependable, and accountable, and on the other hand, created and coordinated not by individual parishes but by a centralised organ both

educating the workforce and distributing it where it was needed, thereby ensuring vital circulation of labour in the body politic. What was important was not only the circulation of money in the body politic, but also of productive labour, which could flow to where it was most needed, and in this respect the older system had to be replaced by one more accommodated to the economic needs of the nation.

COMPANIES AND THE BALANCE OF TRADE

In chapter 3 of *A New Discourse of Trade*, ‘Concerning Companies of Merchants,’ Child stated that ‘it hath for many years been a moot case, whether the incorporating of merchants be for public good or not.’³⁵ However, it was not insignificant as to what kind of incorporation:

I conclude, however, that all restrictions of trade are naught; and consequently that no company whatsoever, whether they trade in a joint stock or under regulation, can be for public good, except it may be easy for all or any of his Majesty’s subjects to be admitted into all or any of the companies, at any time, for a very inconsiderable fine.³⁶

Child distinguished between two kinds of merchant corporations: those who traded in joint-stock and those ‘who trade not in a joint stock, but only are under a government and regulation.’³⁷ A regulated company was the business organisation most common in overseas trade ventures before the emergence of the joint-stock companies such as the East India Company. In the regulated companies, membership was restricted to professional merchants who in exchange for a fee could trade under the companies’ umbrella of warehouses and privileges, thereby in many ways resembling a guild structure. In the joint-stock companies, on the other hand, the capital was owned by multiple investors (although the East India Company was controlled by a few large shareholders, the largest of which was Child); shareholders enjoyed limited liability (they were only liable for the stock they had bought, not the entire venture); the shares were freely alienable; ownership and control were separated (in theory); capital was built up rather than distributed back to shareholders; and they possessed a permanent, legal personality distinct from directors and shareholders and were in this way forerunners of modern corporations.³⁸ Child’s criticism of the regulated companies, just as his criticism of the guilds, was that they were not open to everyone, in contrast to the joint-stock structure where

everyone ‘for an inconsiderable fine’ could be a member. In this way, they hindered free circulation—just like the existing handling of the poor did.

The East India Company was, however, heavily criticised because of the monopoly and privileges of trade that it enjoyed, and as governor of the company, Child had intensified the policy of cracking down hard on interlopers seeking to trade outside this monopoly. These interlopers were considered more than just smugglers. Their activities were considered a ‘publick acting against authority.’ Interlopers were causes of faction, dissension, disorderliness, and rebellion and were ‘unstable minds,’ ‘ungovernable persons’ who ‘to [the] Utmost of their power in India endeavoured to banish all reverence of Government out of the minds of men’ and who were ‘worse [...] then Pirates & deserve as much to be hanged.’³⁹

In the eyes of the company, and Child, there was a big difference between free trade and unregulated trade. They did not believe that their trade could be characterised as a monopoly, seeing that monopoly was the restriction of a right possessed by all. However, there would be no English trade in the East Indies without the company, without their governance and establishment of infrastructure, diplomacy, fortifications, and diplomatic relations. Free trade was only possible in the East Indies when it was governed and controlled by the company. And trade was in reality free, because everybody could become a part of it if they were shareholders in the East India Company. Regulated companies, like guilds, were not free, and they hindered the movement and circulation of labour.

Furthermore, the East India Company was the authority and envoy of England in the East Indies. Under peaceful circumstances, Child argued, amongst European, Christian rulers, free and unregulated trade was the preferred option, but not in hostile regions or ‘countries with which his Majesty hath no alliance, nor can have any by reason of their distance, or barbarity, or non-communication with the princes of Christendom, and so on, where there is a necessity of maintaining forces and forts (such as East-India or Guinea), *companies of merchants* are absolutely necessary,’ and therefore, ‘it seems evident to me, that the greatest part of these two trades ought for public good to be managed by joint-stock.’⁴⁰ The East India Company not only secured vital revenue and imports to the kingdom, as well as supplying it with ships and seamen, but served as its envoy and kept diplomatic relations with such distant and barbaric places, where the king did not or could not have relations.

Child also defended the East India Company in relation to the balance of trade. He attacked what he called the normal view of the balance of

trade, which focused on the balance of exports and imports of every trade in particular and not the trade of the nation in general. Some trades (such as that of the East India Company), Child argued, imported much more than it exported, but was nonetheless the most profitable trade of the nation, being a crucial importer and supplier of materials to the domestic manufacturers (which was then exported by other trades), as well as of crucial saltpetre, ships, and seamen for the military might. The balance of trade needed to be judged in relation to the nation in general and in this perspective, the East India trade was the most profitable of trades because it made all the other trades (and thereby the wealth and power ensuing from them) possible. The general interest, the common good, dictated an overall (national) view of the economy:

The best and most certain discovery, to my apprehension, is to be made from the increase or diminution of our trade and shipping in general; for, if our trade and shipping diminish, whatever profit particular men may make, the nation undoubtedly loseth; and, on the contrary, if our trade and shipping increase, how small or low soever the profits are to private men, it is an infallible indication that the nation in general thrives: for I dare affirm, and that categorically, in all parts of the whole world, wherever trade is great, and continues so, and grows daily more great, and increaseth in shipping, and that for a succession not of a few years, but of ages, that trade must be nationally profitable.⁴¹

The balance of trade was best understood as a national balance of trade and as such as a kind of national economy. It was not just the individual trades that needed to be balanced in competition with others of the same trades, but it was a balance of the economy in general against other economies that were the central point. And, in this competition of economies, the companies of merchants played a crucial part.

CONCLUSION

As already mentioned, Josiah Child maintained that his *Discourse* had been an exposition of the ‘general heads and principals that relate unto trade in general,’⁴² thereby claiming to be the discovery of general principles, rules, and law for trade, commerce, and the economy. The economy was becoming increasingly important in the seventeenth century, and it had to be understood in order to tame and control it. By making a ‘science’ of economics—by trying to find secure and firm principles for it to rest

on—the mercantilists thus also played an important role in legitimating economics and not least the practice of economics as a vital area for both the survival and the prosperity of the nation and the people.

Economy was becoming important, and it therefore also had to become acceptable. Finance, debt, interests—all vital parts of the economy of the emerging states—which were earlier cast as immoral activities now had to become acceptable practices. By making it a science, by making it an observation of ‘general heads and principals,’ mercantilism, and here particularly Josiah Child, attempted to wrest economic practice from the language of immorality to the language of necessity, objectivity, and not least productivity and progress. By claiming to describe how the economy functioned, Child could show the measures that needed to be taken for the common good of the nation.

However, as I have attempted to show, such a description is never only a mere description, but rather is also a prescription of what it pretends to describe. The economic, uniform entity of a nation standing in a competitive (economic and bellicose) relation to other entities was something that had to be created, just as the conditions for this competitive nation, the productive population and the productive individual, did not just exist to be described, but had to be prescribed, had to be created, constructed, and conceptualised. Mercantilism is not only interesting for its contribution to the history of economic thought, for its (however flawed) early attempts to grasp the mechanisms of the economy, but is at least as interesting as a reflection on early modern statehood and public morality, where the economy became (one of) the most important governmental aims, and thus had to be justified and legitimised as such. Mercantilism is also a creation of a national, economic space, a uniform body politic that necessitates a specific kind of productive labour. Mercantilism, like any other mode of economic thought, is not just a description, but always already a prescription of a certain kind of (economic) subjectivity.

NOTES

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8. Magnusson, "The Language of Mercantilism," 163.
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11. Child, *A New Discourse of Trade*, 7.
12. Child, *A New Discourse of Trade*, iii, iv.
13. Child, *A New Discourse of Trade*, xvi.
14. Child, *A New Discourse of Trade*, vii.
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21. Child, *A New Discourse of Trade*, 19–20.
22. Child, *A New Discourse of Trade*, 76.
23. Child, *A New Discourse of Trade*, 133.
24. Child, *A New Discourse of Trade*, 53.

25. Child, *A New Discourse of Trade*, 134.
26. Child, *A New Discourse of Trade*, 113.
27. Child, *A New Discourse of Trade*, 4.
28. Child, *A New Discourse of Trade*, 65.
29. Child, *A New Discourse of Trade*, 76.
30. Child, *A New Discourse of Trade*, 85.
31. Child, *A New Discourse of Trade*, 86.
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The Wedel-Jarlsberg-Controversy: Defending the Existing Order against the Reform-Movement in Late Eighteenth-Century Denmark

Eva Krause Jørgensen

The late eighteenth century is a period of tumult and excitement for any intellectual historian. As the European Enlightenment(s) reached its zenith, lawmakers throughout the continent sought to implement social and economic reforms inspired by its ideals, all the while attempting to deal with, sometimes extreme, popular and intellectual resistance.¹ In Denmark, the influence of the Enlightenment was notably seen in the agrarian reforms of the 1780s and the relating public debates.² Envisioning economic or agrarian reforms for the whole society naturally raised moral questions and disputes. Agriculture, as in many other European countries at the time, constituted the backbone of the national economy and the livelihood of the majority of the population. In this respect, debates about reforms involved more than technical agricultural discussions. In fact, these debates gave rise to fundamental reflections about the very structure of society. The state of the agriculture in this sense served as a stage for debating questions of social order, government, and legislation, as well as for contesting for economic normativities.

E.K. Jørgensen (✉)

Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

Even though the process leading up to the agricultural reforms of the 1780s in Denmark has often been described as dominated by reform-minded and progressive authors, proprietors, and civil servants,³ there can also be no doubt about the opposition they met when challenging traditional conceptions of economic theory and practice. In this chapter, I will investigate this opposition through the case of the literary controversy surrounding the conservative Danish author Frederik Wilhelm Wedel-Jarlsberg (1724–1790). Wedel-Jarlsberg was a Danish Privy Councillor, County Governor, Baron, and member of *Det Kongelige Danske Landhusholdningsselskab* [the Royal Danish Rural Economy Society]. Among his contemporaries, he was a highly regarded personality. He was a respected proprietor and was considered a part of the educated elite. During the reform debates in the 1780s, however, he was also one of the most clear-cut and unyielding, critical opponents of the reform-movement. The literary controversy that is the case of this chapter began in 1782, when Wedel-Jarlsberg published the pamphlet *Vejledning til rigtige Begreb om de danske Jordegodders Indretning i Hovedgaarde og underliggende Hovningsbønder* [Instruction to a right conception of the arrangement of the Danish estates and underlying corvée peasants]. The pamphlet entered the debate as a remarkably conservative defence of the existing order, which not without reason gave rise to controversy. Wedel-Jarlsberg's opponents seemed to genuinely fear that his high credibility would earn him many supporters.⁴ For that reason alone the pamphlet could not be left unanswered.

By taking up this particular case, I mean to take a novel and perhaps unorthodox approach to studying economic history in this period, namely by viewing and understanding the history of economic thought often ascribed to the Enlightenment from the perspective of its opposition. In this respect, I wish to consider questions such as these: How did the opponents of the reforms legitimate and defend the existing economic and social order against the ideas of the reform-movement? What kind of critique did they formulate? How did the supporters of the reform-movement respond to this criticism? It is my general argument that the criticism authors such as Wedel-Jarlsberg aimed at the reform-movement was deeply rooted in moral rather than scientific or theoretical concerns. In other words, they argued that economic reforms had to consider the need for human and social security and protection. Indeed the 'moral failure' of a completely individualized economic structure was seen as the risk of creating social polarization and a new class of beggars and idlers. In this chapter, I will begin by examining the central arguments related to this

theme in Wedel-Jarlsberg's original pamphlet. Then, I will examine some of the main responses to the pamphlet that circulated in the public debate. Finally, I will conclude the chapter by considering the controversy within a broader European context.

THE PATRIARCHAL FAMILY

In 1782, Wedel-Jarlsberg, as mentioned, published the *Instruction*. The pamphlet was written as a critique against an alignment of people whom he consequently referred to as 'the reformers' and, moreover, as a defence of the existing agrarian and political order. At the time of its publication, the public was absorbed with agrarian debates or with what Wedel-Jarlsberg called a 'national disease to reform everything within the state.'⁵ The reformers, as he complained, were constantly throwing suspicion on the proprietors in the name of patriotism and were inducing their 'fanatic thoughts' on the peasantry in order to foment unrest.⁶ This was more precisely constituted in their propagation for an abolishment of corvée and serfdom in favour of turning the tenant peasants into independent freeholders. The self-appointed task for Wedel-Jarlsberg was thus to prove the value of the existing order and rebut the circulating alternative—(supposedly) not because he feared that the government would ever follow the ideas of the reformers, but 'to prevent the harmful effects such thoughts could have with the masses.'⁷ The term corvée, *Hoveri* in Danish, is here understood in a broad sense as the unpaid labour performed by the tenant peasants on the estate of the proprietor. In Denmark, this form of labour could be dated as far back as the Middle Ages. Serfdom, in the form of *Stavnsbåndet*, was formally established in 1733, but had existed in various forms since 1654.⁸ With the reintroduction of serfdom, Denmark differed significantly from its neighbour Sweden, by being the only Scandinavian country to still practice serfdom by the late eighteenth century.⁹

The Royal Law of 1665 had constitutionally made Denmark one of the most absolutist monarchies in Europe, giving the king almost unrestricted power. Principally, this constitution meant a decline in the influence of the nobility in favour of a new strict division between the monarch and the subjects. In praxis, in order to rule the king needed strong advisors who took seat in his Privy State Council and an efficient administration. While the provinces largely continued to be administered by landed proprietors, what could be called a local *squirearchy*, the Copenhagen capital saw an increasing professionalization and expansion of the royal administration.¹⁰ The civil servants held a key political position in the state through their

influence as advisors and as mediators between the king and the public. After the accession of Christian VII (r. 1766–1808), who suffered from an incapacitating mental illness, the position of royal advisors became even more explicit since they now had to fill the power vacuum left by the increasingly demented king—a situation similar to that of his first cousin and brother-in-law George III of the United Kingdom (r. 1760–1820).¹¹

To defend the existing system of *corvée* and serfdom within the political organization of the absolute monarchy, Wedel-Jarlsberg in his pamphlet employed several rhetorical strategies to oppose the discourse of the reformers. First of all, he defined the absolute monarchy as being a basically *patriarchal* order. Throughout the pamphlet Wedel-Jarlsberg thus consistently referred to the king and the proprietors as patriarchal figures, who acted out of and were motivated by fatherly care. Together, the peasantry and the proprietors constituted a family where the proprietor was the fatherly authority who the peasants dutifully had to obey.¹² Wedel-Jarlsberg wanted to argue that the existing order in fact was a *natural* order and not, as the reformers would believe, artificial. With the notion of the patriarchal family as the most natural order, he made a basic moral claim about reform-politics, namely that the legislators should always base reforms on securing the continuation of existing institutions, such as the peasant family, rather than the individual.

The concept of the ‘patriarchal family’ did not only serve a discursive purpose. Wedel-Jarlsberg used the concept as a platform for criticizing the economic theories of the reformers. The critique was both morally and economically situated in the sense that he wanted to prove that the existing order was not only morally preferable but also financially sustainable. His argument basically rested on three ideological pillars: *the supremacy of the state* (opposed to the individual), *the imperative of the common good* (opposed to single interests), and *the value of historical experience* (opposed to philosophy and theory). It is important to note that Wedel-Jarlsberg did not make a particular case for feudality or the sovereignty of the king as such and that he actually favoured the system of enclosure over the open field system as long as the peasants continued to cultivate the land as tenants.¹³ The most important entity in his argumentation was in fact *the state*, on whose continuation the common good depended and, for Wedel-Jarlsberg, everybody, even the king, ought always to act in favour of the common good. In other words, Wedel-Jarlsberg established equivalence between the welfare of the state and the common good.

THE COMMON WELFARE

How then was the existing order better for the common good? On a financial level, the system of *corvée* and serfdom had the advantage of historical experience and practice that the theories of the reformers did not. Thus, historically, 'the state has gained sufficient and ever reliable revenues without troubling the subjects with unbearable burdens.'¹⁴ In Wedel-Jarlsberg's opinion the conditions of the peasantry had actually been remarkably improved since the beginning of the absolute monarchy. Furthermore, the system of tenancy had given poor peasants the opportunity to cultivate the land and pay their taxes with 'goods and labour' (instead of money). The mutual dependence, in the form of land for labour, between proprietors and peasants (cf. the idea of the family) would protect both the individual and the state from ruin. For Wedel-Jarlsberg, the system in which the proprietor was responsible for collecting the tax revenues fundamentally rested on an idea of *risk spreading*. If one or a few peasants failed, the others on the estate would compensate so that the state would always receive the same amount of money in the end. Therefore, not only did the existing order already serve the common good, it was in fact also the most humane system. A sudden transition to freeholders and monetary taxation would, for a large part of the peasantry, be impossible and consequently impoverish them. Wedel-Jarlsberg argued that the mutual dependence between the proprietors and the peasants protected both estates against economic collapse.

To illustrate the consequences of a deviation from the existing order, Wedel-Jarlsberg referred to the example of the Gjorslev Estate on the Danish island Zealand. Here, the proprietor had decided to cultivate his fields alone and replaced *corvée* with monetary taxation. The results were, as Wedel-Jarlsberg claimed, unbearable burdens for all parties. The peasants could not pay the taxes, for which reason the intended freedom resulted in debt and beggary.¹⁵ In the end, the estate lost its value and the authorities had to step in. Wedel-Jarlsberg concluded: 'This teaches us how bad it is to oust solid and well considered arrangements for an uncertain or blinding hope.'¹⁶ For Wedel-Jarlsberg, *corvée* and serfdom did not preclude wealth and prosperity. On the contrary, the system did not only ensure the peasants a material minimum, it also made their welfare the interest of the proprietor. To make another deterring example, he pointed towards France where, during Jacques Necker's time as *contrôleur général des finances* [director general of finance], attempts to reform the

corvée by carrying out public road repairs as waged labour, according to Wedel-Jarlsberg, resulted in unfair and unbearable burdens for the peasants involved.¹⁷

The preservation of the existing order coincided with the dynamic of the family. Inside the system (or the family) the peasants were met with security, protection, and encouragement. Outside, however, the (now independent) peasants were unsafe, alone, hopeless, and unhappy. In this respect, the happiness of the kingdom ultimately depended on a relation of loving dependence between the proprietors and peasants rather than suspicion, disobedience, and competition. In other words, the monarchy was held together by this family bond. To Wedel-Jarlsberg, of course, the important point was that this was the most reliable system for the state, arguing that ‘the state and the king have first priority for their taxes.’¹⁸ However, he also claimed that this was the system that the peasants themselves preferred. For instance, when bad conditions struck among the freeholders on the peninsula Jutland and the island Funen, many of the peasants asked the proprietors to let them become tenants again.¹⁹

Furthermore, this argumentation revealed his fundamental conception of the progression of history. The existing order was originally, according to Wedel-Jarlsberg, a result of a form of state of exception. As he explained:

The state found itself in the direst conditions; it lacked secure and sufficient revenues for its maintenance; it lacked necessary security against external attacks. [...] Accordingly it needed a completely changed internal economy that could give the financial operations the necessary security and strength.²⁰

In a later response to a critical pamphlet by the dean N.C. Clausson (see below), he emphasized this point, saying about the original implementation of serfdom at the time that it was clearly necessary for ‘the welfare and salvation of the state.’²¹ Therefore, although serfdom in the form of the *Stavnsbånd* may seem like a restriction of the rights of the peasantry, it was not, Wedel-Jarlsberg argued, the same as older forms of serfdom such as *Livegenskab* (or worse, slavery). In its historical origin, serfdom was in fact implemented out of the *necessary* need of the state to secure its own survival and under these conditions serfdom was the best possible solution:

[F]or the obligation has not despotic but fatherly intentions as purpose, that is, to ease all shortage and provide those without means certain abode and

income. The human fragilities compel even the mildest and wisest government to restrain the civic freedom on numerous occasions for the common good.²²

Wedel-Jarlsberg certainly supported some notion of civic freedom and equality as long as it was exerted within the political order of the absolute monarchy. In the monarchy, all people were first and foremost subjects under the monarch and in this sense principally equal. The arrangement of and differences between the estates was merely a secondary necessity for the preservation of the order. For Wedel-Jarlsberg, all estates were restrained in some way. The logic was that if the state suffered then everybody suffered, which in consequence meant that no individual interest could ever be more important than that of the state. Therefore, it was in the interest of the common good that the state should always be allowed to use every necessary means to secure its own existence and continuation. Within this idea of the state's supremacy, the subjects could be granted civic rights and freedom—only, however, to the extent that it did not disturb the order:

That there is different degrees in civic freedom, challenges the order of the creator himself and the prevalence of the state. A greater degree of freedom in general than the one our insightful government has granted the peasants would not have coincided with the welfare and continuance of the state.²³

However, one might object, could this not be confined to the more uncertain early days of the absolute monarchy? What would happen if the ideas of the reformers were to be carried out? For Wedel-Jarlsberg the answer was simple. The tenant peasants did not have the necessary means to become freeholders and the proprietors could not cultivate their lands alone—if you broke the bond, you would break the country and the state of exception would be reinstated. In a letter attached to the pamphlet he thus predicted that ‘all security, order and justice would disappear, when all regard for the laws of property were thus abolished.’²⁴ Even if the property rights of the proprietors were violated and their lands given to the peasants, they would not be able to generate surplus enough to pay the taxes, and even worse they would lose the fatherly care and protection of the proprietors. In this sense, the existing economic order was, according to Wedel-Jarlsberg, actually the best for securing equality, fairness, and welfare in the peasant estate, and the state in general, and was as such morally the most preferable system.

CHALLENGING PERSPECTIVES

When Wedel-Jarlsberg published his pamphlet there was no legal censorship in Denmark. Yet, since the fall of the infamous Johann Friedrich Struensee, the public debate had nonetheless de facto been restricted with the Danish Privy Councillor Ove Høegh-Guldberg as head of the Privy State Council. In this respect, Wedel-Jarlsberg's complaint about the growing reform-movement was quite indicative of the mounting national discontent over the conservative policies under Høegh-Guldberg. Two years later, in 1784, this discontent led the young crown prince Frederik to carry out a bloodless *coup d'état* in the Privy State Council, removing Høegh-Guldberg and his supporters from influence. The public debate and the opportunities for political influence were suddenly in question and slowly, perhaps even timidly, a public sphere for debating social and political issues was established.²⁵ And public opinion mattered. The entrance of the crown prince and his advisors forebode political changes and reforms, and for those who sought influence, it seemed more important than ever to argue their position. It seemed evident that access to the king and his court was no longer enough to gain political influence. Anyone who wanted influence also needed the favour of both the administration and the public opinion.²⁶ As such, the reactions to Wedel-Jarlsberg's pamphlet steadily began to emerge.

As Norwegian historian Jens Arup Seip has observed, the generation entering the public debate after 1784 was far more critical and daring in its approach than it was previously.²⁷ Inspired by the popularized European Enlightenment, they sought to criticize the political and economic arbitrariness that they essentially believed prevailed from the old feudality. The reason that Wedel-Jarlsberg's pamphlet was perceived as controversial in the first place was that his critique was about more than 'just' agrarian reforms. It was a defence of a specific economic normativity and an attack on the morality and certainty of the economic ideas of the reform movement. In the Danish context, the ideal society of the reformers was characterized by ideas such as equality before the law, personal freedom and mobility, individual property, and relations based on free, voluntary contracts. Authors like Wedel-Jarlsberg, however, pointed out the epistemological uncertainties that many reform-minded legislators around Europe were facing, such as how did they know how abstract economic theories would work in practice? Could human behaviour and economic development really be predicted and controlled? How could one even conclude from a universal theory to the particular, national case?

The ideas of the reform-movement could easily be perceived as a more or less explicit moral critique of the ‘old economic order,’ yet the opposing defenders of the existing order, such as Wedel-Jarlsberg, also placed the moral critique as the focal point of their arguments. In their view, the ideas of the reformers thus completely lacked social conscience and a sense of reality. Wedel-Jarlsberg knew that to defend the existing order he had to make a positive argument to prove that it was both morally and financially sustainable. Thus, instead of repudiating any notion of reforms (which would be considered reactionary), he offered a distinction between a right and wrong way of reform: namely, the existing institutions of the group or family as the right premise of reforms and the idea of individualism and independence as the wrong or bad premise. In this sense, he was not opposing any notion of reforms—he was opposing specific plans of the reformers.

Though the Wedel-Jarlsberg-controversy may not have been the most prominent of all reform debates of the decade, it is nonetheless a cogent example of the clashes between different currents of economic normativities in Denmark at the time. An illustrative example of a direct clash can be found in the liberal Danish economist Christian Martfeldt’s reaction to the *Instruction* in the progressive journal *Minerva*, where he commented:

When the peasant was his own, whence should the help come, when he was troubled with fire, crop failure, cattle plague, etc. [...] From freedom from corvée, property right, knowledge about using his soil, freedom to sell his goods according to the market price in the towns.²⁸

In his commentary, Martfeldt showed an unshakable confidence in the benefits and sustainability of the economic ideas he adhered to. This confidence was undoubtedly shared by many authors and often resulted in direct and unabashed ridicule of Wedel-Jarlsberg. An example of such mockery came in 1787 when the Norwegian-born dean Niels Christian Clausson published a pamphlet in which he sought to repudiate the arguments against increased freedom of the peasant estate as presented in Wedel-Jarlsberg’s pamphlet and instead prove that peasant freedom was both an economic and moral necessity.²⁹

Drawing on the writings of Adam Smith, the model that Clausson wanted the government to implement was one where all peasants, enjoying rights equal to any other citizen’s, ran small to medium-sized farms as freeholders. The abolition of serfdom and the following free mobility

would ensure healthy competition between the peasants and a better flow of knowledge between different regions in the country. Furthermore, Clausson opposed Wedel-Jarlsberg's conception of the patriarchal family by making a rhetorical distinction between a feminine and a masculine way to run an economy.³⁰ As such, he turned Wedel-Jarlsberg's idea of giving as many people as possible the opportunity to cultivate land into a basically effeminate way of thinking economy, which was characterized by being emotional, risky, and impulsive. Opposed to this were the economic theories supported by the reform-movement. Their ideas thus represented reason, ability to see the big picture, level-headed judgment, and management based on a professional, contractual relationship; all in all, masculinity. Implementing equal civic rights through legislation was important in the sense that it facilitated a rational, depersonalized economy of equal interests. Where Wedel-Jarlsberg placed the group or family as the basic component of the state or society, Clausson thus claimed the individual for this position. The conflict about placing either the individual or the group at the centre of reform represented a fundamental divide in the perceptions of economy. Moreover, it reflected two very different views on human nature, namely whether humans were completed through individual freedom or social relations.

UNCERTAIN PREDICTIONS

Not all authors shared the certainty of Martfeldt and Clausson. One author who has often, somewhat unmeritedly, been considered a supporter of Wedel-Jarlsberg, was the Danish officer, later county governor, and proprietor Caspar Wilhelm von Munthe af Morgenstjerne. In the controversy, he took a rather solitary position between the reform-movement and its opponents by being equally sceptical of both sides in order to advocate his own concept of a natural development. What makes Morgenstjerne interesting in the controversy is that his fundamental scepticism towards abstract theory and stress of national particularity did not mean that he opposed the ideas as such. He even admitted: 'It also seems fair to me that the Enlightenment in time should win.'³¹ He did not believe that reforms and legislations could cause immediate changes in the mind and behaviour of the people—or that freedom for the peasants would solve all problems in, or perhaps even have any influence on, the agriculture.³² His critique against the reformers was indeed against what he saw as their blind belief in economic theories and swift transitions. This view, however,

did not entail a rejection of change altogether. He did believe in gradual development of the economic order (which could take hundreds of years) resembling the pace of nature.³³

A more compromising approach was made by the influential and respected jurist Christian Albrecht Fabricius. Though Fabricius defended the reform-movement, and clearly was a part of it, he was not inclined to include himself as one of the so-called reformers—indeed his purpose was merely, as he strategically put it, to show the possibility and accuracy of their ideas.³⁴ His strategy was to legitimate the ideas of the reform-movement by using the same parameters as Wedel-Jarlsberg, namely by celebrating the value of experience, security, obligations, and prevalence of the state and by showing a similar disregard, if not contempt, towards making long, philosophical, and theoretical discussions with no basis in reality.³⁵ For Fabricius, freedom and property were to be considered inseparable concepts. One could not exist without the other. Hence, freedom without property would lead to great uncertainty because freedom alone only created idlers and drifters. On the other hand, property without freedom would only hinder the peasant's inclination and will to cultivate the land to its full potential, as he observed:

Shall the peasant enjoy freedom then he must also have property; or else the proprietor is offended since his revenues become difficult and uncertain. Shall the peasant have property then he must also have freedom; or else he has no use of it and cannot provide the proprietors and the state the benefits which hereby should be won.³⁶

With Fabricius we thus once again see a strong connection between moral and economic language in the sense that both freedom and property were deemed necessary for the economic prosperity of the state. The idea was to create personal investment through equal civic rights. By combining freedom with property the peasants would become more inclined to patriotically defend the country (since they now owned a part of it) and in general more invested in cultivating their lands and fulfilling their duties.³⁷ For Fabricius, the drive to care for one's own property and freedom—that is, putting oneself first—was an *a priori* disposition in man. However, the same cannot be said about caring for the freedom and property of others, as this relied on temporary and inherently arbitrary emotions, goodwill, and a Christian upbringing. Like Wedel-Jarlsberg, the reform-minded authors thus also relied heavily on attacking the morality

of their opponents. Clausson for instance claimed that securing freedom and property ought to be considered the most important task for any rightful, and not despotic, government, saying:

The civic freedom of the peasant is, as a certain writer [probably Martin Luther] says: *articulus stantis reipublicæ & cadentis* [the article that the republic stands and falls upon]. All attempts at the well-being of the peasant class and the agrarian sector in Denmark are only temporary solutions as long as serfdom prevails.³⁸

On the one hand the reform-minded thus questioned the morality of Wedel-Jarlsberg's defence by claiming that he was really sanctioning slavery, and on the other hand they argued that freedom from an economic point of view undoubtedly (according to both experience and philosophy) was the best source of wealth.

CONCLUSION

Though most modern readers might consider the idea of serfdom as something obviously despicable, it nonetheless represented a much more complex economic and moral issue in its own historical context. During the 1780s significant agrarian reforms, including the famous abolition of serfdom in 1788, were carried out in Denmark. In a European context, the Danish reforms were remarkably progressive and prevailing. Similar successes were achieved in Prussia 20 years later, as British historian Sean Eddie remarks in his recently published dissertation, where 'once peasant subjection ceased to be a mutual economic asset, peasants' personal freedom was literally granted for free.'³⁹ However, in many European states, such as Spain during Charles III and the Habsburg Monarchy during Maria Theresa and Joseph II, attempts at reforms, especially in the agriculture, were met with opposition so serious it resulted in several adjustments and even retractions.⁴⁰

The Danish agrarian reforms have traditionally been praised for their ambition and success, though some historians have questioned their practical impact on the peasant estate.⁴¹ The reforms were none the less met with both popular and, as this chapter has shown, intellectual opposition. Though the popular unrests in Denmark were nowhere near as serious as in contemporary France, recent studies have shown that local protests against the reforms in the 1790s more than once came close to an actual revolutionary situation.⁴² Across the scale, from the most progressive

reformers to their most reactionary opponents, arguments for economic policies drew upon highly moralized conceptions. By taking up the little-known case of the Wedel-Jarlsberg controversy, I have not only attempted to highlight an often neglected side of the history of economic and political thought, namely of the so-called opposition, but also to demonstrate just how closely related questions about economy, civic rights, and morality often were at this time. The agrarian reforms in 1788 clearly favoured the reformers, but the political struggles, which among others were raised in the Wedel-Jarlsberg controversy, were far from solved. In this respect, the controversy became foretelling of the political divisions that would form the Danish political landscape later on. For Wedel-Jarlsberg of course the challenge was an immediate one, namely of securing the welfare, continuation, and social cohesion of the state by exposing the moral deficiency of the new economic ideas. For him, as for his opponents, there were no doubt that a discussion about economy was also a discussion about the moral constitution of society, about the values, institutions, and peoples making up a society, constituted either through inequality or equality and playing out across the social sphere, including in something as seemingly mundane and technical as agricultural reform.

NOTES

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The Emergence of the Concept “Political Economy”

Nicolai von Eggers

Political economy became an integral part of political thought in France during the second half of the eighteenth century when the concept ‘economy’ was applied to the political sphere, and thus fused with the ‘political’ in order to form the compound phrase ‘political economy.’ Even though Antoine de Montchrétien used the phrase as early as 1615 in his *Treatise on Political Economy*, as a concept and as a discipline ‘political economy’ did not spread from there and it had little impact on political thought, as both Johannes Burkhardt¹ and Jean-Claude Perrot² have shown. This is witnessed by the fact that the term ‘political economy’ would not resurface in any other title until Jean-Jacques Rousseau’s 1758 essay ‘Discourse on Political Economy,’ a second edition of his 1755 *Encyclopedia* article on ‘Oeconomy.’ In 1763, Victor de Riqueti (Mirabeau) and François Quesnay, two of the main Physiocrats, published their *Rural Philosophy, or General and Political Economy of Agriculture* (published in de Riqueti’s name), and from there the phrase ‘political economy’ would slowly pick up in French political theory. In 1763, two works carried the phrase in their subtitles, one as already mentioned by Mirabeau and Quesnay, the other by Saint-Supplix, discussing the Physiocratic theory of taxation. In the 1770s, three works used the phrase in their titles, eleven in the 1780s,

N. von Eggers (✉)

Department of History of Ideas, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

eight in the 1790s, and fourteen in the first decade of the 1800s. From here on, and through the influence of Adam Smith, the phrase would become extremely popular in British thought as well.

The overlaps between economic and moral arguments in the early phase of the discipline of political economy have for a long time been researched and acknowledged when it comes to the Scottish Enlightenment thinkers such as Adam Smith.³ This is not surprising since ‘economy’ in eighteenth-century Scotland was treated as a field within the discipline of moral philosophy. Thus, the normative implications and assumptions of early Scottish political economy, resting on the shoulders of, among others, Bernard Mandeville, Gershom Carmichael, and Francis Hutcheson, have been relatively well researched. This can also be said for British political economy in general.⁴

However, when it comes to the French context, in which the notion ‘political economy’ emerged, the normative aspects of the emerging science of political economy are less discussed. Or, to be precise: the normative aspects are not connected to the foundation of political economy.⁵ Instead, early French political economy is treated as a *sensu stricto* economic and/or political science. However, as Liani Vardi has argued in a recent study, ‘Physiocracy was much more than an economic theory,’ since it involved an epistemology, an anthropology, an aesthetics, a conception of politics, and, not least, a clear conception of the good society.⁶ Nevertheless, for all the merits of Vardi’s book, she does not link the all-encompassing theory of the Physiocrats to the concept ‘economy,’ which is somewhat surprising since the Physiocrats did, after all, call themselves ‘*les économistes*.’ That is to say, they themselves placed the word ‘economy’ at the core of their identity.

In this chapter, I will outline the historical semantics of the concept ‘economy’ in the time where both Rousseau and the Physiocrats fused it with ‘the political’ and, thus, created the new concept ‘political economy.’ It is my conviction that such a study is an indispensable prerequisite for discussing the normative implications of political economy. My question is thus: What did the word ‘economy’ signify at the moment Rousseau and the Physiocrats began speaking about political economy? That is, what is the semantic core of the concept at the moment it is coupled with ‘the political,’ and becomes ‘political economy’? If we wish to discuss the moral implications of early political economy, we must in the first place understand what is meant by ‘economy’ at all—that is, what the early writers on political economy understood by the word economy. The

aim of this chapter is comparable to a recent study of Germano Maifreda in which he attempted to outline the genealogical premises of the main concepts of political economy.⁷ Maifreda provides genealogies for key concepts of political economy such as exchange, value, market, demand, work, and even economy. However, as the list indicates, in defining the key concepts of political economy, Maifreda clearly has the political economy of Adam Smith in mind—a fact he admitted in a subsequent lecture.⁸ Instead of giving a diachronic view of concepts forming the political economy of Adam Smith, I wish to provide a synchronic view of the term 'economy' as it is used in the eighteenth century, in the context influencing those who first began using the notion 'political economy.' In doing so, I will, when needed, draw upon the diachronic work on the genealogy of economy, which has been produced by Bernard Balan and Girogio Agamben, and which has problematised the standard etymology of the word 'economy,' and, thereby, the normative aspects easily derived from such an etymology.

Finally, it will be the aim of this chapter to render probable the hypothesis that the birth of political economy entails a reconfiguration of a patriarchal conception of political economy. That is, political economy goes hand in hand with a patriarchal conception of political power that is not linked to a sovereign ruler, but rather to a class of experts. This reconfiguration of patriarchy is intrinsically connected to the word 'economy,' and the abandonment of 'economy' understood as despotic management of a household in favour of 'economy' understood as natural order.

AGAINST THE STANDARD ETYMOLOGY OF ECONOMY

By exploring the question about what economy signified at the moment it was fused with the political, I wish to present an alternative to what one might call 'the standard historical explanation' of the term economy. The standard explanation has it that economy originates from the Greek word *oikonomia*, coming from *oikos*: house, and *nomos*: order, law, distribution, division, deriving from *nemo*: to dispense or allot. Economy is, therefore, the wise management of the household, and political economy would thus mean the wise management of the political household, the state. Versions of this argument, which I have presented very crudely here, can be found in works as varied as conceptual history,⁹ economic history,¹⁰ and the history of governmentality.¹¹ Tony Aspromourgos, for example, uncritically asserts that the ancient Greek conception of economy as management of

a household or a large estate ‘persisted right through until the eighteenth century’ and that it is this conception of ‘economy’ that informs the early thinkers of political economy.¹² This is not entirely correct, since, as I will show in this chapter, the word ‘economy’ has a much richer semantic heritage owing to its usage in theology and natural history.

If we turn to Rousseau and the Physiocrats, we see that they are explicit in their dismissal of the conception of economy understood as a household. Rousseau was particularly eager to distance himself from thinking economy in patriarchal or household terms. If we pay close attention to the opening paragraph of Rousseau’s *Encyclopedia* article ‘Oeconomy,’ we see how he zealously argues why it is wrong when some people think analogously of the government of a state and a household. He mentions Robert Filmer by name, the author of *Patriarchia* (published posthumously in 1680), whose ‘detestable theory’ Rousseau seeks ‘to destroy’ in his article.¹³ As Rousseau asks rhetorically, ‘what resemblance could there be between governing the state and governing a family when the two are so differently based?’¹⁴ Instead, we have to understand the laws through which the political sphere operates, which is what Rousseau will label the ‘public economy.’ Rousseau’s argument tells us two things: first, that Rousseau believes it is intuitive to think about economy as something dealing with the household, or the family, also when it comes to conceptions of the political sphere; and second, that Rousseau follows Aristotle in refusing that the rationality of a household is in fact a good way of thinking about the political sphere.¹⁵ Unlike Aristotle, however, Rousseau sticks with the word ‘economy’ throughout the entire article, when he works out his conception of the political sphere in what will function as a prolegomenon to *The Social Contract*. This means that he is not following Aristotle in his conception of politics. But just because Rousseau is rejecting the conception of ‘economy’ as a form of household management does not mean he is simply inventing a new understanding of the word ‘economy.’ In describing the political sphere through the concept of ‘economy,’ Rousseau draws on a long and vivid tradition of thinking about economy in a way that has nothing to do with the household or the family. Normatively speaking, this means that, genealogically, there is nothing inherently patriarchal about the science of economy.

Something similar could be said about the Physiocrats. Even though they probably would not find Filmer’s theory ‘detestable,’ as they themselves worked with a theory of legal despotism, the word economy in

Physiocratic writings hardly ever refers to their patriarchal political inclinations. For the Physiocrats, instead, economy primarily signifies natural order. Even though the Physiocrats used the word economy on many occasions and in many contexts, it does not seem that the compound phrase 'political economy' ever became a privileged notion in their theory to a degree where it could be used to designate the discipline that they were proponents of. Instead they were called, and called themselves, 'Physiocrats' or 'economists.' What then did economy signify in the mid-eighteenth century?

INTRODUCING ANIMAL ECONOMY

François Quesnay is today considered one of the main figures in the birth of the science economy because of his *Tableau économique* from 1758, and because of the role he played as the leader of the Physiocrats, or, as they were called at the time, *les économistes*. Quesnay, however, wrote an extensive treatise on economy many years before writing what is today known as his economic texts. The text was called *Essai physique sur l'Oeconomie animale* (Physical Essay on the Animal Economy), and was published in 1736 with a second augmented edition appearing in 1747.

Although he never explicitly defines animal economy, Quesnay gives some images and concepts indicating what he meant. Quesnay admits that anatomy, and especially Boerhaave, has 'illuminated the operations of the animal economy, which depend on instrumental causes, that is to say, of the structure of the movements of the parts.'¹⁶ However, Quesnay says later, anatomy has 'passed lightly over the first movements, or the first physical causes.'¹⁷ Thus, animal economy has something to do with first causes, which transcend the simple anatomical description of the body. However, the animal economy is not only concerned with first causes, but also with the operations as such, as when he speaks about digestion (and decomposition of substances in general) as one amongst other 'operations of the animal Oeconomy.'¹⁸

The preface sheds more light on Quesnay's position and criticism of anatomy in understanding animal economy: 'Anatomical investigations have not exactly understood the operations of the animal Oeconomy, they are confined to the inspection of the sensible parts of the body.'¹⁹ A true investigation of the animal economy, however, must go beyond the mere investigation of the sensible parts of the body. In other words, with the economy of the animal, we are dealing with something super-sensible.

Quesnay's definition of animal economy becomes clearer when we consider that it figures in the title of the work. The entire work, *Physical Essay on the Animal Economy*, is divided into three parts concerning elements, humours, and solid parts. However, the overall endeavour of the work is to provide an overview of the order of things. Quesnay is constantly speaking about the orders, states (as in states of health), mechanisms, and principles governing all bodies, from the animal to the universe. He speaks, for instance, about the mechanism of the human body,²⁰ as well as the mechanism operating the laws of nature or the entire universe.²¹ In this way, nothing—from salts and metals, to fire and freedom—can be separated from the animal economy, as they are all part of the economy of the universe, God's creation.

We find a more concise definition of animal economy in Jean-Joseph Ménéuret de Chambaud's 1765 *Encyclopedia* article on 'Animal Oeconomy.' The article uses several images and concepts that may also be found in Quesnay's work, and Ménéuret defines the animal economy sharply as

*the order, the mechanism, the set of functions and movements that support animal life, the perfect and universal exercise of which, if executed faithfully, with alacrity and ease, constitutes the most flourishing state of health, in which the smallest disturbance is as such illness, and that, if it ceases entirely, will produce the extreme opposite of life, that is, death.*²²

Thus, the economy of the animal is, on the one side, the order or coordination of the animal's faculties, and, on the other side, the very measures by which this order is conducted: 'the set of functions and movements that support animal life.' The economy of the animal is what constitutes its health and thus keeps it alive. It logically follows that the death or illness of the animal would be the equivalent of a lack of economy. In other words the economy is the way in which the animal governs itself through natural laws and innate faculties, and it is the way in which it can optimally govern itself if its aim is to live and to live well.

In contrast to anatomy, animal economy was preoccupied with bodies in (potential) movement, having an eye on the elements of time and change, the strictly speaking invisible principle governing the body and keeping it alive. To give one example of the technical, medical use of the term economy when applied to the theory of bodies, and their balance and well-being, we can turn to Robert James' *Medicinal Dictionary* from 1743–1745. In the article 'Hypochondriacus Morbis,' James writes

that the disease in question results from an ‘Inversion or Perversion of their peristaltic Motion, and, by the mutual consent of the Parts, throwing the whole nervous System into irregular Motions, and disturbing the whole Oeconomy of the Functions.’²³ This idea of an animal economy, a harmonic whole balanced through mutual consent of the parts, was not strictly limited to the medico-scientific sphere, but could, as David Hume bears witness to in his *Treatise of Human Nature* from 1737, also be applied when considering judgments concerning the aesthetic value of a certain animal: ‘[J]udging of the beauty of animal bodies, we always carry in our eye the œconomy of a certain species.’²⁴ In this way, economy was a concept describing some extra-material quality of living bodies—their order, harmony, principle, and vitality.

ECONOMY AS DIVINE, NATURAL ORDER

Quesnay was far from the only one speaking about ‘animal economy’ in the period leading up to Ménuret’s concise definition. In fact, theories of animal economy were widespread in Quesnay’s age. It descended from Hippocratic medicine, and it can be traced back to at least the Hippocratic physician Louis Duret’s *Hippocrateis magni Coacae Praenotiones*, posthumously published in 1588, in which he speaks about ‘oeconomia naturalis, vitalis et animalis.’²⁵ Animal economy not only comes from Hippocratic medicine, it also makes its way into modern medicine and natural science from Paracelsus, who had adopted the term animal economy from the Spanish theologian Miguel Servetus’ sixteenth-century writings on trinity and the Christian economy. Servetus, in turn, was greatly inspired by Tertullian and other early Christians, who had debated God’s plan and the way in which to understand the trinity, as has been thoroughly investigated by Marie-Jose Mondzain²⁶ and Giorgio Agamben²⁷ respectively. With Tertullian, economy becomes a central concept in early Christianity:

[A]s though the one [God] were not all [these things] in this way also, that they are all of the one, namely by unity of substance, while none the less is guarded the mystery of that *economy* which disposes the unity into trinity, setting forth Father and Son and Spirit as three, three however not in quality but in degree, not in substance but in form, not in power but in [its] manifestation, yet of one substance and one quality and one power, seeing it is one God from whom those degrees and forms and manifesta-

tions are reckoned out in the name of the Father and the Son and the Holy Spirit. How they admit of plurality without division the discussion will show as it proceeds.²⁸

Tertullian goes on to specify later in the text that the result of God's economy is that 'the Father and the Son are two, and this is not a result of separation of substance, but as a result of an economic disposition.'²⁹ Not coincidentally, we find somewhat the same idea about the economy in the animal economy of the eighteenth century. The 'economy' is the order of the body, the arrangement of the body's functions, or the overall organising structure of the body's self-governing parts, almost as a conductor of an orchestra or the very room in which the orchestra comes together as orchestra. In this way, the concept of *economy* is very similar to that of government, or governing, in Quesnay's text on the animal economy. In a passage discussing the apparent disorder of the natural world with all of its things and interconnections, Quesnay writes that a thousand different causes 'act as to conserve a whole, and their actions are regulated by the view and the design of a Supreme intelligence who has constructed the Universe, who governs it, and who assures its continuing existence.'³⁰

What might appear to be disorder and chaos when one observes the world with all of its causes or things (Quesnay is both discussing animals and other things of nature as well as men and the inequality amongst them), is in reality expressions of a greater order constructed by a supreme being. Order in this way works on many levels. There is the order of the animal, which allows it to be what it is and keep on living unless its order is disturbed; Quesnay here uses the word *economy*. There is also the order of the universe, which make it what it is and ensures its continuing existence; Quesnay here speaks about *governing*. Both of these examples of order can and shall serve as models for the correct government of the state:

The Supreme intelligence has wanted that man should be free; yet freedom is driven by different motives, which can sustain order [amongst men] or throw them into disorder, so exact laws are necessary in order to define man's duty towards God, towards himself, and towards others, and so it has to be in one's interest to observe them [the exact laws]; it is in this view that religion and politics meet in the natural order, in order to keep men more surely on the road they must follow.³¹

Quesnay's small passage contains a threefold argument. Firstly, order is natural and can, therefore, be sustained by man (through what one must assume is good governance), or it can be thrown away (through what would then be bad or ignorant governance). Therefore, secondly, man needs exact laws in order to determine how to behave towards God, himself, and others. A comparison with the animal's economy is obvious here: just as the animal needs an economy in order to maintain itself in the best possible way, so does man need economy to do the same; the only difference is that man is a different kind of being, religious and organised in a society, than the animal. However, and this is the third part of the argument, these laws are not for man to invent. They are already present as the way God has ordered and governs his creation and, therefore, they must be observed.

BODY, FLOCK AND ONE KIND OF ALL

In Ménuet's 1765 *Encyclopedia* article 'Economie animale' we find a thorough explanation of what is meant by this term. We have already seen Ménuet's basic definition, which says that the animal economy is in its 'most exact and common sense *the order, mechanism and overall set* of the functions and movements which sustain life.'³² Throughout the article, as Quesnay had done in his *Animal Economy*, Ménuet would shift between descriptions about the economy as something acting upon a body (*corps*), or as being itself the mechanism, order, or state, for example the 'state of health' or 'the body's state.'³³ However, as Ménuet makes clear in his article 'Observation,' the animal as a living being is not just a body, and there are, therefore, other images which can explain the economy. In explaining the different parts of the body, Ménuet's words once again resemble those of Quesnay's, when he spoke about 'a thousand different causes that act as to conserve a whole':

One could [...] compare man to a flock of cranes which fly together, in a particular order, without mutually assisting or depending on one another. The Physicians or Philosophers who have studied and carefully observed man, have noticed this sympathy in all animal movements – this constant and necessary agreement in the interaction of the various parts, however disparate or distant from one another; they have also noticed the disturbance of the whole that results from the sensory disagreement of a single part.³⁴

The comparison between body and flock is not just an analogy. Acting as a whole may enable the flock to do what the body cannot. Here, Ménuret invokes the image of ‘a swarm of bees which strive together to hang onto a tree branch’:

One can see them pressing and sustaining one another, forming a kind of whole [*une espèce de tout*], in which each living part contributes in its way, by the correspondence and direction of its movements, to sustain this kind of life of the whole body, if we may refer in this way to a mere connection of actions.³⁵

We should note here Ménuret’s expression ‘*une espèce de tout*,’ which Wolfe and Terada have translated as ‘a kind of whole’ and which literally means ‘one kind of all.’³⁶ In this way, everything that can be counted as one, no matter how disparate its parts are, can be said to have an economy: the body, the mechanism, the flock, the world, salvation.

CARL VON LINNÉ AND THE ECONOMY OF NATURE

We find a similar idea about ‘economy’ in Linnaean natural history that would form the basis of modern taxonomy. Written by Isaac J. Biberg in 1749 and published in Carl von Linné’s multivolume *Amoenitates Academicæ*, published between 1749 and 1790, the *Oeconomia Naturæ* is in the tradition of Linné’s *Systema Naturæ* an attempt to classify nature. The text runs as a long list of categories and subcategories of different parts of nature (the globe, animal kingdom, stone species, and so on), but it starts out with an explanation of its title:

By ‘Economy of Nature’ we mean the wise disposition [*dispositionem*] of natural beings, established by the sovereign Creator, according to which they tend to common ends and execute reciprocal actions. Everything contained within the limits of this universe loudly celebrates the wisdom of the Creator. Everything that falls within our senses, everything that is presented to our mind and deserves observation combines, through its disposition, to manifest the glory of God; that is, to produce ends that God wanted as the purpose of all his work.³⁷

Economy is here the wise disposition of natural beings, and at the same time it is due to this wise disposition that natural beings fall within our senses and are made intelligible to us. Through his wise disposi-

tion of things, God reveals himself. God has created man in such a way that man can admire the disposition of nature by discovering the taxonomy God has used to arrange it. Man can, so to speak, copy the language of God by copying the book of nature, just as the monks in the Middle Ages copied God's language by copying the Bible. Therefore, in Biberg's Linnaean conception, the economy of nature has a twofold meaning: it is the order of nature, and it is the order of nature in such a way that man can admire how God has ordered nature and thereby reveals himself and his glory.

In this way, appreciation of the natural economy is at the same time science (exposition of natural principles and natural order) and worship giving glory to God. To Linné, man with his intellectual capabilities was a natural part of God's economy, his creation, and his plan, and it would, therefore, be an insult not to make use of it by scientifically monitoring the creation. In this way, Linné perceived 'oeconomia' as a science in general, with subspecies such as natural economy and political economy—fields in which he made his students write or teach, such as when chairs were created, as was the case in Turku 1747, Uppsala 1759, and Lund 1760.³⁸ A Swedish speaker in 1780 would boast that 'the Oeconomy was encouraged, and Sweden had the honour of being the first to bring it to a proper science and graft her onto Academic exercises.'³⁹

The historian Lisbet Rausing has claimed that the entire epistemology of Linnaean oeconomia rested upon Linné's natural theology, and that 'Adam Smith imports the cybernetic concepts governing Linnaeus's natural theology into his own economics of the "invisible hand."⁴⁰ Linné's ambition to make a science of economy, a science of everything in the form of an exhaustive description of the economy, is akin to Quesnay's project in *Animal Economy*. Here, Quesnay is not only describing the economy of the animal, but the economy of everything: liquids, chemicals, elements, substances of all kinds, air, fire, bodies, freedom; and by so doing discovering the natural laws with which God has created and governs the world—that is, describing *the* economy. Only from a proper description of the economy can we deduce righteous, divine politics. As Quesnay says, it 'has to be in one's interest to observe them [the exact laws]; it is in this view that religion and politics meet in the natural order, in order to keep men more surely on the road they must follow.'⁴¹ Providential politics will follow from (the right understanding of) economy.

ROUSSEAU'S POLITICAL ECONOMY

In his 'Discourse on Political Economy,' Rousseau opens his argument by making a link between the word 'economy' and the theories about family and *paterfamilias*, that is, a wise disposition of the household. He also expands this link to include the political sphere, as one can speak 'of that greater family, which is the state.'⁴² However, Rousseau only mentions this link in order to refute it—which takes up the first three to four pages of the article. After that he goes on instead to present how then to understand the political economy, and here he speaks about the 'body politic':

The sovereign power corresponds to the head; laws and custom are the brain, which controls the nerves, and is the seat of the understanding, the will, and the sense, while the organs of sense are judges and public officers; commerce, industry, and agriculture are the mouth and the stomach, making nourishment available to all; public finance is the blood which economic wisdom, performing the function of the heart, guides throughout the body, distributing life and subsistence; the citizens are the limbs and body that make the whole machine move, live, and work, and which cannot be injured in any part without a sensation of pain being transmitted to the brain, provided that the animal is in a healthy state.⁴³

Rousseau's words clearly resemble those of the animal economy, and Quesnay's theories. Rousseau speaks explicitly about public finance as that which 'economic wisdom' makes circulate in order to keep the body alive and healthy. Again, what we see with Rousseau is not economy in the fiscal sense as such, but in the sense of order and a governing principle—'political order and economy,' as Rousseau says, treating them as synonyms.⁴⁴ Public finance needs economy; the parts must be in accordance with each other if the body is to be healthy. Seen from a different perspective though, public finance, or as Rousseau calls it, 'management of the public purse,' is part of the public economy.⁴⁵

Like the body politic, and like the economy of will(s), Rousseau writes that every 'political society is composed of other smaller societies, of different kinds, each of which has its own self-interest and code of conduct,' just like the animal, according to the theory on 'animal economy,' is composed of different self-governing parts.⁴⁶ And just like how the different parts of the animal will have to be subjected to a general order, not by coercion but by their own free will, in order for the animal to function and function well, so will the fractions of society

have to come in accordance with the general order or plan of society as a whole, conceptualised by Rousseau as the general will. The word for this general order of the animal, which will make it function and function well, is the economy, or what Rousseau, speaking of the political body, calls public economy.

CONCLUSION

The entry 'Économie' in the fourth and fifth editions, respectively, of the *Dictionnaire de l'Académie* nicely reflects the different senses of the word economy discussed in this chapter. In the fourth edition from 1762, economy is defined as follows:

ECONOMY The order, the rule one applies in conducting a menage, in the expenditure of a house. *To have economy. Understand economy. Live with economy, with a great economy. He has economy in his expenditure. He has no clue of economy. [...]*

ECONOMY that is figuratively the order through which a political body primarily subsists. *It overthrows the entire economy of the state, of a republic. The animal economy.*

It is also figuratively the harmony that is between different parts, the different qualities of a physical body. *The disorder of the sentiments troubles the entire economy of the temperament.*⁴⁷

The word economy is defined as managing a household and having one's private financial situation under control. However, this is applied solely to the private sphere. When we speak of the political sphere, of the 'political body,' we are dealing with the 'economy of the State' or 'of a Republic.' In the political sense of the word, the *Académie* lists the animal economy as an example. In other words, the order and administration of the body politic is conceptualised as an animal economy, whereas economy as the management of a household is not listed under the political meaning of the word economy.

In the fifth edition from 1798, the political definition of the word economy is altered slightly. Here it says: 'Economy, that is figuratively, and in a broader sense, the order through which a political Body primarily subsists: This is called Political economy. *It overthrows the entire economy of the State, of a Republic.*'⁴⁸ What has taken place between 1762 and 1798 is that the notion 'political economy' has become an integral part of the

French language as a result, we might say, of the influence of Rousseau and the Physiocrats.

As we have seen, ‘economy’ was a general idea in mid-eighteenth-century thought and by the end of the century it had become a standard notion in the French language. Economy signified order, harmony, and balance in any given body, artificial or natural, but it also signified a metaphysical principle of ordering, harmonising, and balancing that governs a given body. As such, the word economy was applicable in different spheres, such as the theological, the natural historical, the moral, and the political. Through the theory of the body politic, the word economy had drifted from natural history and animal economy into political theory, and from there it would move on to live its life in the discipline of political economy.

What conclusions, however preliminary, can we draw from this about the normative aspects of early political economy? Two points can be made here.

First, I have shown that there is a complex relation between economy and patriarchal politics. The concept of economy is first and foremost related to theories about natural order and natural laws. This is important because it casts some light on the question of whether their doctrine of legal despotism is a necessary part of their doctrine or not. For the Physiocrats themselves, the connection was obvious.⁴⁹ However, their theories of political economy were easily integrated into non-absolutist contexts, which would suggest that legal despotism was not a necessary component of their political economy. This means that the patriarchal implications of political economy are not necessarily related to an absolute sovereign but are more generally related to the superiority of a class of technocrats—the economists.

Second, the semantic core of economy and the meaning, therefore, of political economy is irreconcilable with a conception of politics that understands politics as either deliberative or as a field of legitimate contestation. (Some of the most notable theorists of politics as deliberations are John Rawls and Jürgen Habermas, whereas some of the most notable theorists of politics as contestation are Chantal Mouffe and Jacques Rancière.) From the very beginning, political economy is understood as a precise science of the economy of society, which must be followed by the science of government—that is, by the science of politics. There is therefore no room for either deliberation nor contestations as such processes may be seen as nothing but deviations from the right course: from the objectively ‘best’ policies. That is to say, political economy is from the very

beginning *economistic* in that it reduces political questions to questions of administration and order.

In the middle of the eighteenth century, economy—in the form of political economy—becomes an integral part of the understanding of politics as such. It draws on a widespread conception of ‘economy,’ which can be called a sort of metaphysics of order. Thus, we have a divine economy, a natural economy, an animal economy, and, from Rousseau’s and Quesnay’s writing and onwards, a political economy, where ‘economy’ in each case designates the order or natural laws of the given realm. The laws of a given realm are thus not the laws laid down by a worldly sovereign according to his will. Instead, they are inherent to the things themselves—to animals, to the world, to salvation, and to politics. In this way, they are non-negotiable and uncontestable. Political economy, in this way, normatively entails a purely administrative and patriarchal conception of politics.

NOTES

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2. Jean-Claude Perrot, *Une histoire intellectuelle de l'économie politique* (Paris: Éditions de l'ÉHESS, 1992), 67.
3. Terence Hutchison, *Before Adam Smith* (New York and Oxford: Basil Blackwell, 1988); Andrew Skinner, “Pufendorf, Hutcheson and Adam Smith: Some Principles of Political Economy,” *Scottish Journal of Political Economy* 42 (1995): 165–82; Roger Backhouse, *The Penguin History of Economics* (London: Penguin, 2002); Tony Aspromourgos, *The Science of Wealth* (London and New York: Routledge, 2009).
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6. Liana Vardi, *The Physiocrats and the World of the Enlightenment* (Cambridge: Cambridge University Press, 2012), 3.
7. Germano Maifreda, *From Oikonomia to Political Economy* (London: Ashgate, 2012).

8. Germano Maifreda, "From Oikonomia to Political Economy," lecture given at Aarhus University 11-09-2013.
9. Otto Brunner, *Neue Wege der Verfassungs- und Sozialgeschichte* (Göttingen: Vandenhoeck and Ruprecht, 1968), 103–28; Burkhardt, "VI. Die Vermittlung des Begriffs 'Ökonomie' (18. Jh.)."
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12. Aspromourgos, *The Science of Wealth*, 17.
13. Jean-Jacques Rousseau, "Political Economy" in Rousseau, *The Social Contract* (Oxford: Oxford University Press, 2008), 6.
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Equilibrium, Natural Order and the Origins of Normative-Deductive Economics

Stefan Gaarsmand Jacobsen

One of the founding fathers of economic methodology, Mark Blaug, was a persistent critic of the overconfidence in the methods of modern economics. Defending a strict Popperian programme, Blaug was not convinced by any self-proclaimed scientific approach to economics. An advocate of more historical understanding among economists,¹ Blaug connected certain twentieth-century methodological predicaments of economics to the history of economic thought. Addressing the lack of interest among economists to test and falsify their assumptions about rational economic agents, Blaug speculated that

[p]erhaps the real trouble is our age-old belief, going back to Ricardo, that economics is essentially a deductive science, in which we infer economic behavior on the basis of some assumptions about motivations and some stylized facts about prevailing institutions, suppressing even the temptation to ask whether these are descriptively realistic assumptions and accurately chosen facts.²

What Blaug saw as an age-old belief, to historian of science Mary Morgan is a basic fact of how economists create worlds of models based on their assumptions about individual behaviour. As Morgan has recently shown, this is a matter of moving from the identification of specific economic regularities to model-building of a whole economic system.³

S.G. Jacobsen (✉)

Copenhagen Business School, Porcelænshaven 18B, 2000 Frederiksberg, Denmark

Ricardo's deductive science was important for the development of political economy, but he was not the first economic thinker to produce technical and calculable results based on strong assumptions of immutable and fundamental laws governing the economy. For this, according to Morgan, we must go back to physician and political economist Francois Quesnay (1694–1774). Morgan argues that we must look to Quesnay's depiction of the whole economy in a table or chart, the *Tableau Economique*, which visualized how goods and money circulated in society:

Quesnay's *Tableau Economique* was not just a depiction of the economy but one that could be manipulated, and because it could be manipulated, it could be reasoned with. For economists it is the possibility to reason with the different kinds of representations [...] that makes them [...] into economic models.⁴

The *Tableau Economique* provided a deliberate simplification of society's economic relations. The aim was to give its “user”—the *économistes* as Quesnay and his followers were sometimes called—the ability to deduce how people would act in an all-encompassing view of the economy.⁵ Far beyond any facts about prevailing institutions or historical processes, the *Tableau* had the potential to support strong economic normativities, both on the level of individual actors and when regarding the economy as a whole system.

In this chapter, I interpret Quesnay's innovations and supporting arguments in the context of the conceptual and metaphysical underpinnings that were at play more generally for the Physiocrats. I claim that Quesnay's arguments for a strong connection between this economic model, coupled with his rhetoric of economic certainty and necessity, became a decisive moment in the development of economic thought. The abstractions suggested in the Physiocratic model were conceived of as being an expression of the *real* social order, which existed latently but had simply been hindered by the economic order of traditional production schemes in France and in Europe. From being a theoretical construct, the model became a normative necessity, grounded in a deistic idea of the “rule of nature”—or *Physiocratie*, a nickname they willingly took as the title of their efforts.

In understanding why this odd and openly metaphysical theory should have relevance today, one has to acknowledge that while in parts of the Physiocratic vocabulary, the normative approach is easily identified, other parts have a modern ring. While the metaphysical underpinnings are

relatively clear in the concept of “natural order,” which the Physiocrats incessantly used,⁶ they also reinterpreted and applied a concept used mainly in the mechanical writings of their contemporaries—*equilibrium*—to describe the outcome of market exchanges. Indeed, Austrian economist Joseph Schumpeter has claimed that Quesnay’s *Tableau* was “the first method ever devised in order to convey an explicit conception of the nature of economic equilibrium.”⁷ The concept of equilibrium does not only build a bridge to the future legacy of the Physiocrats, it was also the basis for a more serious reception by some of their less metaphysically orientated contemporaries. It made the future controller-general of finances Anne-Robert Turgot use the Physiocratic framework for his economic ideas and promote its basic logic to a new generation of liberal economic thinkers.

This chapter documents these developments and argues that the way in which the Physiocrats devised the concept of equilibrium for their economic theories was a central part of their argument for this normative order. The chapter will place the analyses of equilibrium in the context of their normative approach to the natural order of society by relating them to recent literature on the normative status of these Physiocratic ideas. By providing this contextualization of the normative connotation of equilibrium, it expands upon Blaug’s brief attempt to trace the legitimacy of strongly deductive methods in modern economics.

NORMATIVE LEGACIES OF THE PHYSIOCRATS

One avenue for assessing the normative approach of the Physiocrats is to look at their part in the contemporary debates on “system.” Jessica Riskin has pointed to an important discrepancy in the eighteenth-century debates on economic life, which revolves around the concept of system. In Riskin’s narrative, the group of system-bashers, among whom she counts Turgot and the Physiocrats, should be seen to promote an epistemology of “sentimental empiricism.” The systems that were bashed belonged generally to the mercantilist tradition that sought to exert a planned control over the in- and outflow of goods between nations. According to Riskin, the sensualist-empiricists viewed this as an echo of old-fashioned epistemologies that failed to include new methods of measuring and interpreting the world.⁸ The Physiocrats were especially eager to criticize the economic policies of the otherwise celebrated seventeenth-century controller-general of finances Jean-Baptiste Colbert. They thought of his

policies as a “system” that had been detrimental to the French economy because of its “artificial” approach to production and circulation in society. The sensualist-empiricists sought to replace these “mechanical” and “artificial” principles behind mercantilist economic policies with new evidence-based and “scientific” principles.⁹ This scientific approach Riskin finds to be shared in Quesnay and other Physiocrats as well as in Turgot. Riskin presents the ironic fact that as Turgot was rolling out new economic policies as controller-general of finances in the 1770s, the concept of system was evoked abundantly *against* Turgot, who had been a system-basher himself in the 1760s.¹⁰

Although both Physiocrats and Turgot often suggested very concrete economic reforms as part of their theories, this would only allow for certain societal groups to engage with specific economic activities. This could be assessed as a systematic approach to politics and society and this was the background for the attack on Turgot and the Physiocratic model. Indeed, as Dan Edelstein has pointed out, although the “esprit de système” had been met with scepticism since the early Enlightenment, the Physiocratic “system” became an important reference towards the end of the eighteenth century.¹¹ Contrary to Riskin’s overall interpretation, therefore, I claim that the attacks on Turgot’s “system” were not a historical irony, but rather were in tune with conceptual developments of “system” in this period. Certainly there was something novel in the economic theories of the sensualist-empiricists, but it was not that they were devoid of systematizing speculations, as Riskin seems to believe. On the contrary, the Physiocrats were proponents of a tradition that would do away with the bonds of the many concrete obligations of the state administration in order to carry out sweeping reforms that should make a perfected, natural order possible.

In a recent book, criminologist and historian Bernard Harcourt has provided another approach to understanding the normative afterlife of Physiocratic economic thought. Harcourt traces the concept of *natural order* from eighteenth-century Physiocratic writings to twentieth-century Chicago school economics and places it at the core of modern economics’ self-understanding:

The birth – or, perhaps to be fair, the emergence and maturation – of the idea of natural order helped shape a vision of the economic sphere as an autonomous, self-adjusting, and self-regulated system that could achieve a natural equilibrium spontaneously and produce increased wealth.¹²

The concept of natural order is certainly important when assessing the immediate legacy of Physiocratic economic thinking, but it has neither been used uncritically nor with consistent reference to the Physiocrats by all the economists of the nineteenth and twentieth centuries that Harcourt has studied. As a reference to a higher (though secular) principle for governance, the concept of natural order does not seem to form a tradition of economic reasoning in its own right. The notion of “spontaneity” in the economy has often been attributed to late eighteenth-century thinkers,¹³ but in fact this concept is of a later date in economic thought.¹⁴ This does not necessarily disturb Harcourt’s overall argument that a certain way of thinking about markets and legislation was founded in the late eighteenth century, but it makes a difference whether or not we have a clear notion of the more specific epistemological and theoretical points that shaped the legacy of the Physiocrats in economic thought.

On this topic, the decisive point is to acknowledge the strength and complexity of both the scientific and the metaphysical rhetoric applied by the Physiocrats. Stressing this should not, however, convince us that their influence would only go in the other direction. Where Riskin focuses too strongly on the scientific categories applied by Turgot and the Physiocrats, Harcourt tends to overlook these subtleties of their vocabulary. The ideas of these eighteenth-century thinkers were read neither exclusively as purely metaphysical nor purely scientific by their contemporaries. Indeed, the overall message of their thinking was contested. In this process, however, certain concepts under debate could become qualified and accepted even for those who would not accept the full Physiocratic “system” or model of the world. This is the case for focusing on a concept that seems only technical, like equilibrium. However, most historical studies of economic equilibrium have placed it in the context of the development of modern economics.¹⁵ As an underlying premise, these studies seem to share the historical approach that late twentieth-century theoretical debates function as an end-goal for earlier theoretical developments or a standard that the past ideas can be measured up against. This entails a tendency towards producing a teleological narrative and risks that neither the ideological innovation performed by the Physiocrats on this concept nor the protests by contemporaries have been properly highlighted. Gunnar Myrdahl was aware of something similar in his critical analysis of value-orientation in modern economics. What seems, to modern economists, to be neutral categories like competition, productivity and equilibrium, actually “give direction to our thoughts” in a normative manner.¹⁶ In the

following, I will document how the scientific and metaphysical levels were intermixed in the case of equilibrium and, in turn, how this provided a normative input to the technical concept of equilibrium.

A “SCIENTIFIC” MODEL OF THE NATURAL ORDER

The Physiocrats proudly presented their system as a “new science” in 1768.¹⁷ And whereas Ricardo explicitly defended himself against allegations of simplistic deduction,¹⁸ Francois Quesnay made simplifying abstractions a *hallmark* of his approach to economic life and economic policies. In the *Dialogue on the Work of Artisans* from 1766, Quesnay gave the following philosophical explanation between the observable nature and the possibilities of gaining knowledge about it:

[...] in Nature everything is intertwined, everything runs in circular courses which are interlaced. The fact that these different movements are necessarily interconnected means that things can be understood, differentiated, and examined only through the medium of abstract ideas [...] it is not for the natural order to conform to a language which expresses only confused and ambiguous ideas; it is for the expressions to conform to the exact understanding of the natural order.¹⁹

Quesnay juxtaposed clearer or higher principles contained in natural order with any “confused” ideas about these phenomena. This became a defining approach of the Physiocrats by the end of the 1760s. Behind it lay a notion that economic life conformed to a normative order based upon nature’s ability to reproduce itself. The maxims and theorems deduced from this notion had great consequences for future debates on economic life, but it was also integral to the legitimacy of a new, more technical form of reasoning about the economy. When first sharing his vision of the *Tableau* with Victor de Riqueti Mirabeau, Quesnay explained that he had

[...] tried to construct a fundamental Tableau of the economic order for the purpose of displaying expenditure and products in a way which is easy to grasp, and for the purpose of forming a clear opinion about the organization and disorganization which the government can bring about. [...] You have seen other *tableaux* in these days – it is a way of meditating on the present and on the future.²⁰

The attempt to construct a model, the *Tableau*, simply for providing a better grasp of the economy seems to be a modest wish. From the context, it is hard to decipher exactly which “other *tableaux*” Quesnay was referring to, but it does suggest that he did not regard his own way of presenting the theory as a break with what he perceived as the standard scientific communication of his age. What did set Quesnay apart, however, were the metaphysical beliefs that drove him to believe that the *Tableau* showed something about the real inner workings of the (economic) world.

Thus, in search of a “bridge” between the scientific and ideological discourses of eighteenth-century economic thought, there is a point in turning to the epistemological core that made the Physiocrats believe that their economic theories marked the beginning of a whole “new science.” Regarding Quesnay’s *Tableau Economique* as a new gospel, the Physiocrats argued that the circulation of goods on the market should have no impediments whatsoever. Goods and money should circulate freely regardless of what the current state of the economy was. The concrete policies suggested thus argued *for* the exportation of grain and other necessities for subsistence even if this would put the immediate livelihood of a nation’s poor at risk.²¹

Returning to the quote from *Dialogue* above, Quesnay stated that it is for “expressions to conform to the exact understanding of the natural order.” This argument was analogous to Quesnay’s general view of how legislation, morality and economic activities should all converge towards a universal standard of the universal or natural law.²² In turn, the natural order, emerging from this conformity to one universal law, specified a realm of necessity that all people were forced to relate to if society should have any chance of being productive and have the ability to sustain the livelihood of the whole population. This way of thinking about necessity was more radical than that of most other economic thinkers of the age. Natural order dictated the Physiocratic views on morality and there was not, as in the work of Adam Smith and the Scottish tradition, a specifically moral core to the development of economic doctrines. The problem of probabilities, which were theories about the economy both before and after Quesnay, were, symptomatically, considered of much less importance for the Physiocrats. The kind of mathematization and the number of calculations which could be applied in the *Tableau Economique* were about certainties, not probabilities.²³ Building upon self-evident and certain truths, the political aims for the economy came to be about necessity rather than deliberation. Overall, what Quesnay and the Physiocrats claimed to have

achieved was the identification of a final set of natural laws to which all legislation and agency should conform if they were to be recognized as rational and enlightened.

NEW SYSTEM, NEW EQUILIBRIUM

Quesnay was convinced that the whole economic system of traditional France, as well as other European systems, were completely corrupt and had to be replaced with an entirely different order. The ideas of fiscal simplicity suggested by Sébastien Le Prestre de Vauban in the beginning of the eighteenth century provided a theoretical foundation for thinking further about the fiscal problems.²⁴ In turn, this also made a new, simpler approach possible for the circulation of goods and money. The Physiocrats wanted to free the economy, but strengthen the security of property and revenues. Thus, they would endorse an economic order in which landowners would keep their positions, but take over the tax burden from the farmers. The farmers were not to be taxed directly, but were instead to pay a proportionate rent to the landowners out of which the tax could be paid.

As introduced above, one way to understand the changes in the use of “system” is to assess its relation to the concept of equilibrium, the meaning of which was also being renegotiated. It could thus describe the zero-sum game of the European states, competing with each other and being enmeshed in a “jealousy of trade.”²⁵ This balancing act, and all its political control mechanisms and displays of power, was regarded by a number of economic thinkers from the mid-1750s onwards as being at the core of the economic problems. The equilibrium of military and naval trading powers between states was understood as being analogous to the equilibrium of political powers within a state. Although in many respects deeply admired for its enlightened approach, Montesquieu’s parliamentary theory, in which the equilibrium or balance of powers was at the core, became a target for the critics of the old notion of “system.” Symptomatically, German jurist J.H.G. Justi wrote two treatises on the “Chimera of the equilibrium.” One, which was translated into French, was devoted to the race for commercial dominance, and the other to the question of military power in Europe.²⁶ The problem was addressed not only out of economic concerns, but also because of the perceived problems for peace in Europe, as Justi’s writings and those of many other participants in the debate showcase.²⁷ In short, equilibrium had a ring

of dangerous and unstable artificiality to it, in contrast to the conceptual framework of natural law that was maturing in this period.

The changes in the concept of equilibrium in political economy discourse did not come about suddenly in mid-eighteenth-century France. In fact, the first use of the concept with the “new” meaning stems from the very beginning of the eighteenth century, when Pierre Le Pesant de Boisguilbert wrote his suggestions for the betterment of the French economy. It is well known that Boisguilbert was the first economic thinker to put the phrase *laissez-faire* into a theoretical context.²⁸ In Boisguilbert’s work, the concept of equilibrium’s “balances” and “harmonies” was applied in the context of explaining how markets worked, not how interstate relations could be manipulated by the state.²⁹

Boisguilbert had drawn mainly on Cartesian philosophy in formulating his notion of a mechanical equilibrium on markets. By the mid-eighteenth century, however, this concept was not primarily understood as an economic invention of Boisguilbert’s. Rather it was read through its connection with French advances in physics. Furthermore, the plurality of scientific applications of the concept was addressed by several influential intellectuals. Jean le Rond d’Alembert, in his entry “Equilibrium” [*Équilibre*] in the *Encyclopédie*, stated that “the part of mechanics that is called statics has as its object the laws of equilibrium of bodies.”³⁰ These laws would afflict both “bodies” or “forces,” while “tendency” and “movement” described what happened in the process of reaching an equilibrium. These surrounding concepts underlined the meaning of equilibrium as a phenomenon that was reached in a dynamic and automatic process if left undisturbed.

The way in which different bodies would automatically or naturally arrange themselves in a state of equilibrium made it attractive to contemporary economic thinkers with the belief that markets had self-correcting abilities if not disrupted by unwarranted regulation. The application of this specific mechanical vocabulary is clearest in the case of Turgot. When writing the concept of “expansibility” in a separate entry to the *Encyclopédie*, Turgot applied the concept of equilibrium to an explanation of the physical phenomenon of materials expanding.³¹ Turgot had been close to the milieu around the *Encyclopédie* and had detailed knowledge of metaphysics and natural philosophy as well as political theories.³² In his economic treatise *Reflections on the Formation and Distribution of Wealth* in the 1760s, he applied the same mechanical vocabulary to explain his economic ideas on the productivity of capital:

The different uses of the capitals [sic] produce, therefore, very unequal products; but this inequality does not prevent them from having a reciprocal influence on each other, nor from establishing a kind of equilibrium amongst themselves, like that between two liquids of unequal gravity, which come into contact with each other at the base of an inverted siphon, of which they fill the two branches; they will not be on a level, but the height of the one cannot increase without the other also rising in the opposite branch.³³

This argument came as part of an explanation as to how capital is best put to work in society. Turgot also used it as a defense of the accumulation and free flow of capital. The point can be read as a kind of early theory of trickle-down effect—given a scientific guise that matches the realm of physics: capitals will *not* flow equally to all members of society. Rather, they will follow a pattern predefined by economic forces in society—quality of land, conditions for manufacture and so on. But, if left undisturbed, the commercial system will be moved by itself to a state of affairs in which all are better off than before the process. Therefore, Turgot urged his readers not to worry about inequality, but about the free flow of capitals—commodities and money. When this mechanic metaphor was transposed to markets and flows of commodities, interest, money and employments, they would be seen as interacting just as seamlessly and necessarily as the fluids in a siphon. This language was applied with increasing force during Turgot’s writings on economic topics. In 1770 he wrote:

For the existence of society it is essential that the necessary proportion between the price of commodities and the price of labor exists normally. But this proportion does not consist of a point so precise and indivisible that it cannot vary and gradually move away from the equilibrium which is most just and advantageous for the two classes.³⁴

Turgot offered at the same time a technical and a normative account of how prices are formed, and why they should be left undisturbed. The concept of necessity was tied directly to upholding an optimal situation for all classes, and subsequently all members, of society—even if they would not be equally rewarded for their efforts and product at a specific point in time. The legitimization for this strict language was found in the physical explanations of equilibrium that d’Alembert had provided since the 1750s.

In the case of the Physiocrats, we see a similar development. From having had a minor part in their rhetoric in the 1750s, the concept of equilibrium became central for their theories in the 1760s. In *L'ordre naturel*, Le Mercier condemned any optimistic expectations that the powers of Europe would become balanced in a state of equilibrium and regarded a peaceful outcome of the work towards such an equilibrium as an impossibility.³⁵ The solution that was presented was instead one that would do away with any inter-European borders when it came to economic questions, thus replacing fragile balances with a singular power base.³⁶ However, when Le Mercier explained the specific workings of the Physiocratic model for economic exchanges, equilibrium took on an entirely different meaning. Here, it only had to do with markets:

Notice the necessity of this equilibrium [*équilibre*] that must decide over the cost of production and the cost of labour. It is of no use to examine which of the two prices command the other: the essential point to grasp is that both are in a mutual dependence; that they are the measure for each other, and that you cannot change the order of their relation without overall damaging the interests of all that we seek the most to protect.³⁷

Thus, the stakes were high when it came to maintaining the equilibrium that decides the costs in question. If the mutual dependency becomes blurred by an intervention in the market of any kind, the most general workings of the economy is in danger. Le Mercier dismissed equilibrium when it concerned groups like nation states, but used a very positive moral and political meaning of equilibrium when applying it to the notion of the benevolence of individual actions. The order that has to be upheld is in the interest of the whole society. In fact, this is the very condition of there being a common interest in society. “The movement of money is nothing but circulation.”³⁸ Le Mercier stated this, making it clear that the certainty of the argument came from Quesnay’s *Tableau*. In descriptions like this one given by Le Mercier, another important level of the Physiocratic argumentation becomes clear: the whole system of an economy must be thought of in terms of the relationship between the individual buyers and sellers. However, whereas the actors in modern microeconomic theories are regarded as somewhat fictitious characters, the microcosm made up of actors within the *Tableau* directly reflected *reality* for the Physiocrats. The market-clearing mechanism was the only economic relationship that could be observed as certain and therefore necessary.

CONCLUSION

Quesnay's *Tableau*, and the writings on equilibrium by Turgot and the Physiocrats inspired by it, set a new standard for the range of normative economic thought. It provided a close theoretical connection between the conditions for exchanges amongst economic actors on the one hand, and the economic workings of a societal model on the other. In turn, this presented contemporary economic thinkers with a way to cut through problems of mounting complexities in the analyses of present economic life and of the unforeseeability of the future. The model entailed in the *Tableau* could be manipulated or calibrated according to the data at hand and any specific policy suggestions could be tested. If the calculations would not indicate a situation of equilibrium in which all prices and commodities circulated freely, the policies could be labelled as risky or detrimental. For the Physiocrats and their supporters, this seemed like a way to mediate both between past and future and between speculation and fact.

For critics, their normative usage of a technical concept like equilibrium underlined the problem of their abstract theories. Italian diplomat and economic thinker Ferdinando Galiani worried about the popularity of Physiocratic policies in times of food scarcity, stating dryly: "The equilibrium comes too late and by this time the people would already have died of hunger."³⁹ This was over 150 years before macroeconomist John Maynard Keynes would suggest his famous thesis that "in the long run, we're all dead" in the debate with philosopher and economist Friedrich Hayek.⁴⁰ Despite the time difference, the two critiques point to a similar tension in the development of liberal economic thought: the question of whether or not the reliance on self-correcting tendencies in economic systems rested on normative underpinnings rather than empirical ones. The stakes have constantly been high, since both Galiani and Keynes saw themselves partaking in economic debates that would have enormous social consequences.

The concept of equilibrium—and the assumption that there exists an automatic tendency towards equilibrium among society's consumers and producers—continued to attract the attention of economists to Keynes' time and beyond. Although it produced criticism and rage, as it became famous from the 1760s onwards, the notion had emerged that it was even more dangerous to sidestep certain fundamental rules of the economic mechanisms. And the notion of a Physiocratic *system* of the economy remained a point of reference for future generations of both French and British economists who sought to explain how different markets were interconnected.⁴¹

By subcategorizing equilibrium mechanisms under the Physiocratic idea of the natural order of society, Harcourt has provided an avenue for understanding the normative and philosophical connection between the eighteenth-century debates and the laissez-faire economy of the twentieth century.⁴² On the other hand, Morgan is correct in observing that equilibrium models were not fully integrated in economics before the beginning of the twentieth century. The most important step leading to this was the adaption of infinitesimal calculus to assess price equilibrium of the so-called “marginal revolution” in the 1870s.⁴³ Assessing modelling in economics as a part of the history of science alone, however, might underexpose the important legacy of the normative logic inherited from the eighteenth-century adaption of the concept of equilibrium from physics. This chapter has combined these types of historical analysis—the genealogical history of normativities and the history of science—to provide insights into the semantic transformations of the concept of equilibrium. This shows that it was used in economic thought as an expression of both a natural development of prices and the only real guiding line for avoiding economic detriment and, in turn, for promoting the greatest economic situation for all classes in society. This gives us a firmer idea of the beginnings of an interdependency of normative and scientific categories in economic thought. The task remains to continue the critical historical analysis of the naturalization of the concept of equilibrium into modern economics.

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Representation and Taxation: Fiscality, Human Rights and the French Revolution

Jonas Ross Kjærgård

No taxation without representation. Supposedly, this catchphrase of the American Revolution was coined by James Otis, Jr. as a way of voicing dissatisfaction with the Stamp Act of 1765. Although the actual origin of the phrase is probably more obscure than this, the sentence captures a fundamental trait of the American Revolution: if the colonies were to pay special taxes, they should be represented in Parliament and thus be allowed to influence the fiscal practices they underlaid. It is rarely acknowledged, but a similar relation between taxation and representation surfaces repeatedly in the French revolutionary context, most visibly in article fourteen of the 1789 *Déclaration des droits de l'homme et du citoyen*. The aim of this chapter is to approach taxation and political representation as interrelated issues in the human rights discourse and praxis of the French revolution.

Already prior to the final adaptation of the Declaration in late August 1789, taxation had been a recurring topic in both discussions and alternative versions of a declaration of rights. Thus, M. de Lafayette addressed the Assembly on July 11 and proposed that ‘the taxes should be consented to freely and partitioned proportionally,’¹ and Abbé Sieyès ten days later, in his proposal for a declaration, insisted that ‘no one should pay other taxes than those freely voted by the representatives of the nation.’² Even

J.R. Kjærgård (✉)

Department of Comparative Literature, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

though these phrasings are ideologically similar to the final formulations in the Declaration, the members of the National Assembly seem to have wanted a more detailed description of the fiscal practice of the new regime in its founding document. Hence, they adopted not just one but two articles—in a declaration of only seventeen—dealing with taxation:

13. For maintenance of public authority and for expenses of administration, common taxation is indispensable. It should be apportioned equally among all the citizens according to their capacity to pay.

14. All citizens have the right, by themselves or through their representatives, to have demonstrated to them the necessity of public taxes, to consent to them freely, to follow the use made of the proceeds, and to determine the means of apportionment, assessment, and collection, and the duration of them.³

What springs to mind about these articles is that they both have relatively detailed precision and a certain discursive tone. Taxation is often thought of as an administrative problem—which it is—but in these articles it is described in a moral vocabulary familiar from political and philosophical human rights discussions. Not only should taxes be distributed ‘equally among all the citizens,’ but everyone has a ‘right’ to consent to taxes and ‘to determine [their] means of apportionment, assessment, and collection.’ What is specifically revolutionary about these articles is that fiscal equality goes together with the citizen’s right to political participation and co-determination. And, important in this context, this revolutionary demand happens in a morally coded language of fiscal administration.

In her study of the 1789 *Cahiers des doléances*, Beatrice Fry Hyslop argued that the demand for greater fiscal equality was ‘well-nigh *unanimous* in the cahiers of 1789’ and, thus, not a specific revolutionary claim of the Third Estate.⁴ I agree that the appeal to equality in matters of taxation was mostly class independent, and that fiscal equality has a history going back to the monarchical rule of Louis XIV, but I want to emphasize that the specific fusion of fiscal and political equality was unambiguously revolutionary in the late 1780s. As is often the case with French revolutionary issues, taxation proves to be both a continuation of and a rupture with the politics of the Old Regime. Thus, the idea of political equality is completely missing from the example, taken from the *cabiers* of the clergy of Puy-en-Velay, which Hyslop gives to demonstrate the wide and class-independent support for fiscal equality:

All the French are members of the same family; they participate equally in the advantages of government; they ought therefore to share equally the costs. No privilege ought or should take precedence over public interest; the State has equal and imprescriptible rights over all individuals and all property which it protects. The fundamental principle of society is that all its members who have common interests to sustain and to defend, have also equal charges and duties to perform.⁵

Here, there is no equal participation in public administration. It is the ‘advantages of government’ that are equally participated in and not the right to influence public matters; instead of citizens with individual rights, the quote mentions a state with ‘equal and imprescriptible rights over all individuals.’ As Hyslop underscores, this quotation testifies to a noteworthy demand for fiscal equality, but it is, nonetheless, very different from the 1789 Declaration because there is no mention of *political* equality. The guiding thesis of this chapter is that the revolutionary idea of taxation inherent in the Declaration continues an attempt to further fiscal equality, which is manifest already in the Old Regime, but differs from the monarchical policy by fusing the idea of fiscal equality with the principle of political equality.

In a historiographical perspective, the French eighteenth-century collision between taxation and administration, on the one hand, and egalitarian human rights discourse, on the other hand, is understudied and deserves greater attention because it might lead towards a probable explanation of how the abstract notion of equality became interesting to many in the revolutionary years. The transition from political ideals to revolutionary action is a problem in two influential studies of human rights in eighteenth-century France that both leave taxation uncommented on: *Inventing Human Rights: A History* by Lynn Hunt⁶ and Jonathan Israel’s *Democratic Enlightenment: Philosophy, Revolution, and Human Rights 1750–1790*.⁷

Even though these authors develop very different explanatory models, they share an interest in the emergence of human rights. Hunt emphasizes the importance of new sensations and emotions, such as empathy and autonomy, and the main part of her book is an attempt to historicize these feelings. She suggests that, if empathy can in fact be historicized, pinpointed to this exact period, we have a plausible way of explaining why the idea of equal rights came to seem self-evident not only to the American Founding Fathers but also to the French revolutionary politicians.⁸ To Israel, there is,

contrarily, nothing self-evident about human rights. Instead, they are the result of a long struggle for radical egalitarian principles first formulated by the Dutch philosopher Baruch de Spinoza in the seventeenth century and later expounded and developed by such radical Enlightenment *philosophes* as Diderot, d'Holbach, Helvétius, and Abbé Raynal.⁹

While Hunt stresses the importance of new types of feelings, Israel insists upon the influence of brilliant materialist philosophers, but they both have trouble explaining exactly how these feelings or ideas came into existence, how they were diffused, and how they made the difficult transition from emotions or ideas to revolutionary actions. In fact, in a recent debate between the two, both criticize the other for not being able to adequately explain the connection between ideas and practice regarding eighteenth-century rights.¹⁰ My claim is that by regarding human rights as embedded in the problem of taxation, we can better understand how the abstract words from the Declaration—freedom, equality, citizenship—were actually conceived and discussed, we can better understand how these ideas were disseminated, and we can give a more plausible explanation of how egalitarian ideas influenced revolutionary actions. Because taxation was immediately present to eighteenth-century French citizens, a better understanding of its moral coding and connection with the rights vocabulary will shed important light on the problem of the diffusion of human rights ideas addressed by both Hunt and Israel. As indicated, the hypothesis underlining this chapter is that articles thirteen and fourteen expound an idea of taxation that was originally presented not by the commoners of the Third Estate but rather by a French monarchy constantly bordering on bankruptcy, but then reconfigured and fused with an idea of political representation in the pre-revolutionary years by an increasingly confident third estate. What, then, characterizes the monarchical idea of fiscal equality?

TAXATION I: MONARCHICAL EQUALITY

In 1788, the Minister of Finance, Loménie de Brienne, published a commented version of the dismal 1788 budget, promising a deficit of approximately 160 million livres. In his argument for new taxes, he developed an egalitarian discourse and combined it with an appeal to moral notions such as public interest, honour, and justice:

It is for this commanding reason, to which the public interest as well as the honour and justice forms a law to YOUR MAJESTY, that He has determined to ask his people for new supports; [...] Since he does not want this to result in any surcharge on the inferior and poor classes who answers unabated to this tax; and expecting that the richest persons will not be found offended when, placed on common grounds, they do nothing but pay a charge for the support of the state they, since longtime, should have shared with greater equality.¹¹

This quotation exemplifies the monarchical idea of equality in matters of taxation. In this absolutist ideology, equality means submission to the king and since the king needs funds, it is only just that *all* his subjects should contribute equally. However, in actuality, the Old Regime, according to one commentator, was characterized by a ‘symbiotic relationship’ between privilege and the state,¹² which is confirmed by another emphasizing that royal authority was ‘portioned out’ and ‘shared in practice.’¹³ It follows from this collision between morally coded monarchical equality and a system of unequally distributed privileges that Brienne’s proposal for greater fiscal equality would cause considerable societal changes, an assumption confirmed by Michael Kwass’ study on eighteenth-century French taxation.¹⁴ These attempted changes towards fiscal equality and higher state revenue, however, had a long history going back to Louis XIV.

When discussing eighteenth century French taxation, it is necessary to acknowledge the high level of state expenditure primarily due to war costs. Besides the military engagement in the Seven Years’ War (1756–1763) and the American Revolution (1775–1783), France participated in a costly power play with Great Britain, the Russian Empire, and the Habsburg Monarchy as the primary antagonists. This military build-up was expensive, and the problem, from a French perspective, was that the corporate state of the Old Regime was insufficiently effective in collecting taxes. This relative inefficiency had a number of reasons, but the decisive factor was total or partial tax exemption.

There were an increasing number of different taxes in Old Regime France, but the ‘easiest and fastest resource’ for the state, according to the Finance Minister Jacques Necker, was the *taille*, a direct tax on land. In principle, the more land you owned, the more tax you had to pay. The clergy and the nobility were exempted from this tax, however. The clergy because, or at least this was the justificatory language of the age, their pri-

mary debt was due to God, and the nobility because they, as soldiers, paid their debt to the state by way of blood in times of war. Commoners could buy exemption from the *taille* as well if they purchased a title or an office from the state—these offices could be legal offices, tax collection offices, or offices seemingly without any real function. This practice, venality, was extensive because the buyers gained tax exemptions and a regular income while the state made some fast money.¹⁵ Even if they were complicated in their details, from a general perspective the French financial problems were fairly simple: incomes were unable to meet the expenses of war, debt maintenance, and the increasingly expensive administrative sphere dominated by the practice of venality.

The solution, as seen from the point of view of the monarchical state, was real universal taxes with no possible exemptions. This meant office-holders, clerics, and nobles had to pay, and they had to pay regularly. Whereas the *taille* was an old tax, originally from the fifteenth century, the *capitation*, *dixième*, and *vingtième* are universal tax inventions of the eighteenth century and the very late seventeenth century.

These new taxes had real economic consequences for the privileged classes and caused greater tax equality, but they were, nonetheless, ill received, not just by the privileged who were unfamiliar with paying taxes, but also by the commoners since they still had to pay the *taille* in addition to the new taxes. Unlike modern forms of continuous taxation, eighteenth-century French taxes were usually time-limited and imposed only when there was some specific state expense, often connected with war activity. Because of the widespread unpopularity of new taxes, the state needed a means of justification, and they found widely distributed royal declarations a fitting measure. Kwass locates two general patterns in the royal declarations and in their way of legitimating new taxes: Firstly, the justificatory reason for imposing universal taxes shifted from war expenditure to debt maintenance, indicating that administrative state financial issues were a growing and gradually more public concern. And secondly, the idea of equality was repeatedly used by the monarchy as a way of making the nobility pay its share of taxes.¹⁶

Here, these patterns are interesting because they imply that taxation and a morally coded equality were interrelated issues throughout the century, not just in the wishful thinking of the unprivileged commoners but also in the justificatory logic of the monarchical state trying to balance the budget. And certainly the *Declaration du Roy, pour l'établissement de la Capitation générale* (12 March 1701), stating that the *capitation*

needed to be ‘rendered as equal as possible,’ as well as the *Déclaration du Roi, Concernant le Cadastre general & la liquidation & remboursemens des Dettes de l’Etat* (21 November 1763), emphasizing that the monarchy tried to ‘exclude everything arbitrary and all inequality’ in its fiscal policy, testify to an egalitarian impulse in the monarchical strategy of legitimating greater taxes. However, it is fiscal equality *without* political influence.

This separation of politics and economy had an enthusiastic spokesperson in the author and pamphleteer, Olympe de Gouges. Even if her audience was limited, Gouges wrote continuously on various topics of the day, often from a royalist and women’s rights point of view. She is primarily famous for rewriting the Declaration of the Rights of Man and the Citizen, which in her version became Declaration of the Rights of Woman and the Female Citizen in 1791. However, she had an opinion on taxation as well, which was expressed in the pamphlet *Lettre au peuple, ou projet d’une caisse patriotique; Par une citoyenne* from 1788. Here, she suggested to set up a box in which citizens could voluntarily offer whatever economic reserves they might have to the state.

Every citizen who gives – according to his means – a tribute, he has willingly imposed upon himself, to this box puts his name on the register below the sum he has given to the public box. With this precaution it is unnecessary to fear fraud; everyone answers to each other; every citizen sees himself in the same mirror, and this touching portrait characterizes simultaneously the French soul, heart and spirit.¹⁷

[...]

As regards Princes, Nobles and rich Particulars, everyone contributes to the voluntary tax; but to better characterize it, it is necessary to give it a suiting name; I prefer that we name it *The Patriotic Tax*: All the way to the residents in the monasteries, there are none who will not contribute their reserves and will not be a part of this tax.¹⁸

Apart from expressing her fear of recent political uprisings in the streets, Gouges assumed responsibility for the state deficit in this pamphlet. She accepted the premise presented in royal declarations and by Loménie de Brienne that debts must be paid and that patriotic citizens had a moral obligation to aid their king in times of financial trouble. There is an explicit idea of economic equality in the suggestion that everyone should contribute according to their means as well as in the fraternal metaphor of everyone seeing themselves in the same mirror. Even if she used an egalitarian vocabulary, it is noteworthy that she—just as Brienne and the royal declara-

tions—separated fiscal equality from political equality. As opposed to the articles thirteen and fourteen from the Declaration, fiscal equality is accompanied not by political influence but rather by a monarchical ideology of political submission to the king. As will become apparent, revolutionary thinkers such as the bestselling author Louis-Sébastien Mercier and the politician Abbé Sieyès continued the idea of fiscal equality but combined it with political influence instead of subservience.

TAXATION II: REVOLUTIONARY EQUALITY

By all accounts, the Parisian Louis-Sébastien Mercier was a tremendously influential author on the clandestine literary market of the late *ancien régime*. His *œuvre* includes some sixty plays, historical works, essays on drama, and first and foremost the two forbidden bestsellers: *L'an 2440, rêve s'il en fut jamais*, originally from 1771, and the multi-volume *Tableau de Paris*, published between 1781 and 1788. As the title implies, *L'an 2440* takes place in the future. In this connection, his utopic novel is interesting because it testifies to a tentative fusion of fiscal equality and political influence; a fusion, furthermore, that was banned by the censorship and yet reached a relative mass audience.

Considering that *L'an 2440* is a futuristic novel, the societal changes it promises are rather surprising from a modern-day perspective since they hold no Star Trek-ish inventions—‘no ray guns, no space machines, no time-warp television, no intergalactic gimmickry of any kind,’ to quote one commentator.¹⁹ Instead of a surplus, the utopian future is characterized by its lack of every evil that Mercier associates with late eighteenth-century Paris. This goes for the question of taxation as well. There are only minimal mandatory taxes, and the tax collection is organized in an essentially voluntary manner. The protagonist, who is a Parisian from the 1770s, finding himself somehow transported to the future in a dream, is shown two boxes, one with the caption ‘Tribute due to the King representing the state’ and the other with the heading ‘Free gifts.’ When he asks if this can really be the future tax system, the men of the future answer collectively:

That large coffer you see, they said, is our receiver-general of the finances. It is there that every citizen deposits his contribution for the support of the state. We are there obliged to deposit the fiftieth part of our annual income.

He that has no property, or what is only just sufficient for his maintenance, is exempt; for why should we take bread from him whose daily labour is but sufficient for his maintenance? In the other coffer are the voluntary offerings, intended for useful designs, for the execution of such projects as have been approved by the public. This sometimes is richer than the other; for we love liberality in our gifts, and no other motive is necessary to excite it than equity and a love for the state. Whenever our king sends forth an useful edict, that merits the public approbation, we run in crowds to the chest with our marks of acknowledgment; he has but to propose, and we furnish him with the means of accomplishing every important project.²⁰

I want to focus on two things in this quote: the adjectives of the last paragraph and the notion of liberty. In the proposition of Gouges, the patriotic citizens offered their financial support to the state without the king even having to ask for it. As the adjectives discretely imply, it is different in the utopian Parisian future. The voluntary taxes are offered when the king issues ‘useful’ edicts that ‘merit’ public approbation, and they are meant to subsidize not just the monarch but also his ‘important’ projects. Hereby, a power balance very unlike the one advocated by Gouges and Brienne is suggested. In Mercier, the citizens are not merely inferior subjects; rather, they are guided by ‘reason’ and patriotic ‘love for the state,’ which means that they evaluate the king’s propositions and offer their support if the edicts are in fact useful. This is not an absolutist idea of a king presiding equally over all his subjects but rather a resourceful people evaluating the actions of a constitutional monarch.

Even though their understandings of citizenship differ radically, Gouges and Mercier share an interest in fiscal voluntariness. The fact that Mercier proposes a mandatory future tax of only a fiftieth, as opposed to the actual aforementioned *vingtième* [twentieth] and *dixième* [tenth], indicates that taxes were felt to be too high, but more is involved in both authors’ emphasis on fiscal voluntariness than a mere wish for decreased taxes. The Declaration’s article fourteen states that citizens should ‘determine the means of apportionment, assessment, and collection’ of taxes. The frustration with the practical levying of taxes implied by this wording is confirmed by Kwass in the Rouen-focused part of his study. Among the material he analyses is the *Objets de remontrances* of 16 July 1763, a widely published argument in favour of both increased local parliamentary power in matters of taxation and greater transparency regarding the public finances. Here, the members of the local parliament in Rouen state:

That most of the taxes by which the People are burdened, attack, by the arbitrariness of their distribution, the natural and legitimate liberty of Citizens, and that all [taxes] taken together, strike a heavy blow at [that liberty], by making the right of property illusory in its effect: That this right which distinguishes the Freeman [le Franc] from the Serf, is anterior to the whole political establishment; that its preservation was the primary purpose of the institution of all civil authority.²¹

In the *Objets*, the idea of liberty in combination with an emphasis placed on private property functioned as the ideological basis of a criticism directed at a monarchical state considered too secretive and too imposing on its subjects. If the citizens were to pay the taxes that ‘have done nothing but rise’ they should know the ‘actual state of finances.’²² The *Objets*, then, testifies to a political power struggle embedded in an administrative discussion of state finances; a struggle present as well, at least implicitly, in the insistence upon fiscal liberty in the works of both Gouges and Mercier. Not even the royalist Gouges proposed greater mandatory taxes legitimized solely by the king’s authority, and this reluctance indicates that what separated royalists from revolutionaries was not primarily whether increased mandatory taxes were good or bad, nor whether fiscal equality was desirable, but rather whether fiscal equality should be accompanied by substantial political influence or not. In spite of this political difference, Mercier, Gouges, and the *Objets* share a more or less vocalized scepticism towards the state’s right to demand taxes, since they propose either voluntariness in fiscal matters (Gouges, Mercier) or something in return from tax contributions (*Objets*).

While Brienne and Gouges propagated fiscal equality in order to increase tax revenues and, hence, in the attempt to support the French monarchy by stabilizing its financial situation, Mercier’s motivation was different. By replacing the unpopular mandatory taxes with a practically voluntary system of taxation, Mercier implies the superfluity of the existing system of tax collection while propagating the idea of responsible and reasonable citizens critically evaluating the proposals of their king. The future Parisians pay not because of submission but because of reason, virtue, and patriotism. To put it differently, taxation, in Mercier, goes hand in hand with political contemplation and influence. However, Mercier’s book is a utopian novel, and actual political struggles are bracketed and replaced by an emphasis on imaginary consensus. Turning towards Abbé Sieyès and his pamphlet *Qu’est-ce que le tiers état?* from January 1789,

the relation between fiscal and political equality takes on a greater dissonance, and the call for political influence gains greater specificity. In his fourth chapter, Sieyès wrote on the sudden willingness of the nobility to further fiscal equality and explained it, in an ironical manner, as an attempt to avert the commoner's claims to fair political representation in the Estates-General:

It might, perhaps, be said that it is encouraging to see so much good-hearted willingness towards an equitable distribution of the tax burden in advance of the moment when it will be settled by the law. But what is the cause of this new zeal and of so much haste and willingness to cooperate now shown by the nobility? By offering to make a voluntary donation, could they not be hoping to forestall the need for the law to perform an act of justice? Might this excessive concern with anticipating what the Estates-General might do not be designed simply to make it easier to do without the Estates-General altogether? I would not wish to accuse the nobility of wanting to tell the King: Sire, you need the Estates-General only to restore your finances. So, we propose to pay, just like the Third Estate. Consider this small surplus and see whether it might not rid you of an assembly that is a cause of more alarm to us than it is to you? Surely no one could ever possibly think that.²³

The historical background to Sieyès' scepticism towards fiscal equality is a document from 20 November 1788 in which the nobility renounces their fiscal privileges. The political reason for his repudiation of this seemingly generous offer is the fear that greater equality in matters of taxation might function as a way of making the recently summoned Estates-General superfluous. The primary reason for calling it had been the financial crisis that shifting finance ministers had proven unable to solve in the past decade. However, the summoning also held a promise of greater political equality, since the Third Estate had a rightful claim, backed by historical precedence, to representation in this assembly. What Sieyès feared, then, was that by proposing to better the financial state of the nation, the nobles would annul the promised political influence of the Third Estate. Whereas political equality went along with fiscal equality in Mercier, Sieyès took the relation one step further by arguing not only that political representation should accompany fiscal equality, but rather that just political representation had logical priority over fiscal equality. Just political representation should be established in the Estates-General, and then the representatives should decide how much the nobility should pay. Citizens, in Sieyès' view, had a right to political participation and they could use it to decide the

distribution of the fiscal burden. Consequently, in the pre-revolutionary years taxation had become an arena for presenting political claims and counter-claims, meaning that an administrative practice had become the object of very concrete political negotiations.

CONCLUSION

The aim of this chapter has been to demonstrate that French revolutionaries in the late 1780s appropriated an initially monarchical idea of equal taxation and, paralleling the American revolutionaries, combined it with a call for political influence. This fusion of taxation and representation was momentarily realized in the rarely commented thirteenth and fourteenth articles of the Declaration of the Rights of Man and of the Citizen. This state financial aspect of the human rights discourse is important as a supplement to the philosophically (Jonathan Israel) and emotionally (Lynn Hunt) oriented literature on the eighteenth-century notions of equal rights, especially because it might help plausibly explain why freedom and equality became an immediately relevant issue not just to the politically engaged members of the *Republique des lettres*, but also to artisans, farmers, and others. Neither the national debt nor the problem of taxation was solved in 1789, however. To end this chapter, I would like to comment on a problem that surfaced, but remained unsolved, during the discussion of article fourteen in the National Assembly in August 1789: the relation between taxation and private property.

When the members of the National Assembly debated the wording of article fourteen of the Declaration, the liveliest discussion concerned an ultimately deleted phrase, stating that a public contribution was ‘a portion taken from the property of every citizen.’²⁴ This wording, implying that taxes were initially the private property of the citizens but then collected by the state, puts taxation directly in touch with the power relation between the state and the citizen: a relation that was potentially problematical in the writings of both Mercier and Gouges, and explicitly so in the *Objets de remontrances arrêtés par le parlement séant à Rouen*. Momentarily disregarding the differences between these texts, they all questioned the state’s right to tax its citizens. Rather than just submit passively to taxation, the citizens should either volunteer to pay or have political representation in return for their fiscal contributions. This non-submissive position of the citizens is in accordance with the deleted phrase, stating that tax contributions are originally the property of the citizens, which invites the question: Why was the phrase excluded from the Declaration?

Both articles two and seventeen from the final version of the Declaration emphasize the essential—or the “inviolable and sacred”—character of private property,²⁵ but in this fiscal context the idea of private property was heavily criticized by two Third Estate members, one of whom was Robespierre:

[I]t is said [in the debated proposal], that every tax is a portion taken from the property; I believe, contrarily, that it is a portion of the property made common in the hands of the public administrator. [...] If it is a portion taken from the property it no longer belongs to the nation; the nation no longer has the right to account for it.²⁶

Also opposing the assumption that tax contributions were the private property of the citizens, PÉRISSE-DU-LUC was even more direct in his comment:

The portion of the revenue or of the productions given for the public safety is a debt, a reimbursement, or an exchange of services. Thus, paying what one should is not a portion taken from one's property, and it is petty theft from the republic not to settle this debt. There are only too many of these citizens hiding their revenues to escape from a just contribution.²⁷

Both Third Estate representatives criticize the idea that a fiscal contribution is the private property of the citizen, because this would undermine the legality of the nation in its fiscal collections and in its overall financial policies. When Robespierre published his own proposal for a declaration of rights in 1793 he implicitly took up this issue again, writing: “The aid, indispensable for whoever lacks what is necessary, is a debt of he who possesses the superfluous. It is for the law to determine the manner whereby this debt should be acquitted.”²⁸ In Robespierre's proposal, the citizen does not just have political rights but also a social right to ‘subsistence’ or to ‘means of existence.’²⁹ In order to realize these political aspirations, the state needs money. Contrary to earlier examples, the justificatory logic behind Robespierre's tax collection was neither warfare nor national debt maintenance, but rather economic redistribution motivated by social concerns. Thus, taxation remained an issue present in considerations of equal rights in 1793, perhaps because taxation is a central means of regulating power relations between the state and the people, which is the core problem of a declaration of rights. In 1789, however, the question of whether taxes were the property of the citizen or of the state remained unsolved since the members of the National Assembly were unable to reach any agreement other than deleting the proposed solution. Therefore, even

if the 1789 Declaration momentarily managed to create a fused call for equal taxation and greater political representation, it also effectively side-stepped any decision on the question of whether or not the state's right to tax its members had priority over the citizens' rights to private property.

NOTES

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20. Louis-Sébastien Mercier, *L'an deux mille quatre cent quarante: Rêve s'il en fut jamais* (France: Edition Ducros, 1971), 363–4.
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24. In de Baecque et al., *L'an des droits de l'homme*, 189.
25. Hunt, *Inventing Human Rights*, 222.
26. Robespierre in de Baecque et al., *L'an des droits de l'homme*, 190.
27. Périsset-du-Luc in de Baecque et al., *L'an des droits de l'homme*, 189.
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Political Economy at Work: Explaining the Results of Machinery in 1830s Britain

Thomas Palmelund Johansen

In the years 1830–1831, a wave of riots arose among the agricultural labourers in Southern England—this was the so-called *Swing* movement. Trashing machines had been introduced, replacing more labourers than they employed. The gloomy prospect of losing employment resulted in violent attacks on machinery and the property of the landowners. These incidents, in addition to earlier conflicts—most notably the machine breakings of the *Luddite* movement—fostered a growing need in the propertied classes for justification of the new industrial mode of production. Even though agricultural and domestic service still accounted for the majority of occupations well into the 1850s, the growth in the manufactures sector and the new industrial sector was beginning to show a significant impact on the landscape and urban patterns, especially in the textile industries. In 1812, there were 2400 power looms employed in Britain, relatively few compared to the 200,000 handloom weavers working in cottages throughout the nation. In 1840, the weaving process was almost entirely mechanised.¹ In the same period, the population rose from about 18 million to 26 million people.² Such rapid social and economic changes called for answers and explanations. Indeed, the machine was ‘a symbol of progress, but it could also evoke feelings of powerlessness and fear,’ and this fear was addressed in the vocabulary of political economy.³

T.P. Johansen (✉)

The History of Ideas, Institute of Culture and Society, Aarhus University,
Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

In this chapter, I seek to explore the economic normativity derived from the teachings of political economy in the ideological struggles during the emergence of an industrial society in the second quarter of nineteenth-century England. Instead of reading the classical political economists, I will take a closer look at the level of agents linking the high economic theorising with the people playing a crucial role in these theories, the labouring classes. The main focus of this chapter is therefore on two books by the editor, publisher, and public educator Charles Knight, which caused great debate in the contemporary periodical press: *The Result of Machinery* and *The Rights of Industry: Capital and Labour*.⁴ These titles were written for the upper part of the working classes—mainly skilled labourers—with the purpose of calming the potential riots against the introduction of machinery and introducing them to the scientific teachings of political economy. They express the liberal, industrious middle class's strategy to maintain the social order and justify further developments of the industrial society through the force of reason and public education against its radical contesters and their counter-educational schemes. For both Whigs and artisan radicals alike, education was the path to a happier and richer society. This, however, opened the door for competing views on what kind of knowledge was important to spread, and who was qualified to teach it.

Since Joel Mokyr's *The Gift of Athena*, economic and science historians have begun taking scientific culture seriously when studying the complex history of the Industrial Revolution.⁵ The same can hardly be said of historians of economic thought. The aim of this chapter is thus to argue that to understand the striving economic rationalities in the early industrial period, and to fill out the gap between the classical political economists on the one side and the radical and socialist writers on the other side, we must pay attention to the middlemen and view them in the light of the specific scientific culture current at the time.

CHARLES KNIGHT: A DEALER IN USEFUL KNOWLEDGE

In Charles Knight's writings the combination of heavy moralising and economic reasoning took different forms depending on which context he was writing in. For instance, in the *Penny Magazine* he told the readers that 'sense and goodness' (that is, moral education), as opposed to a strong utilitarian emphasis on professional education, 'are articles of which there can never be a glut: no competition or overproduction will lessen their value; but the more of them that we can succeed in manufacturing, so much the higher will be their price, because there will be more to

understand and to love them.⁶ Here we see Knight promoting civic and Christian virtues in an economic language. Riches in life are more than money, but are also beauty and love, and you will profit much more from these than from the pursuit of monetary wealth alone. Happiness derives from an investment in the social and ‘every interest, every order of men must give and take; and [...] if each were to insist upon having everything its own way, there would be nothing but the wildest confusion, or the merest tyranny.’⁷

In his two books on machinery, Knight takes a different approach. Here the tradition of political economy delivers the theory of history and socio-economic development, which forms a platform for explaining the nature of technological, economic, and moral progress. In the *Penny Magazine* he talks of the moral profits of following the order of society; in *Results of Machinery* and *Rights of Industry* he explains the economic logic behind this order. In both cases he was out to pre-empt riots. His strong emphasis on historical examples and future prospects reveals an awareness of the fact that it was not only the loss of employment that the workers feared when faced with new machinery; it was also a question of uncertainty and unpredictability as to what the future would bring. The labourer of 1831 could no longer expect the same from the future as his parents and grandparents had experienced in the past. Knight put forward the claim that contrary to the ostensive experience of the workingman, the skilled labourer held a privileged position to profit from the knowledge economy of the emerging industrial society. In doing so, however, Knight did not only justify the use and introduction of machinery, he was also justifying his own business as a public educator and teacher in so-called ‘useful knowledge,’ which must be seen as an expression of the new scientific culture of the early industrial period.

Knight was one among a growing group of middle-class reformers (mostly Whig MPs) convinced that the moral and economic progress of the nation depended on the teaching in scientific and useful knowledge to all classes of society. ‘Society must either go forward or go backwards,’⁸ he writes, drawing on a basic narrative of the nations’ movement from an uncivilised to a civilised state. He held an influential position as the main publisher of the prominent Society for the Diffusion of Useful Knowledge (hereafter referred to as SDUK), whose members included James Mill, Lord Henry Brougham, and William Tooke, among others. Knight’s work was of enormous importance for the visibility and success of the SDUK. Most important was perhaps his work on periodicals and book series such as the *Library of Entertaining Knowledge*, *The Penny*

Cyclopaedia, *The British Almanack*, and *The Penny Magazine*. The latter title played a key role in the development of cheap weekly magazines in 1830s Britain, and reached its commercial high in its first year, 1832, with a weekly printing of 200,000 issues.

Knight and the SDUK stood in the centre of the ‘useful knowledge movement’ that was initiated in the 1820s by members of the middle class to educate the working people and thus to prepare the workforce for the emerging industrial society. Lord Henry Brougham, Whig MP and later Lord Chancellor, especially played an important role, as he was the initiator of the SDUK as well as a prime mover behind the mechanics’ institutes that sprang up in every town in that period. In addition, Brougham came to play an unintended part in the reception of *Rights of Industry* when Hodgskin mistook him as the author of the work—a misconception that became common for a long period thereafter. As it was, Knight made no effort in correcting the mistake, most likely because Brougham was a highly influential voice in the public debate at that time, which no doubt did good for business.⁹

EXPLAINING THE RESULTS OF MACHINERY

‘It has been wisely said that “it requires a great deal of philosophy to observe what is seen every day.”’ Knight opens *Rights of Industry* with this quote from Jean-Jacques Rousseau, ‘who has scattered abroad sound and foolish opinions with pretty equal hand.’¹⁰ Political economy was undoubtedly one of the branches of knowledge to which Knight and his fellow public educators found such a remark most fitly applied. It was the task of this newly developed discipline to explain, in scientific terms, the social and economic changes that followed the introduction of machinery. In his *Practical Observations upon the Education of the People: Addressed to the Working Classes and their Employers* from 1825, the pamphlet that spurred the ‘useful knowledge movement,’ Brougham declared: ‘Popular tracts, indeed, on [political economy], ought to be much more extensively circulated for the good of the working classes, as well as their superiors. The interests of both are deeply concerned in sounder views being taught them.’¹¹

The ‘upper layer’ of economic thinkers who possessed ‘a great deal of philosophy’ were not necessarily the most important agents in the dissemination of their doctrines—though they most certainly cared about the public opinion on their discipline. The uncivilised manners of labourers

turning to violence and breaking machines, Knight and others thought, was a result of their ignorance of the underlying principles that governed the economic and industrial developments. In *Results of Machinery* Knight quotes a report in a county newspaper on ‘a band of mistaken and unfortunate men destroy[ing] all the machinery in many farms’ in the neighbourhood of Aylesbury.¹² The men were described as conducting themselves with civility, by which was meant that they at least took their time to move the machines out of the farmyards, so that no animals would get hurt from the ‘nails and splinters that flew about while the machinery was being destroyed.’¹³ Of course, to Knight, this had absolutely nothing to do with being civilised. To be civilised meant to live in a civilised nation and obeying the fundamental principles of exchange which governed society.

Various attempts were made to explain to the labourers that their distress was only temporary—and relatively short-term if looked upon in the larger historical perspective. Philosopher and economist Samuel Bailey posed the question, ‘Is it possible that mechanical improvements for superseding manual labour can be carried to excess, and be the cause of a permanent want of employment?’ in his political economic catechism from 1823, and quoted James Steuart as his answer:

A room cannot be swept without raising dust; one cannot walk abroad without dirtying one’s shoes; neither can a machine, which abridges the labour of men, be introduced *all at once* into an extensive manufacture, without throwing many people into idleness. [...] These inconveniences are only temporary; the advantage is permanent; and the necessity [...] is absolutely indispensable according to modern policy, according to experience and according to reason.¹⁴

For Steuart and Bailey, the economic mechanisms are something autonomous and law-governed. The human agents of these necessary developments—the middle-class factory owners—are portrayed as behaving themselves with the kind of civility and tidiness suitable for a highly developed society like the British, but it is only natural that their actions would result in minor side effects. The ‘inconveniences’ that the labourers may go through at present are a necessary step in the progress of history, they are ‘according to experience’ as well as ‘reason’ only temporary, and most importantly they are for the benefit of all classes. Indeed, the sense of society being in a transitory phase—in a temporary stage—seemed to be the new experience of the industrial society.

This line of reasoning was common. An anonymous pamphlet, ‘An Address to the Labourers on the Subject of Destroying Machinery,’ printed by the SDUK in 1830, gives the same answer, adding the following (highly questionable) anecdote to the argument:

When Peter the Great was endeavouring to civilize his Russian subjects, he found that they had no other way of splitting their trees into deals, except by the axe, which wasted their labour and their timber, and made very clumsy planks. He introduced the Saw, by laying a tax upon deals cut with axe. [...] And the poor Russians, though very uncivilized and ignorant, had the sense to see that all the people gained by the change, because all got their deals cheaper and better; therefore they never dreamt of complaining that the Saw threw hands out of employment.¹⁵

The effect of such historical arguments, which we also find throughout the pages of *Results of Machinery* and *Rights of Industry*, relied basically on the rhetorical force of ‘that old topos according to which history is supposed to be the great teacher of life.’¹⁶ History had shown that a development in the means of production led to a more civilised, happier, and wealthier society. The underlying argument was that this was exactly what was happening in contemporary Britain, only on a larger scale.

PRINT MATTERS

New developments in cheap printing made it possible to publish radical thoughts to a growing readership. After the Peterloo massacre, where the cavalry charged a crowd of 60,000 protesters agitating for universal suffrage in Manchester in August 1819—killing a dozen people and injuring hundreds—the government had become extremely concerned with the spread of radical ideas. In an attempt to intervene against the spreading of such potentially dangerous thoughts, the Six Act—containing the much-criticised ‘Tax on Knowledge’—was enacted, which only strengthened the importance of the unstamped press in the political and ideological struggles of the time.¹⁷ Soon a new market for cheap books and periodicals emerged in competition to the unstamped, providing wholesome, Christian, scientific, entertaining, or otherwise useful knowledge ‘to all classes of the community, particularly to such as are unable to avail themselves of experienced teachers, or may prefer learning by themselves,’ as it was stated in the *Objects* of the SDUK.¹⁸

In many parts of the radical press, the activities of the SDUK were seen as a distraction from the real concerns of the present. For them ‘useful knowledge’ meant political knowledge rather than scientific. The sense of an open future was also beginning to spread among the more radical parts of the workforce. An increase in readership among the lower classes led to developments in the market for reading materials in the beginning of the second quarter of the nineteenth century. Radical socialist and Owenite groups of workers and their supporters began to organise, driven by a new ambition to formulate their own views on the social and political system and their own yardstick for what counted as *really* useful knowledge.¹⁹ For these radical writers it was not historical experience that one should turn to for answers to the current distress, but rather it was the everyday experience of the labourer being exploited by capital.

In a series of articles that criticised the SDUK, the editor of *The Poor Man’s Guardian*—one of the most influential weekly radical publications and at the front line in the ‘war of the unstamped’—urged his readers to ‘awake from their long trance of slavery and exert the moral energy of free and courageous men’ and ‘rise up [...] and show the truth of what they themselves, the “insatiable” [...] Whigs, tell you, that “Knowledge is Power.”’²⁰ The reviewer of Knight’s *Rights of Industry* in the weekly radical paper *The Examiner* also detected a demagogic tone of the book and recommended that the author should ‘drop all assumptions of superiority; avoiding the distinctive WE and YOU, which disfigure his work, and which will inevitably [*sic*] lesson its utility.’²¹

The new importance of print did not pass unnoticed. The reviewer in *The Examiner*, for example, remarked: ‘The teaching of the people is a new business. Addressing the understanding, and not the fear, of the poor—endeavouring to supersede the gibbet and the baynet [*sic*] by book—is a novel experiment in the history of mankind.’²² For the radical critics, suppression by book instead of gibbet was still suppression. The strategy taken by liberal middle-class reformers was to convince the people feeling threatened by the new machinery that reason and not violence was the answer in these difficult times. Their claim was that Great Britain owed its greatness to the industrious class of inventors and manufacturers, not military force or nobility.

It was in this context that Knight was writing. Here, economic ideas and concepts, the right of private property especially, were highly contested by the co-operative and socialist writers, and the debates were woven intimately together with the developments in the new market for scientific knowledge.

THE HISTORICAL APPROACH

In the more theoretical circles, David Ricardo was widely regarded as the real founder of political economy as a scientific discipline. However, we find little traces of Ricardian economics in Knight's writings, although, through the SDUK, he was personally acquainted to many with good knowledge of these theories. Instead, Knight was much more in line with a Smithian 'train of thought' and found much support in the writings of Jean-Baptiste Say, whose influence becomes striking when it comes to the importance of teaching in scientific and useful knowledge. The reason for this is partly due to the difference in the methodological approach. The abstract deductive method of Ricardo did not quite fit when it came to the popularisation of the truths about the principles supposedly influencing all members of society. For this purpose, Adam Smith's more historical approach was much more suitable.

Another reason as to why a Smithian approach might have appealed more to Knight than Ricardo was its built-in four stages theory of socio-economic and historical development. According to this theory, societies pass through a series of four successive stages towards a higher degree of civilisation—the hunting or gathering stage, the pastoral stage, the agricultural stage, and ending with the commercial stage. The key factor in this development is the way in which man makes a living. This historicist theory has its intellectual roots in the eighteenth-century French Enlightenment and the Scottish Enlightenment thought, and it played a role in the social sciences well into the nineteenth century.²³

Nevertheless, as historian of economic thought, Ronald Meek has pointed out in his classical study, 'certain crucial elements of the general ethos of the four stages theory were carried over into the economic analysis itself. In particular, the notion that *historical* processes were autonomous but law-governed led to (or was closely associated with) the notion that *economic* processes in a commercial society possessed the same characteristics.'²⁴ Economic categories such as division of labour, commodity exchange, and accumulation of capital, formed within the framework of commercial society, were projected back into pre-commercial stages in order to explain the growth in wealth as civilisation advances.²⁵ In this literature, the American Indians delivered an effective illustration to these former stages, serving as a window into the stages of society that the Europeans had already passed through. They were seen as 'a sort of zero in the thermometer of civilization,' as colonial reformer Herman Merivale put it in 1837.²⁶

For Knight, the centrality of the idea of private property in the four stage theory is the perfect point of departure for both his justification of machinery and his justification of his and the SDUK's teaching in useful knowledge. In the remaining part, I will concentrate on the connections between these two aspects.

JUSTIFYING MACHINERY: THE SCIENCE OF EXCHANGE

Knight's immediate intention with writing his two books was to intervene in the ongoing riots and to dissuade a specific group of people from destroying other people's material property. Behind this lay also an attempt to contain the influence of socialist and co-operative writers like Robert Owen and Thomas Hodgskin. To them something was fundamentally wrong with a political and economic system in which the creation of wealth for the few capitalists employing new machinery meant more misery and distress for the many labourers who were thrown out of work or suffered wage cuts. Their answer was more or less abolition or at least a reformulation of the institution of private property. Knight viewed with fear such drastic transformations. In *Rights of Industry* he tries to show how the sophisticated web of social relations originates in the historical establishment of private property.

In order to fully appreciate Knight's emphasis on knowledge as property in its more specific context we must return to the debates and developments that he took part in. As shown above, Knight's and the SDUK's version of 'useful knowledge' was highly contested by the co-operative writers. The critique is perhaps best understood in terms of the classic distinction between productive and unproductive labour. To Hodgskin, only the manual labourers can be labelled as productive and, therefore, the profits should be distributed among them alone. In *Rights of Industry* Hodgskin's idea that the profit should be distributed among the workers and not exclusively to the capitalist is heavily criticised. Throughout Knight's book, Hodgskin plays the role as the antagonist, and the right of private property forms the cornerstone in Knight's explanation of how to secure the wealth of all classes of society.

Knight identifies three conditions that are necessary for the production of wealth or 'of what is essential to the support, comfort, and pleasure of human life': labour, accumulation of capital (in form of former labour), and exchange.²⁷ 'Society, both in its rudest form and in its most refined and complicated relations, is nothing but a system of exchange,' Knight

writes with reference to a former professor in political economy at Oxford, Richard Whately.²⁸ Exchange is, ‘indeed, the beginning and the end of all civilization. It is itself civilization, partial or complete.’²⁹ Exchange is a social concept, and therefore a moral as well as an economic activity. Historical processes raising the nations from a savage to a civilised stage are here identified as a development from an imperfect to a fully perfected system of exchange: the commercial stage of society. The whole system of exchange rested on a fourth condition, namely the security of private property, without which there would be no accumulation and consequently no division of labour.

This triangle of economic growth perfectly provides a way of indicating the equal importance, as well as the interdependence, of both capital and labour, and their common space of productive interaction conceptualised as a sphere of exchange into which they enter on equal terms secured by the right of private property. In *The Monthly Review* the reviewer of *Rights of Industry* welcomed Knight’s stressing of the common interests between labour and capital and congratulated the author for succeeding in refuting completely the fallacy of the notion that had ‘begun to spread among the “working classes,” that their interests are in some essential points distinct from those of the wealthy members of the community.’³⁰

Knight refers extensively to the American Indians to illustrate for the agricultural labourers in the south, and potential rioters elsewhere, that a violation of the security of private property—in this case machine breakings—was in fact an attack on civilisation as such. According to Knight, the Indians lived with an imperfect system of exchange because their simple means of subsistence (hunting and fishing) prevented accumulation of capital and division of labour. They understood the advances of exchanging furs of the animals they killed for food for ‘articles of urgent necessity, such as ammunition and guns, traps, axes and woollen blankets.’³¹ Had they only understood the advances of appropriating not only the fruits of the soil, but the soil itself—had they advanced to the agricultural stage—they would have had a further developed division of labour and consequently a more perfect accumulation of capital and a more mature conception of private property.

For Knight, capital is a temporal concept. Capital is the ‘accumulation of the means of existence, and of all that makes existence comfortable [...] principally resulting from the labours of those who have gone before us.’³² It is the accumulation of former labour with the purpose of investment in the future. The savage Indians were destined to remain poor as

long as they had an imperfect conception of private property, division of labour, and commodity exchange, and as long as they had ‘that perfect apathy, that indifference to the future, which is the most pitiable evidence of extreme wretchedness’³³ and that prevents ‘the application of that skill and knowledge which is preserved and accumulated by the Division of employment.’³⁴ Knight is not pointing to the individual Indian in a savage society or the individual capitalist in a civilised society. What he refers to here is the wealth of the whole nation, again stressing the need for a general understanding of the fundamental principles of production of wealth and the true connectedness and interdependence of capital and labour. Capital is something that is available to all members of society and it is ‘ready to be won by the power of the working man. But he must exercise this power in complete subjection to the natural laws by which every exchange of society is regulated.’³⁵ In line with the article in the *Penny Magazine* quoted above, capital consists not only of money, goods, and machinery, but also:

The particular knowledge of any art, – the general understanding of the laws of nature, – habit from experience of doing any work in the readiest way, – the facility of communicating ideas by written language, – the enjoyment of institutions conceived in the spirit of social improvement, – the use of general conveniences of civilized life, such as roads – these advantages which the poorest man in England possesses or may possess, constitutes individual property.³⁶

Knight seems to take an entirely opposite position to the co-operatives. It is, he argues, absurd to talk of abolition of private property because what constitutes individual property originates in the most common accumulation of skill and knowledge. Accumulation of capital as well as accumulation of knowledge and skills is for Knight one and the same process, both crucially dependent on the security of private property. In fact, the right of industry, properly understood, is the right of private property, which for the labourer is the same as the right to have control over his own labour.

KNOWLEDGE IS POWER

The importance of attaining ‘useful’ knowledge is introduced in the final part of *Rights of Industry*, picking up on and building further upon the interconnections between capital and knowledge. Knight puts forward

the opportunity for the labourer of achieving success and social mobility through instruction in scientific matters. With clear inspiration from Say, Knight poses the claim that the labourers have a privileged position in the industrial economy. According to Say, human industry consists of three distinctive operations: natural philosophy or scientific knowledge of, for example, the properties of metals; the application of this knowledge to useful purposes; and the execution of the manual labour.³⁷ The skilled labourer with practical knowledge of the execution of a specific line of production will, if taught the relevant scientific principles, be able to innovate the machinery and tools, thereby raising the productivity and hence the profits. And, Knight adds in addressing the reader directly, if wisdom and diligence go together, the labourer may even be able to sell his idea and he may himself become a capitalist.³⁸ Knight writes:

[...] If you the working-men, adapt yourselves to this natural energy of capital, you will yourselves become the accumulators of knowledge [...] Your counter-control to the absorbing power of capital is the equally absorbing power of skill – for that also is capital. Knowledge is power, because knowledge is property.³⁹

There is no need for drastic political change to access power over capital. The power is an integral feature of the industrious character of the British labourer. The ‘rights of industry’ applies for both mental and manual labour.

CONCLUSION

It is hardly a surprise that political economy played a role in explaining the economic and social changes following the introduction of machinery in the beginning of the nineteenth century. In this chapter, I have shown how economic concepts played a key role in the contesting interpretations of the ongoing transformations of British society following the rapid industrialisation. In the attempt to maintain social order and protect what was seen as the foundation of civilisation—the institution of private property—Knight aimed at replacing the fear and uncertainty towards the future with the notion that this was not only a necessary temporary stage, it was also an opportunity for social mobility. A part of this justification of the use of machinery meant an adjustment of the labourer’s conception of historical experience and a temporalisation of concepts such as capital, industry, and property.

In this chapter I have wanted to examine the economic normativity expressed by Charles Knight addressing a supposed working-class readership in the 1830s. I have wished to add to the intellectual history of economic thought a sensibility towards the specific contexts in which economic ideas were communicated to a more popular readership. The chapter points to the importance of keeping in mind what Knight was also doing when justifying the introduction of machinery, and thus to the specific scientific culture he was part of. Besides being a direct answer to specific riots going on at the time, Knight's works were written with the purpose of curbing potentially dangerous radical ideas of the abolition of property rights. Whereas socialists like Hodgskin and Owen found in political economy a model *for* a social order, as they wanted it in the future, Knight found a model *of* the social order as it, in his mind, had naturally evolved through the cause of history. Furthermore, while pointing at 'useful' and scientific knowledge as a key economic component of the future, national and individual, Knight also justified his own position as a communicator and his commercial interests as a dealer in ideas. And he did all of this by mobilising the moral connotations of otherwise social and economic concepts like exchange and property.

NOTES

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4. Charles Knight, *The Results of Machinery. Namely Cheap Production and Increased Employment Exhibited: Being an Address to the Working-Men of the United Kingdom* (Philadelphia: Carey and Hart, 1831); *The Rights of Industry: Addressed to the Working-Men of the United Kingdom, §1 – Capital and Labour* (London: Knight, 1831).
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The Crisis Is the Social Organism's Mastering of Itself: A Conceptual and Economic History of the Problem of Crisis

Bue Rübner Hansen

This chapter discusses the historical conditions under which crisis has become an unavoidable concept in the diagnosis of the present in the modern period. Further, it outlines some of the ways the history of concepts and experiences of crisis intertwine with the history of sovereignty and markets, politics and economics. This argument is inspired by Susan Buck-Morss' concept of representational mapping. Such representational mapping selects the relevant principles of coherence and structuration through which fragmentary experiences can be given coherence. In this way, the economy, which 'is not found as an empirical object among other worldly things,' can be 'seen' as a whole from the outside.¹

Representational mapping establishes a norm, which also becomes a norm by which one can judge events and problems. However, crises are not only understood through norms; crises disturb past representational maps and spur on the development of new ones. In this sense we will see how the concepts of body politic and social organism play crucial intel-

B.R. Hansen (✉)

Aarhus University, Nobelparken, Jens Chr Skous Vej 8000 Aarhus C, Denmark

lectual roles in helping agents orientate themselves through what would otherwise be a fragmentary experience, and how they become essential normative and theoretical guides to political action.

Since the economic crisis started in 2007–2008, public and intellectual debates have been deeply shaped by the old concept of crisis. Faced with the disaster of a meltdown of the global financial markets, observers and politicians spoke about being ‘on the brink of catastrophe,’ and debated heavily whether governments and central banks had the right tools to ‘intervene decisively’ in order to ‘restore economic health’ and achieve ‘recovery’ and renewed growth. These framings of the crisis—so familiar that they need no reference—hark back to the medical use of the word *krisis* in ancient Greek, as recounted by Reinhart Koselleck.² The term was made popular in medicine by Galen, who defined it as an observable ailment or disease and as a medical judgement about the course of the illness under the pressure of time. The diagnosis of crisis, then, invokes a will capable of deciding on the action needed in order to avert catastrophe and death, in order to restore the health of an integrated whole. The first section of the chapter starts with the beginnings of the modern conception of economic crisis, according to which crisis is simply a passing problem—a moment in the ‘business cycle’—a moment of recalibration through which a ‘dynamic equilibrium is maintained. Then I aim to show that the passage of the medical concept of crisis into economics via political economy was made possible by the representation of societies as bodies, starting with the concept of the ‘body politic,’ which was transformed into theories of the ‘social organism.’ The economic concept of crisis is thus shown to be reliant on the political notion of sovereignty as the agent that unites an economy and is capable of decisive action on it, in the crisis. Crisis reveals how the history of economic thought is deeply normative, moral, and political.

As Istvan Hont notes, [t]he power of any argument which either asserts or denies its “crisis” must depend on bringing into focus both the long term political and long term economic argument simultaneously.³ Thus we see that the norms underlying the use of the concept of crisis in economics were themselves unstable and very political answers to crises, which, as the intellectual historians Reinhart Koselleck and Istvan Hont have argued, can be seen as permanent. The fourth and final section engages in a reading of Hegel’s theory of the rabble, which opens for a discussion of how the notions of body politic and social organism—these concepts of normality and order—are inextricably connected to the ideas of permanent and final crises.

PASSING CRISES

The concept of crisis only came into widespread public usage in context of the 1848 revolutions and the economic crises of the years preceding: the disastrous Western European harvests of 1845–1846 and the US and UK railway credit crisis in 1847, which spread to the continent by the end of that year. Thus the concept is conspicuously absent in Adam Smith, and David Ricardo only introduced the term in the third edition of his *Principles of Political Economy and Taxation*, referring briefly to the 1797–1798 credit crisis of the UK and USA. In John Stuart Mill's 1848 *Principles of Political Economy, with some of their Applications to Social Philosophy* we find extended discussions of economic crises. Koselleck shows how the concept of crisis in German economics around 1850 is close to the modern definition listed above, as a situation calling for skilled or specialist judgement, a period of instability that threatens the greater whole of which the agent is a part, and an affliction in the regular running of the market. Here, the equilibrium of the economy was theorised in terms of the homeostasis of an integrated organism: the circulation of commodities and money was presented as the blood, labour as the muscles, and so on. The stages of the crisis were specified through different medical metaphors, such as 'relapse,' 'convulsions,' 'blockages,' and so on.⁴ Writing in 1849, the German economist Wilhelm Roscher argued that 'financial' or 'commercial crisis' are inappropriate terms, given 'the nature of the disease.' He suggests instead 'production crisis,' a crisis of overproduction, during which consumption is stagnant due to prior overanticipation of demand, which has led to the excessive production of goods for which there are not enough customers, leading to a general glut. The task is described in aetiological terms by Roscher: to study the 'pathology of the disease' and to suggest 'appropriate therapy.'⁵ The implication is that the crisis is a passing risk of a catastrophic outcome, but that a return to normality is possible if action is taken, guided by political economy.

The abundance of medical analogies in the theories of economic crisis suggests three things about the self-understanding of political economy. Firstly, it imagines its object to be structured like the object of medicine, namely as a whole, a social body. Secondly, it presents itself as the specialised knowledge of the health and sickness of this body, of the flows, equilibria, and growth of the social organism. Finally, it presupposes an agency that can implement an art of government based on this knowledge. The self-understanding of political economy relies on two historical

preconditions: the possibility of conceiving economies as integrated wholes operating according to certain regularities and laws, and the existence of a government capable of ruling according to these laws. Equally important is the non-identity between the political will and the social body. Without this difference there would be no political action on the economy nor any *laissez-fair*. There would be no way that a political decision could be correct or incorrect according to ‘non-political’ principles or laws. In short, political action would have to be conceived as strategic action *within* the social body, rather than as sovereign or expert action *upon it*.

FROM THE BODY POLITIC TO THE SOCIAL ORGANISM

Economic historians and historical sociologists generally describe feudal times as a period in which there was no clear separation between politics and economics, and intellectual history testifies to this understanding. Perry Anderson thus writes that feudalism ‘was originally defined by an organic unity of economy and polity, paradoxically distributed in a chain of parcelled sovereignties throughout the social formation.’⁶ Markets were places either of long-distance or of local municipal trade under the direct control of the lords, which meant the idea of autonomous laws was necessarily absent.⁷ And because markets were marginal to the reproduction of the lives of the vast majority of subjects, who survived through subsistence economies, the extent of sovereign economic power did not concern something like the wealth of the nation, or the social organism, but merely the households of the lords. Sovereignty was more fragmented, and its economic reach at once more shallow and more dictatorial than in the modern period. Thus, the emergence of *political economy*, and its modern medical concept of crisis, relies on the unification of authority, the abolition of subsistence, and the integration of markets.

In the first half of the seventeenth century, Benjamin Rudyard and Robert Baillie both spoke about a great contemporary crisis, referring to the struggle between parliament and the crown, and the civil war in 1627 and 1643, respectively.⁸ The preceding century had seen the implosion of the Catholic articulation of the fragmented sovereign domains in the European Wars of Religion, and subsistence had come under strong attack by the enclosure movement in England, while new centres of economic wealth and power were emerging as the colonial loot began to consolidate itself as domestic capital. In this period, crisis was a *political concept*, with which actors could underline the urgency of

the establishment of social unity. In order to think about such unity, the antique and medieval metaphor of the body politic came into renewed use. When Thomas Hobbes introduced his notion of the Leviathan as a body politic, an artificial body, we can see him as reaching back to the ancient notion of the *polis* as a body (*soma*), which for Plato had been part of a sequence of metaphorical resemblances between the *polis*, the psyche, and human physiology. Aristotle utilised the concept of the political body to specify the unity of the many conceived terms of the analogical structure of an animal body and the *polis*.⁹

More immediately, however, Hobbes was reworking the medieval doctrine of the two bodies of Christ.¹⁰ The medieval analogy of the body politic was used to justify inequality as natural and divinely ordained, as well as ideas of certain obligations of the lords to their subjects in a moral economy with its own natural equilibrium and harmony. What distinguishes Hobbes' body politic from this order of interlocking hierarchies is that he starts from the premise of civil war and the exteriority of humans from one another, and asks the question of the construction of order out of chaos. Mirroring the atomistic paradigm of natural science at the time, Hobbes imagines individuals and society as composed of a multiplicity of originally exterior forces, whose unity and equality is established in their difference from the sovereign, who represents them. This introduces a distinct *political* logic over and against the affairs of society. Unlike the Christian *corpus sociale*, Hobbes is not interested in the *unio spiritus* and solidarity of the members in a body politic, but in something quite different, in the Leviathan as an 'artificial man.'¹¹ The body politic is not given, but is imagined as a constructed mechanical body, much in agreement with Descartes' theory of animal mechanism.

Because the basic element of this theory is atomised individuals rather than a pre-given body politic, the problem for political theory is not a just order, but order itself. The agency that secures the order—sovereignty—becomes privileged over and against the *civitas*.¹² This state is conceived as the opposite of crisis, as the solution to the chaos of political and economic fragmentation, and thus there can be no such thing as an *organic* crisis or permanent crisis in the Hobbesian state. This was still the case in France in the prerevolutionary years, in which crisis became a political catchword in France. The argument for the convergence of a constituent power to create a new order still relied on Hobbes' basic framework. In the period from Hobbes to Rousseau it is never the body politic that is in crisis; rather the body politic is a solution to a threatening crisis (whether

based in the experience of the crisis of the divine creation, feudalism, or absolutism). Sovereignty, whether popular or monarchic, posits an opposition between crisis and order.

In the late eighteenth century the mechanical state of Hobbes, the artificial body politic, began to be opposed by a principle of organic society, with its own immanent principle of order opposed to the transcendent order upheld by sovereignty. This immanent conception of social order played a central role in the influential writings of the physician and Physiocratic *économiste* François Quesnay and the political philosophy of Immanuel Kant. Quesnay's *Tableau économique* from 1758 abandoned the representation of the social body through the image of the body of the sovereign, and replaced it with a table of the complex flows of produce, income, and taxes as a model of the necessary conditions for the *reproduction* of the whole, which was again taken up by Adam Smith in his notion of the spontaneous order of the market.

Their argumentation drew, as Gerhard Dorhn-van Rossum points out, on a conceptual shift that had been under way in natural philosophy for some time. This eventually led to the establishment of the distinction between physics and biology, one as a science of exteriority and mechanic causality, and the other of interiority and self-organisation and self-reproduction.¹³

In this way, Kant defined natural organisms as self-reproducing and self-organised beings governed by the regulative idea of the whole,¹⁴ and this definition of organism became standard in German.¹⁵ Kant extended his concept of a 'natural purpose' by analogy to his theory of the state. In the way that the natural end of an organism is its own survival, integrity, and order, the state-body (*Staatskörper*) can be described as a whole in which the parts are not merely means but ends, playing a role in the achievement of the end of the whole.¹⁶ Kant's focus on the immanent order emerging behind the back of individuals pursuing their own interests in 'asocial sociability' pushes in the direction of a conception of government beyond sovereignty. If the task of the sovereign is to guarantee the social order—the existence of the body politic against the threat of civil war—the task of government is to facilitate the self-organisation of the social organism itself.

In the *Oldest Systematic Programme of German Idealism* from 1796, which was likely co-written by Hegel, Schelling and Hölderlin, Kant's idea of the organic state was pushed to its radical consequence. The contemporary German absolutism was no more than something mechanical that invariably 'treat[s] free human beings as if they were cogs in a machine.'¹⁷

The diagnosis of the crisis of absolutism contained within itself the idea of the solution of that crisis, namely an organically structured state, in which there would be no contradiction between sovereignty and the freedom of the people.¹⁸ Rejecting the 'whole miserable apparatus of state, constitution, government and legislation,' they proposed a radically anti-political gesture: 'We must therefore go beyond the state!'¹⁹

Despite their differences both Kant and the radical German idealists share a problematic that is radically different from Hobbes'. Instead of the question of the constitution of order *ex nihilo*, they focus on the correct articulation between two forms of ordering, the transcendent lawgiving authority of sovereignty and the immanent laws of society. But the normative orientations of the two theories diverge radically, in their different conceptions of what a non-crisis would be. While Hegel, Schelling, and Hölderlin's concept of the organic state becomes a secular utopian call for a radical overcoming of the misère of the present, Kant brings us into the conceptual universe in which the modern notion of economic crisis is possible, with its systemic risk and need for, and possibility of, decisive governmental action informed by the knowledge of the economic experts. On the one hand, we have a teleology of revolution, a secular eschatology; on the other, a teleology of the present, or rather of *progress*.

In his 1953 dissertation (published in 1959 as *Kritik und Krise—eine Studie zur Pathogenese der bürgerliche Welt*), Reinhart Koselleck criticised both teleologies for disavowing the political in the name of a non-political law, be it that of the immanence of the laws of the market or the imminence of revolutionary liberation. Koselleck's diagnosis of the 'pathogenesis' of bourgeois society was that the enlightened bourgeoisie of the eighteenth century, unable to challenge monarchy politically, had to displace or suppress its politics into a history of philosophy, which promised its victory through the immanent tendency of history itself. In short, the secularised providentialism or 'Utopianism' of the Enlightenment developed as a response to the 'irrelation to politic' of the bourgeois struggle against monarchy 'solidified in history of philosophy.'²⁰ The failure of the revolutionary project of constituting a new form of popular sovereignty did not mark the end of the bourgeois contestation; the stalemate produced a constant crisis of sovereignty itself: it had to incorporate within itself the constant civil war of competitive bourgeois society. By attempting to negate the importance of sovereignty, liberal and later socialist and anarchist thinkers would court the constant danger of civil war (against which, according to Carl Schmitt's Hobbesianism, the sovereign is the only

guarantee), as well as open the way for a regime of political justification according to a standard transcending the will—a higher good or process outside the political. Koselleck introduces this as a problem of alienation: ‘The crisis caused by morality’s proceeding against history will be a permanent crisis as long as history is alienated in terms of its philosophy.’²¹

The immanent rationality of the market and democracy replaced the self-justificatory mechanism of sovereign politics. Because the ideologists of the autonomous and expansive principles of revolutionary freedom or the market reject the finite world of conflicting perspectives in favour of a totalising vision, they negate politics and throw us into a permanent crisis. Because their laws know no boundaries, the crisis must become global. Thus Koselleck claims that ‘Europe’s history has broadened; it has become world history and will run its course as that, having allowed the whole world to drift into a state of permanent crisis.’²² The solution, paradoxically, becomes to accept the permanence of crisis. If crisis is permanent, there is no vision of ‘health’ or a ‘final end,’ and crisis is transformed into historical normality. Crises, in the words of Istvan Hont, simply become ‘difficulties attendant on change [...] strategic moves to which political communities might be able to commit themselves in order to adapt to changing circumstances.’²³ Thus freed from the teleologies of the unbounded market or the revolution, sovereign politics become free to negotiate the difficulties of actual markets and political discontent.

In fact, as we will see, this concept is very close to the mature Hegel’s concept of the social organism, which contra Hont’s warnings about the medical metaphor of crisis (*ibid.*) does not suggest a simple concept of health. In fact, whereas Koselleck exclusively focuses on the political and intellectual struggles over the meaning of history and progress (early on Koselleck rules out an analysis in terms of ‘the economic rise of the bourgeoisie’²⁴), Hegel provides a materialist theory of the permanence and globalising spread of the crisis. We do not merely return to Hegel because of the many similarities between his and Koselleck’s concepts of crisis, but because Hegel’s writings very clearly demonstrate the normative implications of Koselleck’s normalisation of crisis.

THE PERMANENT CRISIS OF HEGEL’S RABBLE

The classical textbook interpretation of Hegel presents us with a philosopher celebrating the autocratic Prussian state as an organic state, rather than the young radical invoking the organic state as the realisation of freedom.

Böckenförde and Dorhn-van Rossum²⁵ show how this position depends on the transformation of Kant's analogy into a structural conception: the state is not like an organism, it *is* an organism in its own right. However, this interpretation does not merely forget the Hegel for whom the organic state was a revolutionary project, but that the Hegel of *Philosophy of Right* also draws on the tradition of political economy, which offers something beyond Kant's conception of organic self-ordering: namely, an aetiological and diagnostic gaze on the social body.

While Hegel rarely writes about crisis, it is precisely with regard to crisis that we can measure his historical distance from Kant. In Hegel, the constant possibility of crisis is entailed in the constant necessity of the renewed reproduction of the organism:

The crisis is the organism's mastering of itself, reproducing itself, and putting this power into effect by excretion. It is not the morbid matter which is secreted of course; it is not the case that the body would have been healthy if it had never contained this matter, or if it could have been ladled out of it. The crisis, like digestion in general, is at the same time a secretion.²⁶

In his *Encyclopedia Logic*, Hegel theorises the organism in the following terms: 'these (elementary powers of objectivity) are [...] continuously ready to jump to begin their process within the organic body, and life is the constant fight against such a possibility.'²⁷ Accordingly,

[t]he living body is always on the point of passing over into the chemical process [...] perpetually exposed to danger, and always bears something alien within it. [...] If life were realistic, it would respect that which is external to it, but it is perpetually checking the reality of this other term, and transforming it into its own self.²⁸

He theorises the organism of the state in the same terms: 'The state is an organism [...] all its parts must perish if they do not achieve identity and if one of them seeks independence.'²⁹ Crisis is not the other of order, as in Hobbes, nor is it a step in the progress of history as in Kant, but it is a permanent immanent possibility of the organic state.

What is of interest here is Hegel's oft-neglected theory of the rabble, which is the embodiment of the perpetual social and economic instability of modern bourgeois society, and a central reason for its expansive and subsumptive tendencies. The rabble appears in a few paragraphs of the *Philosophy of Right*, which have recently been the object of a detailed

study by Frank Ruda.³⁰ Here, Hegel analyses the phenomenon that the poor—defined as those who lack the means to reproduce themselves ‘natural means of acquisition’ and ‘bonds of kinship’³¹—tend to become a rabble when ‘the activity of civil society is unrestricted, [and] occupied internally with expanding its population and industry.’³² The poor becomes a rabble when they fall out of the organic mediation of society, wage labour, and develop a subjectivity that is antagonistic to labour (‘frivolous and lazy’) and ‘against the rich, against society, the government,’ and so on.³³ The impoverished masses’ refusal of work and the work ethic comes from a lack of self-respect, motivation, and skill caused by their initial expulsion from work, their unemployment itself. However, putting them to work is no solution:

[T]heir livelihood might be mediated by work [...] which would increase the volume of production; but it is precisely in overproduction and the lack of a proportionate number of consumers who are themselves productive that the evil consists [...] This shows that, despite an excess of wealth, civil society is not wealthy enough – i.e. its own distinct resources are not sufficient – to prevent an excess of poverty and the formation of a rabble.³⁴

The rabble is, therefore, a product of the productivity of civil society, a productivity which appears in the form of a double excess in productivity: surplus commodities are produced side by side with populations that are surplus to the requirements of civil society. This, importantly, is not a Malthusian argument of natural demographic growth and natural resource scarcity, but rather an observation of the historical specificity of the rabble: ‘the emergence of poverty is in general a consequence of civil society, and on the whole it arises necessarily out of it [...] A rabble arises chiefly in a developed civil society.’³⁵

Hegel was not alone with this point. Already in 1815, Sismondi criticised Malthus for making poverty into a natural-historic effect of demographic growth, thereby failing to realise that before the limit of the production of food is reached the population of a country is limited by its purchasing power due to unemployment and wage repression.³⁶ Hegel describes this as a particular societal condition, not as natural poverty. This ‘hardship [which is] inflicted on this or that class’ is a problem that ‘torments modern societies especially.’³⁷ The rabble is the embodiment of a certain negativity vis-à-vis civil society; its superfluousness turns into an active refusal of the norms of society. The rabble lives in a permanent state of crisis, and as such it becomes a dangerous contingent element in

organic society. The problem of the rabble thus becomes the object of a whole series of solutions, and the *raison d'être* of many aspects of modern governance. What is important here is that these solutions are mere ameliorations of contradictions they do not abolish. In so far as the problem is not dissolved, the need for these solutions is constantly reproduced:

1. There is the possibility that the poor can be taken care of by civil society *itself*. However, this contradicts the principle of civil society, which is accumulation; it makes civil society appear as family, and annuls the need for labour as mediation in civil society.
2. The rabble could survive through *public begging*; however, this gives people the habit of not working, with the risk of also demoralising the working population, thus undermining a principle of civil society, that of work.
3. *The right of distress, that is, the right to steal or withhold payment in a situation of urgent poverty.* This casts the poor as beasts, living and stealing from necessity rather than as free moral beings who can be required to respect the law. This contradicts both the principles of property and human freedom.
4. The problem of poverty could also be solved through the *redistribution of labour*. However, this means that the poor now produce what others would have produced; this either pushes the problem to other producers, who become poor; or results in civil society producing too much; or both.
5. Another solution could lie in *the corporation and its ethics* (of responsible consumption). The corporation, Hegel's proto-trade union, is an exclusive institution, which only supports the poor it knows; particularly, paupers migrating from other countries will be excluded from it.
6. The last solution to the problem of poverty is the classical one of *the police* (*Polizei* in the broad early nineteenth-century sense given to it by J.H.G. von Justi), *and in combination with it, religion (in the form of charitable institutions)*.³⁸ This criminalises the paupers, without dealing with the causes of poverty, while charity, again, produces lazy asocial elements, that is, people whose relation to society is not mediated by money/labour, and thus contradicts the principle of civil society.

Therefore, the rabble cannot be abolished without contradicting the principles of civil society (point 1–3), displacing and thereby perpetuat-

ing the problem (4), or using exclusive or superficial measures (5–6). Finally, Hegel mentions the possibility of *exporting surplus-commodities* to countries with lower productivity, and of *exporting the poor through colonisation*: ‘Civil society is driven to establish colonies. The increase of population alone has this effect; but a particular factor is the emergence of a mass of people who cannot gain satisfaction for their needs by their work when production exceeds the needs of consumers.’³⁹ With the colonial conquest, the Western forms of sovereignty are spread to new territories.

This global expansion of civil society, sovereignty, and modern government is premised on the observation of the fundamental instability of bourgeois society, embodied in the rabble. As ‘answers’ to the social and economic crises of modern poverty and overproduction, their expansion is also an expansion of the possibility of political and economic crisis. According to Hegel, the permanence of the crisis can thus not be reduced to the political theology of free market ideologies or socialist ideologists, but must be related to the ‘normal’ functioning of market economies within sovereign states. Hegel’s argument shows that the passing crisis of modern economies reveal a more permanent crisis, which testifies to the non-identity of sovereign power and economic processes, as well as the non-homeostatic workings of the economy itself, belying both the Hobbesian fantasy of sovereign politics and the liberal dream of the harmonious market.

CONCLUSION

Koselleck’s critique of the Enlightenment conceptions of crisis reveals that any concept of crisis carries an implicit or explicit concept of non-crisis, and that such concepts are deeply normative and complicit in the crisis, as partisan perspectives on the crisis and its solution. The economists’ concept of the passing crisis turns crisis into a necessary moment in a process that is essentially morally good. Koselleck’s own concept of a permanent crisis might suggest that he goes beyond this theodicy as well as the eschatological or speculative idea of a non-crisis, in favour of the realistic concept of ‘the political,’ which has purportedly been disavowed by the defenders of the world market and the world revolution.⁴⁰ Sovereignty is thus a constant labour in order to normalise and stabilise the dual risk of crisis entailed by the ‘permanent division of mankind’⁴¹ into different nations with each their territorial property, and the separation between the classes. Sovereignty, in a Hobbesian fashion, is necessary because it

acts as a *katachon*, holding back the perpetual risk of war and civil or class war. While blaming the concept of crisis *for* the crisis, Koselleck cannot dispense with the concept in favour of a concept of change. It seems the concept of crisis is unavoidable because of the reality of the events that we speak of as crises, and the word crisis suggests itself because states are imagined and managed through the representational maps of the body politic and social organism. In this sense, the concept of a passing crisis might have the form of a theodicy, but what is important is its function as a tool of re-establishing order practically and symbolically.

Koselleck and Hont invest some energy on dismissing the eschatological and speculative hopes that are invoked by the concept of crisis. However, if we accept Hegel's more materialist conception of crisis, it is hard to reduce the notion of non-crisis or revolution to ideology and political theology. For the rabble and the colonised, the acceptance of the normality is the acceptance of death, enslavement, pacification, or prison. Economic normativity is not merely a question of the interests and the concepts of economists, but also of the needs and desires of people living and suffering from political economy and its crises. Eschatological concepts of crisis cannot be blamed on ideologists, who merely provide representational maps with which to theorise the problem of crisis and the potentials for its overcoming. What distinguishes a secular eschatological concept of crisis from the permanent epochal crisis diagnosed by Koselleck and Hont is that these maps start from an experience of the radical intolerability of the crisis and a belief in historical potentiality. This is no religious position or political theology, but simply the normative orientation of those that experience the permanent crisis of modern economics as an intolerable problem.

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When Finance Became Productive, Scientific and Liberating: A Moral History of Financial Speculation

Christian Olaf Christiansen

Since the latest financial crisis, there has been much discussion about excessive salaries and bonuses on Wall Street, government bank bailouts, regulatory oversight of markets for complex derivatives, and the definition of socially responsible investment objects.¹ However, financial speculation has, by and large, become something natural. Stock market news has become just as integrated with the standard television news show as the weather forecast. Today, financial speculation is global. It is an essential feature of the present-day economic system, it is increasingly automatized, and it seemingly holds the promise of being a kind of universal language that speaks across nations, disciplines governments, and confers everything its true value.² The most compelling image of financial speculation is perhaps that it will always make resources flow to where they are most productive.³

This is in remarkable contrast to earlier times' contestations of the social legitimacy of financial speculation, which frequently accused it of being un-Christian, unproductive, or unscientific. Not so long ago, financial speculation was essentially contested. What has happened since then is

C.O. Christiansen (✉)

Department of Culture and Society, Aarhus University,
Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

that financial speculation has gained a reputation for being productive, scientific, socially beneficial, and individually liberating. To be sure, critiques of the social legitimacy of financial speculation do still occur; critiques of the “global casino” are still prevalent, and have been flourishing especially in the aftermath of the financial crisis starting in 2008.⁴ Nonetheless, critiques of the social legitimacy of financial speculation do not seem to touch upon financial speculation in its normal functioning, but are rather targeted at its excesses: “toxic” financial products such as subprime derivatives, excessively large salaries and bonuses on Wall Street, and too much vulnerability of the “real economy” due to its ties to global finance. The excesses of finance are contested, but not financial speculation as such.

This chapter is a moral history of finance. It is a history of the social legitimacy of financial speculation. It tells a story about how financial speculation gradually won its social legitimacy—from being out in the eighteenth century, to being very much in around the dawn of the twentieth century. Despite blows to the social legitimacy of financial speculation in the twentieth and twenty-first centuries, finance is as socially legitimate and globally interlinked as ever.

The chapter thus maps major historical trends in a specific kind of economic normativity, namely that of the normativity of financial speculation. That is, it shows how the practice of speculation was first contested, then legitimized and eventually integrated into larger society through a series of interactions with the normative languages of religion, economics, natural science, and democracy. The language and semantics around speculation are highly moral and normative, and speculation is an example of the profound indistinction between the moral and the economic. By tracing the historical shifts in the normativity of speculation, we can explain how speculation went from being morally dubious—if not outrageous—to being a natural part of today’s societies, where critiques are targeted at the excesses of speculation, not at speculation as such.

In this first, introductory, section, I sketch an analytical framework for studying the moral environments of finance historically. Just as favourite research objects of intellectual history, financial practices, ideas, institutions, and objects also exist in a historical and culturally contingent moral environment. The social legitimacy of financial speculation at a particular historical time may be studied by seeing whether it can be favourably described in the moral vocabulary prevalent of that time—the central norms, values, ideologies, and epistemological ideals of the time. In the succeeding sections, I turn to the moral history of financial speculation,

focusing almost exclusively upon struggles concerning financial speculation in the post-revolutionary US, with the main focus placed upon the crucial post-bellum period (ca. 1865–1920), in which the USA rapidly industrialized and in which enormous financial fortunes were created. It was in this period that financial speculation was invested with social prestige; it became based upon factual knowledge, numerical data, and natural laws in the image of natural science; it was frequently portrayed as an open route to richness for all classes. Speculation was even described as a natural human trait. Finally, I briefly sketch some key developments in the twentieth and twenty-first centuries, and then conclude on the moral history of financial speculation.

Historical, cultural, anthropological, and sociological accounts of finance and of speculation have proliferated during the latest couple of decades, not least since the latest financial crisis.⁵ Historians such as Edward Chancellor⁶ have nicely narrated the history of financial speculation and the ever-returning manias, bubbles, and crashes; Jonathan Levy⁷ has detailed how the notion of risk acquired its modern meaning during the course of nineteenth century American capitalism, demonstrating the pivotal importance of that century; Carl Wennerlind⁸ has shed new light on the intellectual context of the British financial revolution; and Marc Blyth,⁹ a scientist of international political economy, has traced the history of what he refers to as the “dangerous idea” of austerity. The story told in this chapter draws upon the work of notable scholars in the field of the cultural and political history of finance,¹⁰ but highlights in particular the moral history of financial speculation, seeking to illuminate the historically acquired naturalness of speculation. By contrast, historians such as Niall Ferguson¹¹ have claimed that the history of finance can first and foremost be seen as a historical evolution in which financial innovations are created, tested, and sometimes destroyed in a competitive marketplace, suggesting that financial practices evolve naturally. The claim here is the opposite: namely, that practices of financial speculation are not naturally but historically and culturally conditioned, and that they should be seen in the wider context of the prevailing vocabularies of an age, such as religion, economics, natural science, or democratic values.

The grand narrative pursued in these pages thus looks at financial speculation from the vantage point of its entanglements with changing normative and intellectual contexts. Analytically, the chapter focuses especially upon the key observational criteria from which the social legitimacy of finance has been evaluated at various times: Is financial speculation a

knowledge-based practice? Is it economically useful for society? Does it benefit all members of society, and is it open for all classes (equality)? Is it sinful or natural? Does it tear down or strengthen the moral fabric of society? Struggles concerning the social legitimacy of financial speculation have revolved around questions such as these.

Understanding the history of finance thus means knowing that finance is culturally and morally embedded. Finance operates in a historical context. This is composed of a technological, political, legal, and economic context, but also of a cultural, moral, and intellectual context, which co-determine the workings of finance. Intellectual historians, sociologists, and others have long had an interest in the study of social legitimacy, sometimes working in the “spirit of capitalism” or “moral economy” perspectives, which can be utilized in a theory of the moral context of finance.¹² What these highly diverse studies share as a basic premise is the historical and cultural embeddedness of their subject matter—that it exists in a “moral environment” or “moral context,” which may be said to constitute important “contexts for action.”¹³

What, then, constitutes social and moral legitimacy? What is the *source* of social legitimacy, where does it come from? In general, we may assume that the higher the social standing that some value, belief system, ideology, or norm has, the more important it is as a normative resource that can be used to describe the activity, institution, idea, and so on whose social legitimacy is questioned. Developments in a society’s moral discourse may thus reflect back upon how, for example, financial practices and institutions are evaluated. Normative resources from religion, political ideologies, or science work as evaluation principles. That is, they are normative resources for making moral judgments, such as inquiring whether some financial practice fits with religious, ideological, or ethical beliefs.

EIGHTEENTH CENTURY: SPECULATION AS A DANGEROUS PASSION, FINANCE AS RADICALLY UNKNOWABLE

As indicated from the so-called Paper Wars during the British financial revolution in the first half of the eighteenth century, there was an almost universal reluctance towards stockbrokers and their character.¹⁴ In the eighteenth century, repeatedly haunted by speculative bubbles and financial crises, most notably the South Sea Bubble (1720) and the Mississippi Bubble (1720), stockbrokers generally had little prestige, speculation was

often seen as a “bad passion,” and there was intense moral and political discussion of financial activities, especially around the French and American Revolutions.¹⁵ Whereas the eighteenth century is known as a century of reason and enlightenment, with the quest for true knowledge and insight of nature, many financial practices could *not* find a place in this new order of knowledge. Instead, the world of finance was radically unknowable (not yet conceptualized as an orderly mechanism governed by natural laws, which first became commonplace in the second half of the nineteenth century), and thus dangerous, if not detestable and devilish.

Preda has identified four main arguments against stock market speculation in the eighteenth century: first, that “speculation weakens government and social order”; second, that “financial speculation diverts both capital and human resources from manufacture, commerce, and agriculture, and thus weakens the economic system”; third, that “financial speculation creates a monopoly”; and fourth, that “financial speculation encourages conspicuous consumption [...] which in its turn weakens the moral order.”¹⁶

In the eighteenth century, finance was not yet able to respond to these moral and political critiques; and, we may also note, stock market speculation is also critiqued on economic grounds, for not contributing to the “real” economy. This illustrates the above point about finance being culturally situated in an environment of changing evaluation principles, available knowledge, and categories. Economic development had now become an ideal, a normative resource or evaluation principle, from which financial activities such as stock market trading could be observed and evaluated.

Generally speaking, the “moral environment” of finance changed profoundly in the course of the Enlightenment. Following a traditional account of the Enlightenment, we may assume that its legacy consists, again broadly speaking of course, in strengthening certain evaluation principles that would profoundly change the world: political equality and democracy, individual rights and the rule of law, economic liberty and progress, reason and knowledge.¹⁷ At first, the chaotic world of financial speculation, along with its spectacular effects, inequalities, and incomprehensible workings, did not fit well with these Enlightenment standards. The disorderly behaviour associated with stock trading included the recurrent panics and crisis; the shouting, elbowing, and trading of commodities and capital without possessing them, in legally unregulated spheres—in coffee houses, in the streets, or in the private stock exchanges; and the insecure legal status of the trading of financial securities, often

only agreed upon orally, and mostly without legal status as commercial contracts proper. In brief, the chaos meant there was nothing like broad-based social legitimacy of financial speculation in the eighteenth century. To be sure, philosophers such as Francois Voltaire may have lauded the stock exchange as a great facilitator of peace and civilization, but the public image of financial speculation was mostly negative.

RISING MORAL AND SOCIAL LEGITIMACY OF FINANCIAL SPECULATION IN THE NINETEENTH CENTURY

The social legitimacy of financial speculation underwent a remarkable transformation during the nineteenth century. It achieved moral legitimacy, economic functionality, scientific respectability, and religious approval. As de Goede notes, “by the late nineteenth century prediction of stock prices and the commercialization of the future it implied had become not just possible but respectable.”¹⁸

This was also true to the extent that some forms of financial speculation earlier deemed especially precarious were now legally sanctioned. There were lots of struggles about the social legitimacy of financial speculation during the nineteenth century, especially related to the trading of derivatives such as futures and options, to short-selling, and to other forms of financial transactions that often do not imply any actual transfer of underlying commodities.¹⁹ Agricultural futures contracts, for example, and the speculation on grain prices, were often condemned for being un-Christian, for being trade with “fictitious commodities,” for making money on the labour of others, for causing price increases, volatility, and general misery, or for being “over-trading.”²⁰ In 1865, the Chicago Board of Exchange (founded 1848) formalized rules for futures contracts, as the civil war had triggered uncertainty, speculation, and a widespread use of future contracts for the delivery of especially agricultural commodities such as grain. Around the dawn of the twentieth century, there was a much more developed legal framework for securities trading. And by 1905, the US Supreme Court stated that futures trading *without* the delivery of an underlying commodity was legal.²¹ Major struggles about the social legitimacy of finance had also revolved around the fragile conceptual distinctions between financial speculation and gambling. Generally speaking, the trend was clearly towards an increased social legitimacy of basically the same financial speculation, which earlier was condemned as sinful, chaotic, morally despicable, and economically unproductive.

How did this transformation take place? Different, but interrelated, processes make up for how financial speculation gradually won its social legitimacy. Crucial are, in no particular order, the rise of stockbrokers as socially recognized *status groups* with prestige, wealth, and power; *scientification* and new epistemological foundations of financial speculation; *naturalization* of financial speculation as something essentially human; the *socialization* or *economization* of financial speculation—that is, how it became observable as something vital to the economic functioning of society; and the *egalitarian* ideal, an evaluation principle established in the revolutionary era, stressing the equalizing features, such as creating free social mobility, of financial speculation, and the promises of including all people into one big class of capital-owners.

During the nineteenth century, stockbrokers and traders became a *status group*. This was related to the closure of the stock exchanges. This happened through the control of space (for example, access to the stock-trading buildings), through the control of membership (often based upon wealth, citizenship, religion, nationality, gender), through the control of lists of securities that were tradable and the control of information, and through an emphasis placed upon honour, such as codes for proper conduct (such as which jokes were allowed, whether smoking was allowed, and so on). As Preda notes, “Observers repeatedly stressed honour and respectability, which integrated stock exchanges into the broader society. In the absence of any adequate legal frame, honourability was the only means to ensure the inviolability of contracts and to present them to the public as similar as commercial contracts.”²² There was an enduring effort to try to demonstrate to the public that stockbrokers were men of honour; as it says in *Finance and Industry* from 1887, “New York stockbrokers are large-hearted, liberal minded men; their generous impulses are known far and wide. Ever true to the interests of the customers, their mutual transactions form the daily varying barometer of the financial atmosphere.”²³ The consolidation of stockbrokers as a status group went hand in hand with the institutionalization of the stock exchange. Stockbrokers were mostly able to pick their own, often very rich clients, just as they themselves became very influential. Acquiring an official seat at the New York Stock Exchange (only possible when another broker retired) rapidly rose in price towards the end of the nineteenth century. In addition to the rising status of stockbrokers as an exclusive men’s club, subordinate groups such as office assistants and clerks were also added. Furthermore, the acceptance from the state may also have had effects upon legitimacy. In the USA, the state

granted particular brokers' monopolies over financial trade in 1792. The granting of monopoly status was justified in the name of securing order and security, and to protect against improper practice. Financial trade was thus already then brought under a certain degree of control by way of regulating who could be brokers.

It is also in this context of rising social legitimacy and prestige of the stockbroker, and of financial speculation, that we may understand how stock exchanges fought their battles with their negative others, for example the "bucket-shops." In brief, the bucket-shops were places where it was possible to bet on, for example, the development of the prices of stocks, without actually owning the stocks. Especially around the 1870s, there were numerous moral and legal struggles between the governing bodies of the stock exchanges in Chicago and New York and these side markets. It became important to separate finance from gambling, to separate expertise and virtue from simple guessing and luck. Where did financial speculation belong? As we shall see, the separation of financial speculation from mere luck-based betting and gambling not least relied upon the development of financial knowledge as a kind of knowledge proper, akin to knowledge in the natural sciences. Furthermore, towards the end of the nineteenth century, there was also an explosive growth in popular literature about the "charismatic speculator."²⁴ Surges of this kind of celebration of the charismatic speculator were seen again in the 1920s and the 1980s. The widespread genre of success-manuals in ca. 1870–1920 also referred to fortunes built on financial speculation. The financial speculator was both knowledgeable and charismatic, as well as an incarnation of the American rags-to-riches mythology.

Very central to the rising social prominence of the stockbrokers was thus not least that they, in significant contrast to the previous century, had acquired a *public voice*. Actors working in finance began, to a much larger degree than earlier, to write about their activities and develop new kinds of knowledge, situating themselves and their institutions in a broader societal context, explaining what they were doing and why it was beneficial to society. From around the 1820s, financial journalism had been introduced, but this and several other literary genres now proliferated during the second half of the nineteenth century.

Essential to the rising status of finance was also its turn towards natural science as its epistemological ideal. As the idea of natural science became a major source of inspiration for political economy, and what eventually became known as economics, a similar way of thinking can be found in

the realm of finance. Indeed, a key part of the rising social status and prestige of financial speculation was thus the new developments of finance as a science. Financial knowledge was developed and redescribed through the vocabulary and epistemology of the highly prestigious discipline of natural science. During the second half of the nineteenth century, financial speculation became knowledge proper; financial markets were understood as similar to other markets, with laws and regularities, virtually represented in financial charts and diagrams over price-movements. Trading with securities requires valid information, intellectual labour, and rational analysis. It demands coolness and rationality as opposed to actions based upon emotions, impulses, and greed. For example, around the 1880s, financial averages were introduced, most notably the Dow Jones Average, named after Charles Dow, the founder of *The Wall Street Journal*. The financial market was increasingly thought of as a whole, with its own regularities and order, and as a natural system. As economics in general had thought of economic natural laws, often borrowing inspiration from physics,²⁵ the epistemology of finance now increasingly shifted towards the idea of an orderly, market-governed sphere, to be observed through numerical data. The financial sphere became objectified and formalized. The method of forecasting prices (of stocks or any kind of financial instrument), “financial chartism,” also arises in this period.

Financial actors understood perfectly well that natural science was the epistemological ideal of the age. In 1920, for example, Charles Dow’s book with the telling title *Scientific Stock Speculation* was published (posthumously)²⁶ and in 1906 the British Henry Lowenfeld published his book *Investment: An Exact Science*.²⁷ The financial market is described as a mechanism with its own laws and regularities, as a system with natural prices, which also works as a barometer or thermometer, where price movements in the financial markets, and the assessments of stock analysts, reveal the reactions of “the market,” and thus work as signs of the condition of the economy.²⁸ There is a belief in seemingly totally objective market values. Ultimately, according to De Goede, market laws even acquire a transcendental authority—a new belief in a kind of religious or cosmological order. Furthermore, stock exchanges and financial markets are described as prime examples of free competition in action, and as the result of a natural evolution—another prevalent theme in the late nineteenth-century understandings of society. In brief, one road to the social legitimacy of finance was through its attachment to ideals of natural science.

We may also note a more general logic of the cultural and moral embeddedness of finance at play here. Whereas no evidence has been provided here to support a claim that financial speculation did not in fact improve its epistemological foundations in this period, we may observe how the rising prominence of natural science changed the moral environment of finance. That is, as natural and positivistic science became a new epistemological ideal, it also became, from a social legitimacy point of view, possible to associate financial speculation with the codes, categories, and epistemology of the natural sciences.

Central to the rising legitimacy of financial speculation was also that it was described as something simply natural to being human. Speculation is redescribed as an irresistible force of human nature, as something that cannot and should not be restrained. In an investors' manual from 1898, we read: "Anyone, from the highest to the lowest, has a speculative nature."²⁹ Financial speculation was redescribed as an anthropological constant, as a kind of a "natural propensity to speculate," to update Adam Smith's famous sentence on man's propensity to truck, barter, and exchange.

Financial speculation also finds its place in the social economy. As we know from the widespread eighteenth-century suspicion that financial speculation did not contribute to economic development, that it did not represent any kind of real labour, but more or less parasitically relied upon the labour of others, it was difficult to explain the economic and social usefulness of financial speculation. Financial speculation did not exactly fit into a world of agricultural labour—quite the contrary—but neither does it seem to have fitted too easily into labour value theories of the eighteenth or even the nineteenth century, or into the positive accounts of commerce. This is also implied from the fact that it was not until around the turn of the twentieth century that financial transactions increasingly became recognized as proper commercial contracts, and entrenched in a legal framework. Still, during the nineteenth century, finance was increasingly legitimized by being described in the century's frequently used biological and vitalistic thought forms, also combined with engineering concepts of energy and efficiency. Finance supplied liquidity, making the money flow throughout the body of society to where it was needed. The role of financial institutions in society's economy is redescribed in biological and functionalistic terms—as vital organs in a larger organism, in which every part has its own function. Today, metaphors such as finance being the "brain" of the economy still seem widespread.

Thus, towards the end of the nineteenth century, it is increasingly argued that financial speculation is good for national wealth. Most importantly, it is argued that the specific economic function of financial speculation is dealing with risks. Financial speculation enables the buying and selling of risks, which will enable the economy as a whole to flow much more smoothly. Financial speculation thereby acquires its productive, economic role. Through these functionalistic redescrptions, financial markets and the stock exchanges even became celebrated national symbols.

Finally, essential to the rising social legitimacy of financial speculation was that it was redescrbed as a road to social mobility. That is, financial speculation is portrayed as a way in which those who were not fortunate enough to be born in the upper classes may still find a way to climb the social ladder. This moral criterion was now used to describe stock speculation in a positive, moral light. The investment manuals, how-to books, and so on were frequently aimed at the middle class. And in the 1920s, according to historian Julia Ott,³⁰ the idea of promoting a “shareholder democracy” (for example, making everyone shareowners) became a political strategy for conservatives, because incorporating the broader layers of the population into one big national community of shareholders would safeguard capitalism against critics.

CONCLUSION

By the 1920s, the social legitimacy of financial speculation had thus undergone a remarkable transformation. However, the Great Depression was a heavy blow to the social legitimacy of finance, and it was followed by an era of a new regulation of finance, of “embedded liberalism,” initiated by F.D. Roosevelt’s New Deal legislation. Security had become a key measure against which the social legitimacy of financial practices was weighed.

As we approach the present day, we may note the following megatrends: financial deregulation, globalization, and financialization. Greta R. Krippner refers to financialization as “the growing weight of finance in the American economy,” and defines it as “a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production. ‘Financial’ here refers to activities relating to the provision (or transfer) of liquid capital in expectation of future interest, dividends, or capital gains.”³¹ Furthermore, information and communication technology have made it possible to trade everywhere, at all times. We have seen the rise of automatized transactions,

where machines carry out transactions instead of humans; there has been a new era of yet another remarkable “scientification” of finance, with the application of highly sophisticated mathematical models; and finance is discussed as an education topic for children. Since the 1970s, the so-called Efficient Market Hypothesis, arguing that investors are rational agents and markets are efficient, has spread and become the “working ideology of financial capitalism.”³² According to Preda, finance has been said to be the centre of the universe, the “one observational system for mankind, on which all resource allocation will take place.”³³ Financial speculation has not only become something natural, it has become a key, grand narrative of modernity, because it can judge and evaluate everything according to the same standard (rate of return on investments). At the same time, the excesses of financial speculation are a major contemporary site of ideological and political struggles.

This chapter has mapped key trajectories in the history of the social legitimacy of financial speculation. It has identified some major trends in the history of the normativity of speculation. Briefly touching upon the still negative image of financial speculation in the eighteenth century, we have seen how financial speculation became increasingly legitimate in the USA, especially in the second half of the nineteenth century. The social legitimacy of financial speculation (especially stock trading and the trading of futures and other derivatives) was gradually won during the nineteenth century. This happened through stockbrokers becoming a status group; through the “scientification” of finance; through naturalization (and the rise of “homo speculatus”); through socialization or economization (meaning the explanation of the economic and societal advantages of financial speculation); and through equalization (referring to the central idea by which everyone could be *included* and possibly even made rich through financial speculation). In brief, financial speculation has undergone a remarkable change in social legitimacy. Gradually, financial speculation was able to be justified in terms of its economic usefulness, epistemological foundation, societal benefice, and prestige.

The social legitimacy of financial speculation has a dynamic life. The critical tests by which finance is critiqued or justified change historically. However, there seems to be a remarkable continuance of at least some of the critical tests established especially in the Enlightenment period, which appear again and again in debates about financial speculation: What is the productive (economic) role of financial speculation? Does it produce equality or inequality? Does it enhance greed and contribute to eroding the

moral fabric of society, or does it, on the contrary, promote tolerance? Is it based upon knowledge or plain and simple guessing? Whereas some forms of financial speculation are contested in several time periods (such as, for example, futures trading), the legitimacy of other forms of financial speculation seem more stable when once acquired, such as, for example, stock trading. Still, the social legitimacy of various forms of finance does not simply solidify once and for all, but opens up again, especially in times of crisis.

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The Economics of Starvation: Laissez-Faire Ideology and Famine in Colonial India

Rune Møller Stahl

In 1880 the Indian Famine Commission (IFC) stated: ‘The doctrine that in time of famine the poor are entitled to demand relief. [It] would probably lead to the doctrine that they are entitled to such relief at all times, and thus the foundation would be laid of a system of general poor relief, which we cannot contemplate without serious apprehension.’¹

Sometimes debates on economic principles can have very direct and immediate consequences. A prime example of this can be seen in British famine policy in late nineteenth-century India. As the subcontinent was struck by a number of severe famines, the colonial administration chose a response based on strict principles of laissez-faire. This meant a reliance on market forces, and a stance of government non-intervention, even as millions of Indians starved to death.

This chapter will cast light on this story by zooming in on the policy debates around one crucial episode, the response to the largest famine in the colonial period and arguably in Indian history: *The Great Famine* that hit the provinces of Bombay and Madras in 1876–1878. In this chapter, I will try to understand how and why the colonial administration chose a catastrophic policy of non-intervention, despite a formulated policy which

R.M. Stahl (✉)

Department of Political Science, University of Copenhagen, Øster Farimagsgade 5, 1353 København K, Denmark

stated that saving the lives of the natives was of ‘paramount importance.’² Based on an examination of letters, reports, and correspondence from the colonial administrations in India and London and the public debate in Britain, a picture emerges where economic ideas of laissez-faire liberalism played a crucial role in the formulation as well as the legitimation of this policy.

In his 1960 essay *The Intellectual History of Laissez-faire*, Chicago school economist Jacob Viner describes the nineteenth-century doctrine of laissez-faire as summed up by the central idea, taken from Adam Smith and the French Physiocrats, that economic transactions should be left to private actors in a free market and the activity of government should be limited to the enforcement of peace and justice.³ In times of scarcity and famine, this implies non-intervention in the grain trade and only very limited distribution of food and relief, to avoid individuals becoming dependent on support from the state.⁴ The relief efforts during the Great Famine of 1876–1878 provide a clear example of the strict application of these principles in practice, and represent perhaps the largest historical experiment with laissez-faire regulation in times of famine. Laissez-faire liberalism provided not only technical inputs to policy, but also a language of moral justification, where current suffering could be understood as the necessary cost of the burgeoning commercial society. The hard laissez-faire line did not represent the only position in the debates. There were also rival voices of normative considerations, with paternalist or humanitarian arguments for greater state intervention.

In the debate about the response to the Great Famine, however, the hard laissez-faire line of the Government of India, under Viceroy Lord Lytton, overcame interventionist critiques from local administrators and the British public. The victory of the hardliners in the formulation of policy was to a large extent due to their being able to evoke and appeal to these central ideas from classical political economy that were widely recognized in the bureaucracy and the educated public. While the proponents of the hard laissez-faire program drew their inspirations from the works of classical political economy, this does not imply that this presented the only possible, or indeed the most accurate, rendering of the works of Smith, Malthus, or Mill. The focus in this chapter, however, will be on the real application of the ideas in colonial policy rather than on any original intent of the authors.

The British attitude towards the famine catastrophes of the late nineteenth century played a major role in the birth of the Indian national-

ist movement. Since the earliest denouncement of British colonial rule by figures such as Dadabhai Naoroji⁵ and Romesh S. Dutt,⁶ the colonial character and racial prejudices of the British state have been seen as the main factor in explaining the indifference towards the high famine mortality. In recent years, the historian of British famine policy in the period, David Hall-Matthews, has characterized the British colonial authorities as being driven by ‘racist perceptions of India as “the land of famine.”’⁷ While government policy cannot be understood in isolation from the context of colonization or notions of racial superiority, this chapter will show that these ideas were not especially dominant among the hardliners in the colonial bureaucracy. Paradoxically, to the contrary, it seems that racist prejudices and notions of backwardness and inferiority were less prevalent among the colonial administration than among the general British public, which demanded stronger humanitarian intervention. Rather than seeing India as a country condemned to starvation and poverty by overpopulation and cultural inferiority, the colonial bureaucracy was guided by the utopian vision that markets and economic development could bring long-run prosperity to the country.

In this vein, this chapter argues that the famine policy in colonial India should not only be understood in the context of colonialism and Empire, but also as a part of the wider politics of nineteenth-century economic liberalism. This is what Karl Polanyi describes in *The Great Transformation* as the utopian project that society, on a national and global level, could and should be governed by self-regulating market forces.⁸ The discourse of the colonial bureaucrats draws heavily on arguments developed by liberal reformers in Britain earlier in the century, especially around the Poor Law Amendment of 1834, and the abolition of the Corn Laws of 1846. Furthermore, many of the arguments used by the colonial administration are eerily close to the ones used by neoliberal reformers in today’s debate on economic development and free trade.

A BRIEF CONTEXT

In the late nineteenth century, India experienced a high number of famines of a large extent and violence. Between 1860 and 1910, the country saw more than 20 episodes of famine with a total death toll of between 18 and 22 million people.⁹ The Great Famine of 1876–1878 was the most severe single episode, with a total death toll of up to 8 million. India in the 1870s was a largely agrarian economy after a century of deindustrial-

ization, under British rule.¹⁰ However, the large number of famines was not a result of a general agricultural crisis. On the contrary, agricultural productivity was relatively high in the period and India was a net exporter of food in every year of that period.¹¹ The famines of the second half of the nineteenth century were, therefore, not a product of too little food, but rather because some people did not have access or *entitlements* to this food, as described by Amartya Sen.¹² The central factor was new risks introduced by the integration of Indian agriculture into the world market. The opening of the Suez Canal in 1869 and the beginning construction of railroads meant a rapidly rising export of agricultural goods to England, most importantly food grains.¹³ The breakup of the Mughal Empire had overturned the old feudal system and created new conditions in the villages. While the introduction of cash crops meant new opportunities for some, it also introduced vulnerability to fluctuation in market prices, especially hitting artisans, labourers, and small cash-crop farmers dependent on the grain market for their subsistence. Furthermore, integration into the world market meant that many local grain stores were sold and this resulted in the breakdown of the traditional system of famine relief that was based on the distribution of grain by local magnates.¹⁴ As a consequence, by the last half of the nineteenth century, millions were in peril if the harvest failed or food grain prices rose, as occurred in the autumn of 1876, when the monsoon failed.

THE POLICIES OF LAISSEZ-FAIRE

With rising vulnerability of the population to starvation, the state might be expected to step in to assume responsibility for protecting its citizens. The ability to feed subjects in times of famine was a large part of the self-legitimization of the ruling classes in the subcontinent, and the princes and moguls of India had traditionally employed a variety of government regulations during times of famine. This included distribution of grain from state granaries, price controls, and prohibitions on hoarding and rationing.¹⁵

The policy of the Government of India was different, however, when starvation began in late 1876. The attitude was that the procurement of food for the famine-stricken areas should be left to the market forces to the furthest possible extent. The only role of the government should be to ensure adequate transportation and security. If forced to intervene, the government should not do so through the distribution of food, which,

it was argued, would corrupt the work morale of the famine-stricken population. Rather support should be provided indirectly through the construction of useful public works like railroads and irrigations. In such projects, relief would be given in exchange for hard work. Such a policy was perceived to be based on the firm scientific foundations of rational economic science, and as inherently morally superior to the unsystematic and sentimentally driven interventionist policies of their native predecessors. The former policies were, in the words of special famine envoy Richard Temple, ‘well meant [but] casual and desultory.’¹⁶

In an official declaration from 7 November 1877, Viceroy Lord Lytton lays out three main tenets guiding the famine policy of his administration:

1st: Abstinence by the government from all measures which might *interfere with the activity of private trade*.

2nd: The initiation of a *large scheme of public works* as the essential part of the relief system, other forms of relief being subsidiary.

3rd: *All gratuitous relief to be as far as possible temporary*, and all relief camps to be maintained only for receiving and supporting the starving and the infirm and for getting them into a condition to labour.¹⁷

If we take a closer look at these three tenets, two principles stand out: the principle that market forces will allocate food effectively and the principle of hard work in return for famine relief. The first point was based on the idea that self-regulating market forces, *ceteris paribus*, would lead to the most efficient distribution of food and thus help the starving population. If the grain markets were functioning well, the price mechanism would ensure enough grain in areas stricken by famine. As scarcity would set in, the price would rise. This meant that imported grain would flow to the famine-stricken areas where it would obtain a greater price than elsewhere. This process was automatic and government intervention was, therefore, unnecessary. This principle was first formulated in Adam Smith’s writing on grain trade and hunger. In *The Wealth of Nations*, Smith states: ‘[T]he unlimited, unrestrained freedom of the corn trade [...] is the only effectual preventative of the miseries of famine.’¹⁸ Furthermore, Smith dismisses the prospect of government interventions: ‘a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniences of a dearth.’¹⁹

The two last points in Lytton’s declaration build on the second principle: that relief should only be exchanged in return for hard labour.

The idea was to create public works, which would not only provide employment opportunities for famine victims, but would also create infrastructure that would help relieve future famines. In this attitude to famine relief, Lytton claims direct inspiration from the French Physiocrat Turgot and his works on famines in France in the eighteenth century.²⁰ To make sure that no one took advantage of the works, they were often placed at a considerable distance from the areas hit by famine and the workload was made very strenuous. The deep-seated attachment to the doctrines of liberal political economy was not incidental; on the contrary, the classics of political economy were a central part of the training of the colonial administrators of India. Central figures in classical political economy such as Thomas Malthus and James Mill taught mandatory courses at the East India Company's academy at Haileybury in Hertfordshire. The courses continued after the end of the company's rule of India in 1857, and political economy was a mandatory course for all graduates of the civil service exam until 1892, with a reading list including Smith, *The Wealth of Nations*, Ricardo, *Principles of Political Economy*, and for the later years Mill, *Principles of Political Economy*.²¹ Consequently, Ambirajan describes that 'political economy was a part of the psyche' of the British rule over India and even more ingrained in the administration in Calcutta than in the imperial administration in London.²²

THE SCOPE OF THE PRINCIPLES

While the doctrines of free trade liberalism were not directly challenged by anyone in the colonial administration, there was substantial dispute around the scope of their application. The Government of India under Lytton represented the hard line where the principles should be enacted with stern, unbending determination. Others felt there was room for flexibility. In 1873, Lytton's predecessor Viceroy Lord Northbrook witnessed a drought in Bihar and North Bengal of comparable magnitude to the Great Famine. Even though he confessed his loyalty towards the principles of a free grain trade, Northbrook nevertheless imported large amounts of grain from Burma.²³ Furthermore, while most relief took the form of labour camps, daily rations were based on a calculation of nutritional needs for physical activity. As a result only 23 people were recorded to have died during the 1873–1874 famine.²⁴ While the relief efforts in 1873 could be labelled as very successful, they were also very costly. This meant that the campaign received harsh criticism for superfluous spending.²⁵

In 1876, the government of Lytton was determined not to allow a repetition of this sort of response. Due to mounting debt and high expenses for the war in Afghanistan, Lytton's government was acutely concerned with minimizing its expenditure. In 1877, Lytton described this principle: 'every rupee superfluously spent on famine relief only aggravates the evil effects of famine and that in all such cases waste of money involves waste of lives.'²⁶ A strict application of the laissez-faire principles promised a solution that would be both efficient and cheap for the government. From the outset, however, this policy led to great tensions with the governors of the most afflicted provinces as well as the cabinet in London, which was under critical pressure from the British public.

PUBLIC OPINION IN BRITAIN

Significantly, public opinion in Britain diverged from the ideas dominating the administration in India: a review of *The Times* and *The Guardian* in the period of the Great Famine show a markedly different attitude. First of all, there was general public outrage against the appalling mortality rates and a call for action against the calamities.²⁷ *The Times* in particular was critical towards the free trade, laissez-faire attitude of the Government of India. In an editorial on 25 July 1877, the Indian Government's decision to stop their intervention in the grain market in Madras was criticized. '[I]f reliance of economic doctrine has been carried to this extent, it appears to us extremely rash [...] we cannot, therefore, experiment on the unknown capacities of private trade.' The low wage rates of relief works were also criticized; the editorial continues: 'Relief camps in which the occupants are dying at the rate of a hundred per cent per annum would seem to be scarcely deserving of the name relief camps at all.'²⁸ Public opinion in England, across party affiliation, thus seems markedly less skewed towards laissez-faire orthodoxy than the British administration in India.

On the other hand, ideas about India as overpopulated and culturally and racially backward are much more prevalent in public opinion than in the colonial administration. *The Times* describes how the benefits of British rule have brought with them an 'excess of population and an undue pressure upon the existing means of subsistence' wherein Indians cannot escape this situation and need outside help, because the local population, unlike the British, lack 'habits of foresight' and 'means of self-help.'²⁹ In *The Guardian*, India is described as an underdeveloped country where famines are 'positively inevitable.'³⁰ However, these perceptions seem to

be coupled with pleas for charity and paternalistic government involvement rather than with callousness and indifference towards the plight of the Indian population. *The Times* argues in its call for greater government involvement in Madras: ‘If we cannot avoid famines, we can do much to avert their worst consequences.’³¹ The critique of the laissez-faire policies in India led the Cabinet in London to set up a famine commission in January of 1878 with the purpose of investigating the causes and response to the famine.³²

LOCAL OPPOSITION TO LAISSEZ-FAIRE

The critiques did not only come from press and public in Britain. The hard laissez-faire line also encountered opposition from some of the local British governors, who had to carry out the policy on the ground.

The first controversy was over the ability of private trade to get the necessary amount of grain to the famine-stricken areas. In theory, rising prices would lead food to flow to these areas. This was not what the administrators in Madras saw; on the contrary, though the grain prices did rise dramatically in the area, instead of additional supplies as dictated by the theory, the result was that millions of local labourers and artisans were unable to afford their daily subsistence. The journalist William Digby described how the road to Madras ‘bore almost the appearance of a battle-field, its sides being strewn with the dead, the dying, and those recently attacked.’³³ Consequently, the local government under Governor Buckingham decided in the late fall of 1876 that the situation was so grim that the normal rules of non-intervention had to be suspended. The local government was to import 30,000 tons of grain that could be released into the market at lower prices.³⁴ The central government under Lytton, however, responded to complaints from the grain merchants in Madras and Calcutta, and quickly moved to put down this attempt to meddle with free trade.³⁵ Buckingham tried to appeal to London for support. But even when Lord Salisbury, secretary of state for India and later prime minister, tried to intervene in support of the local government in Madras, Lytton replied forcefully: ‘We can foresee no circumstance under which such government interference with private trade would not be a ruinous mistake. [...] Free trade cannot coexist with Government importation.’³⁶ Lord Salisbury seemingly accepted the appeal: he refrained from intervening in the famine policies, and no more grain was imported from Madras during the great famine.³⁷

In the fight for such non-interference in trade, the hardliners were not limited to drawing on the teaching of Adam Smith. There was also the legacy of earlier debates in Britain, especially the crucial debates that led to the repeal of the Corn Laws in 1846, where the opponents of price regulation argued that free trade in grain was of critical importance for the public welfare. The leader of the Anti-Corn Law League, Richard Cobden, even described free trade in grain as a ‘moral principle’ and the victory of the free traders as ‘the greatest revolution that ever happened in the world’s history.’³⁸

WAGES AND RELIEF WORKS

The second large controversy during the famine campaign was about the wage level and the level of public expenses on famine relief works. These works constituted the main part of the relief effort, and the Government of India was determined to keep down the cost of the works. Therefore, they sent out Richard Temple as special famine envoy to ensure that the provinces implemented the rules with sufficient strictness. First, Temple went to the Province of Bombay where he immediately ordered that ‘every person now on the works be discharged who apparently can get on for a time, and let no person in the future be admitted unless there is reason to believe that he or she is in absolute need.’ He went on to slash wages to ‘the lowest rate compatible with the health of the population.’³⁹ In practice, this created the institution of the so-called Temple Wage of less than half a pound of rice. The level was so low that when Temple later tried to institute it in Madras, Surgeon General Doctor Cornish wrote to protest against the wage and pointed out the ‘insufficiency of the famine wage to supply the food necessary for the physiological requirements of the body.’⁴⁰ Author Mike Davis, in *Late Victorian Holocaust*, supports the view of Cornish. He calculated the nutritional value of the Temple Wage as 1627 calories daily, which is lower than that of the Buchenwald concentration camp during the Second World War.⁴¹

The worsening conditions in the famine relief works meant that in April 1877, 102,000 relief recipients left the works in Bombay in an act of ‘passive resistance.’⁴² Despite the strike and active protests, Temple did not change his position and he received orders from the Government of India to uphold the harsh conditions to ‘guard against the danger of the population to rely upon Government aid rather than their own industry and thrift.’⁴³ The importance placed on the low wages and the insistence

on harsh conditions was not only presented as a matter of cutting costs; it was also a result of a widespread fear that famine relief would undermine the incentive to work. Temple frames this economic concern in explicitly moral terms, pronouncing low wages as ‘necessary, not only in the interest of economy, but also to prevent the demoralization of the people.’⁴⁴ There was also a concern that the government would end up being responsible for supporting large parts of the population. This would put a strain on the already stretched fiscal situation of the Indian Government; as it was later formulated in the Report of the Famine Commission, gratuitous relief in times of famine could mean that ‘the foundation would be laid of a system of general poor relief,’ a prospect of which they were very critical.⁴⁵

This mirrored a fear of creating a class of unproductive idlers that was formulated by central figures in classical political economy, such as Jeremy Bentham and David Ricardo, and raised during the debates leading up to the Poor Law Amendment in 1834 in Britain.⁴⁶ Karl Polanyi has described how liberal reformers and advocates of *laissez-faire* wanted to use the threat of hunger as a means to force the poor to work and thereby force them to live a virtuous and productive life.⁴⁷ The choice between hunger and employment would compel the otherwise troublesome elements in society to live a disciplined life. The introduction of the threat of hunger made all other forms of discipline unnecessary in the wage labour market. The mere threat of starvation would be discipline enough. This is reflected in the work of John Stuart Mill, who describes how in a situation of guaranteed employment and subsistence, it is only possible to discipline the labourers ‘by the power of the lash.’⁴⁸

A notion that is curiously absent from the discussion of the colonial bureaucrats of the 1870s, however, is the Malthusian theory of overpopulation: that is, the notion that famines are the inevitable result of unchecked population growth, as the population outgrows the productive capacity of the land.⁴⁹ Eminent scholars such as Ambirajan,⁵⁰ Davis,⁵¹ and Bagchi⁵² have stressed the importance of Malthusian ideas, with an implicit or explicit notion of racialized social Darwinism, in the formation of famine policies in India in the period. In surveying the debates of the 1870s, however, the ideas about overpopulation and inherent backwardness seemed to play a much larger role in the public perception of India than in the ideology and discourse of the colonial administration. The vehemently negative attitude towards government support of the poor does hold strong Malthusian connotations. However, this attitude was expressed more as a concern for work morale and government expenditure rather than as a fear of overpopulation,

as they are in the works of Malthus.⁵³ Despite a high level of callousness towards the suffering of the locals from the administration, the view that famines serve a function as a positive check on population size does not come out strongly in the material. Instead, we see an emphasis on the optimistic prospects of economic development, even during the height of the famine, where this attitude can seem rather absurd. This is put clearly by the Indian Finance Minister John Strachey in a 1878 speech to the Legislative Council in Calcutta: ‘never has there been seen in Bengal anything like the prosperity among all classes; and this prosperity has been immensely stimulated by the influx of money and the great demands of the produce and industry from the region which have arisen from the Famine in Madras.’⁵⁴

VICTORY OF HARD-LINE LAISSEZ-FAIRE

In both of the major policy debates of the Great Famine—the grain policies and the relief works—the hard laissez-faire line of the Government of India prevailed over competing normative considerations. Here the hegemonic role of the free trade principles of classical political economy seems crucial. Without the ability to refer to commonly accepted economic laws, it would have been much more difficult for the hardliners to override the humanitarian concerns of the local colonial administrators and the British public. The strong presence of the discourse of non-interventionism meant that even opponents of the hard-line interpretation of laissez-faire within the bureaucracy did not question the basic principles of political economy. They merely challenged the extent to which these were applied and argued that under special conditions, local administrators could refrain from using the standard economic doctrines. Paradoxically, this meant that non-intervention took the shape of planned government policy as dictated from above, while the different forms of government interventionism were carried out as an unplanned reaction from below by dissident bureaucrats.

These debates also influenced the conclusions of the subsequent Famine Commission, as the proponents of strict laissez-faire formed a majority of its members. When the Reports of the Commission came out in 1880, they clearly supported the hard laissez-faire line of non-intervention and fiscal frugality.⁵⁵ Subsequently, famine codes were developed based on the recommendations of the Report and these codes shaped interventions during the large famines in the 1890s.⁵⁶ So as the power of dogmatic laissez-faire eventually lost its hegemony over the colonial administration

after the turn of the century,⁵⁷ the policy debates of the 1870s exacted their influences decades into the future of the subcontinent.

CONCLUSION

As stated in the introduction, the role of economic principles and liberal ideology has generally been seen as secondary compared to imperialism, racism, or a simple wish to minimize expenditure. This can be seen in Davis,⁵⁸ or in Hall-Matthews, who states that ‘the British were not so much hidebound by theory, [...] they were inclined to use it as an external justification for policies which really reflected the short-term needs of the colonial state.’⁵⁹ I argue, however, that without taking the role of economic ideology into account, it is impossible to understand the harsh and catastrophic policies of the colonial administration in the 1870s and how the Government of India was able to legitimize these policies, despite considerable opposition and critique.

Firstly, it is clear that the reduction of cost played a central role in the policy choices. But dogmatic *laissez-faire* was hardly the only cost-efficient policy available. There were several avenues that could have been undertaken at no cost to the government, but these were never seriously discussed. These include restrictions on food grain export and domestic policies such as rationing, control of hoarding, and introduction of price ceilings, which had been in use for centuries in Europe and India. These measures could have been adopted at little or no direct expense to the colonial administration.

Secondly, while the government policy cannot be understood separated from the context of imperialist domination and notions of racial superiority, these were not the ideas that separated the supporters of strict non-intervention from the humanitarians. If anything, it seems that racist prejudices and notions of backwardness and inferiority were less prevalent among the administrators in India than among the general public in Britain who were demanding humanitarian intervention. Instead the proponents of the hard *laissez-faire* line were employing an optimistic vision of capitalist development, where a strict famine policy was seen as important because government intervention would stand in the way of the creation of an industrious capitalist nation with a disciplined workforce, with clearly defined property rights and a healthy business climate.

It appears here that it was the theories of Smith as much as those of Malthus that played an important part in the analyses and debates in the

colonial bureaucracy, and it was the rules of supply and demand, rather than overpopulation, that were the guiding ideas behind the British policies. The ideology was not one of racist fatalism, but rather one of a capitalist utopianism. To the extent that the policies of the British administration caused high mortality rates, it was not expressed as an indirect wish to rid the country of overpopulation, but rather as a belief that strong relief measures could stand in the way of the long-term goal of turning India into a profitable capitalist economy.

In this light, it is noteworthy that the two central debates that launched the laissez-faire movement in Britain—the repeal of the Corn Laws of 1846 and the Poor Law Amendment of 1834—were mirrored by the two major dogmas of the administrators in the 1870s: the unrestricted trade in grain and the exchange of hard labour for government aid. In this vein, the policies in India can be seen as an extreme version of the laissez-faire program developed in Britain, and a purer version of what Polanyi describes as ‘the stark utopia of a self-regulating market.’⁶⁰ In that way, the Indian famines cannot be seen as just a separate colonial or imperialist issue. Instead, the policies enacted here are relevant for a general appraisal of the history of economic liberalism and the golden age of liberal globalization during the long nineteenth century. But in the colonial context, without any representation or avenues of popular pressure, it was impossible to put up those protections against the radical commodification of land, labour and of the basic necessities of life that were enacted in Britain. In this way, India experienced the effects of an experiment with pure laissez-faire, where the erratic fluctuations of prices and supply were allowed to send millions into starvation and death.

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The Economic Normativity of British Fiscal Administration in Egypt and Nigeria, 1882–1914

Casper Andersen

In an important study, Peter Cain has argued that British colonial administrators saw the civilizing mission of Britain’s colonial empire as a way of bringing ‘ordered liberty’ to ‘subject races’ in Asia and Africa. At its core, ‘ordered liberty’—a term first coined by Lord Cromer in an article in the *Edinburgh Review* in 1908—meant the establishment of political order, rule by just institutions of law, and an administrative system committed to rooting out behaviour and traditions that the British deemed primitive. In the eyes of the protagonists of the empire, Britain’s long history of ruling beyond the seas had given the British superior institutions of education and government, which gave the privilege as well as the obligation to rule among peoples in Asia and Africa. This long history was at the same time easily taken as evidence that Britain had a predestined role to play in imperial governance and in bringing ‘civilization’ to the benighted. The supporters of the empire argued that Britain’s imperial success was based, ultimately, in the unique evolution of British ‘character’ that embodied industrial traits such as energy, initiative, thrift, self-discipline, and self-help, as well as older virtues of public duty often expressed in military terms and an ambition to serve the good of the empire rather than oneself.¹

C. Andersen (✉)

Department of History of Ideas, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

This line of analysis has two important implications. First, the idea that the particular brand of British character that had evolved from deep historical roots over several centuries helped to cement the view that progress in the colonies would inevitably be slow as well. This underpinned an assured feeling among colonial administrators that political independence for subjects in Asia and Africa was only a far distant possibility—‘one or more generations must, in my opinion, pass away before the question can be even usefully discussed,’ as it was phrased by Lord Cromer in 1908 in a discussion of the future development of Anglo-Egyptian relations.² Secondly, contrary to recent interpretations of British attitudes to the empire,³ those who ran the empire continued to view it as a moral as well as a material endeavour also after the ‘new imperialism’ of the late-nineteenth century began in Asia and Africa. In imperial discourse, the moral and the material remained inseparably interwoven. As Frederick Lugard, the doyen of British colonial administrative thinking during the first decades of the twentieth century, noted:

Let it be admitted at the outset that European brains, capital and energy has not been and never will be expended in developing the resources of Africa from motives of pure philanthropy; that Europe is in Africa for the mutual benefit of her own industrial classes, and of the native races in their progress to a higher plain; that the benefit can be made reciprocal, and that it is the aim and desire of civilized administration to fulfil this dual mandate.⁴

This chapter demonstrates that fiscal policies and the administration of taxation provided a crucial component in the ‘ordered liberty’ that late Victorian and Edwardian British administrators envisioned as the moral basis for colonial rule in Africa. Indeed, if the rule of law constituted the core of ‘ordered liberty,’ then fiscal order came in close as the second component in the moral and mental grid that colonial administrators adhered to. The chapter argues that notions of fiscal order and financial administration assumed critical importance in justifying why imperial interventions were urgently needed in the first place: namely, to avoid threatening financial havoc in societies deemed by the British to be on the brink of moral and economic bankruptcy. Moreover, fiscal ideas were also central to the widely held opinion among the British administrators that colonial rule inevitably would be long-lasting. This they considered to be the case because changes in the economic *and* moral behaviour of indigenous rulers and subjects would take a long time to effect. As emphasized by one leading imperial administrator and fiscal expert in Egypt, Sir Alfred Milner, what was required above all was ‘time-

time-time. The reforms of recent years have been momentous, and they have struck root: but the roots need to grow deeper into the soil.⁵ The chapter thus demonstrates how *economic normativities*—the operative indistinctions of the economic and the moral (Thorup, this volume)—underpinned the outlook of influential imperial administrators and profoundly shaped the policies they imposed on the societies they ruled.

The chapter focuses primarily on the two most renowned of Britain's administrators in the African empire: Lord Cromer, Agent-General and de facto ruler of Egypt from 1882 to 1907 and Sir Frederick Lugard, High Commissioner of Northern Nigeria from 1900 to 1906 and the first governor of the newly formed colony of Nigeria from 1914 to 1919. Cromer and Lugard both published extensively on the principles of colonial administration in Africa and both found large audiences among their peers as well as in the wider public. Their reputations as eminent colonial governors have effectively been challenged in the historiography over the last four decades, but with respect to formulating the ideologies of British colonial governance in the decades around 1900, the influence of Lugard and Cromer was unrivalled.⁶

FISCAL ADMINISTRATION IN BRITISH COLONIAL AFRICA

Fiscal administration and taxation policies were key concerns for the colonial administrations the British established in Africa from the late-nineteenth century.⁷ During the colonial period, British policymakers and bureaucrats in London expected the administrations in the African possessions to pay their way without help from the British Treasury. This reflected the modest motivation to rule in Africa and that the metropolitan agenda was more to maintain order than to develop the colonies. The adoption of this policy of colonial 'self-sufficiency' was the single most important and constant structural factor in the administration of the African dependencies during this period.⁸ It meant that administrators had to find local sources of revenue to cover expenses. This dictated that colonial administrations in Africa would remain slim—a 'thin white line' that ruled territories through cohesion and collaboration with local elites.⁹

In order to balance state budgets different forms of trade taxes were in use. These included indirect taxes in the shape of customs and tolls on imported items. Direct taxation was also in wide use and primarily took the form of hut taxes, or alternatively, a flat-rate poll tax payable by both Africans and non-Africans. While there were many differences between

individual colonies, a general pattern in revenue collection is clear. Central and East African colonies relied to a large extent on the direct taxation of Africans to raise revenue, while in West Africa, indirect taxes in the shape of custom duties constituted the primary source of income.¹⁰ In Egypt, the situation differed in that the British inherited an elaborate Turko-Egyptian tax administration that they trimmed and adapted to suit their ends.

Historians disagree about the long-term consequences of British taxation policies in colonial Africa. Some scholars argue that the colonial administration established a tax system of extraction that impeded economic and social development in Africa with effects still continuing today. This argument has been challenged by those who emphasize that colonial administrations rarely were capable of establishing an effective extractive taxation system, and that long-term structural problems, on the contrary, arose from lacking tax revenues because this left the colonial governments incapable of developing facilities, particularly in health, education, and infrastructure. There are important disagreements between the extractive and the minimalist interpretations, but it remains beyond dispute that the wide usage of flat-rate hut and poll taxes burdened the African poor disproportionately and that these were fundamentally discriminatory forms of taxation.¹¹

Taxation was thus a central and complex component of British colonial governance. Crucially, fiscal reforms and taxation policies also required moral justification in the Metropole as well as locally, where settler and indigenous opinion about taxation often clashed. In many cases, short shrift was made of such justifications. The High Commission Territory of Swaziland provides a case in point. In Swaziland, the taxation of Africans was imposed immediately after Britain had taken control in 1902, and during the following decades over half of the revenue was generated from hut, poll, and dog taxes. A tax reform in 1916 raised the poll tax to £1.10 for males with a similar amount for each wife, up to the amount £4.40.¹² In Swaziland, taxation was used as an instrument for mobilizing African labour for employment in mining and agriculture in the Union of South Africa. Moreover, the revenue generated by the tax rise was intended to finance improvements of roads and telegraphy. As the resident commissioner in Swaziland, Robert Thorne Corydon, made plain in a dispatch to London, these works were not intended for the people who carried the tax burden:

These are not services which are required by the native population, upon whom the increased taxation would fall, but they are in the interest of the

whole territory, and there can be no doubt that the taxation proposed is in no way excessive or comparable to the indirect taxes the European community is called upon to bear.¹³

Corydon, a former employee in Cecil Rhodes' *British South Africa Company*, was a staunch supporter of settler demands for land and labour. His government was, moreover, in a position that allowed it to push aside and suppress indigenous objections to the discriminatory tax. In Swaziland—as in many other cases—the uneven distribution of power in the colonial relationship as well as minuscule public attention in Britain kept the debates among colonizers about the legitimacy of fiscal practices to a minimum. However, in Egypt and in Nigeria the situation was markedly different and produced more intricate connections between moral and material justifications of colonial taxation and fiscal policies.

JUSTIFYING TAX REDUCTION IN EGYPT

In a controversial move in 1882, the British established a 'veiled protectorate' over Egypt in order to safeguard strategic and economic interests. In this context, moral justifications of tax reforms became of crucial importance. At the time of the British occupation, the Egyptian economy was in a state of disarray to an extent that it threatened the returns on the British investments made during the reign of Khedive Ismail (1862–1879) under whose rule Egypt's long-term debt rose from £3 million to £68 million.¹⁴ Hence, the restoration of the Egyptian economy was a main objective, a task that was left to the administration under the leadership of Lord Cromer, the effective ruler of Egypt for more than two decades.¹⁵

As Agent-General, Cromer headed a small cadre of 'advisors' who engineered the financial control and tax reforms that were imposed on Egypt during the first decades of British rule. The financial policy of the administration was clear; in the words of the governor of Egypt from 1907 to 1911, Eldon Gorst: 'During the first twenty years of the occupation, fiscal reform—or, in plain English, the abolition of unsound and burdensome taxes—held the first place in the financial policy adopted.'¹⁶ Taxes had been raised steeply during the last years of Ismail's regime and these taxes were lowered through the removal of tolls and reductions in land tax. This policy meant that administrative reforms in education and law were postponed and, moreover, that increases in public expenditure were allowed to take place exclusively through investments in remunerative public works.

These public works consisted primarily of irrigation works on the Nile, which increased cash crop production and hence the export revenues that were needed for debt repayments. During the first years of the British occupation the repayments swallowed a staggering 60–65 % of Egypt's state budgets.

Crucially, there was an intimate connection between moral and financial analysis behind this line of tax policy.¹⁷ In the eyes of the British administrators, weeding out taxes while reducing public spending was essential to maintaining a free market, social stability, and the moral character of the polity. In essence, this constituted the outlook of 'Gladstonian finance,' which enforced a financial discipline that kept both taxation and governmental expenditure low in order to maintain the 'natural conditions' of the market. This Gladstonian financial regime was regarded as vital to public and private morality in the Empire as well as in the mother country and it was this strand of economic normativity that informed the administrators' analysis of the imperial situation.¹⁸ In Cromer's book *Modern Egypt*, his widely read apologia for his rule in Egypt written upon his retirement, he claimed that the fiscal course that his administration had followed in Egypt since the time of the occupation had curbed the financial disorder that threatened particularly the poor in Egypt:

Those nine or ten millions Egyptians at the bottom of the social ladder, a poor ignorant credulous, but withal not unkind race being as such as sixty centuries of misgovernment and oppression by various rulers from Pharaohs to Pashas, have made them. It is for the civilised Englishmen to extend to them the hand of fellowship and encouragement, and to raise them morally and materially from the abject state in which he finds them.¹⁹

The 'Gladstonian' precepts in public finance and tax policies that the British introduced were central to the stance of the administrators, who saw themselves as the bulwark against what in their eyes was a deprived 'oriental system' devoid of financial and moral moderation. The sentiment was expressed by Alfred Milner, who during the 1890s was a central architect of the fiscal reforms. In his acclaimed book *England in Egypt*, which was first published in 1891, he emphasized that 'the removal of a burdensome tax, whether paid in money or in labour, is promptly justified by an increase in the productive and purchasing power of the people [...]. And this is true, not of economic doctrines only, but of the deeper laws which connect economics with politics and with morality.'²⁰ Public deficits

were signs of moral deficits. Egyptians lacked an understanding of these deeper moral and economic laws which constituted the financial side of the 'ordered liberty' that the British claimed to bring to Egypt.

A central component in this entwined fiscal and moral analysis was the establishment of a clear separation of state and private finances. According to the protagonists of fiscal order, the core problem was that the long line of despotic rulers that the British administration replaced in Egypt had all treated state finances as private property and used the funds to create for themselves a luxurious lifestyle without moral and material constraint. In this process, the despots had destroyed the economy of their possessions by using state finances to bribe off the unproductive elites that kept them in power. Hence, removing profligate despots and placing their successors on a civil list without any access to the exchequer was a crucial component in the brand of ordered finance that the British envisioned as the economic basis of their rule. In Egypt, Khedive Ismail was customarily referred to by the British administrators as the 'amazing spendthrift.' In Cromer's analysis, his removal was heralded as a turning point in the elevation of Egypt:

Failure to distinguish between State funds and the private income of the Ruler of the State has been the rock on which the finances of many countries, and notably Oriental countries, have split. The fixation of a Civil List for the Khedive of Egypt constituted the foundation-stone on which all subsequent reforms were built.²¹

In Cromer's analysis the inability to distinguish between public and private funds had been a pronounced trait of all oriental despots throughout the eons. However, in the modern era, the existence of international financial markets made 'amazing spendthrifts' such as Ismail a threat to the stability of international credit markets. Milner noted that 'no equally reckless prodigal ever possessed equally unlimited control of equally unlimited resources' and that 'all the world was ready to lend him money to develop his country.'²² Ismail's 'oriental character' resembled the ancient despots but his access to credits markets was distinctly modern. As a class, European bankers and capitalists were prone to lend money recklessly and this enabled the Ismailian regime to create financial havoc outside the boundaries of Egypt. In this sense, the financial side of ordered liberty also meant managing the access to international credit markets. Thus, according to the administrators, one class of Europeans—scrupulous capitalists and adventurers—was looking to take advantage of the inherent financial negligence

of the despot and his subjects: ‘The maximum amount of harm is probably done when an Oriental ruler is for the first time brought in contact with the European system of credit,’ Cromer claimed, and noted that the despot

[...] is dazzled by the ingenious and often fallacious schemes for developing his country which European adventurers will not fail to lay before him in the most attractive light. He is too wanting in foresight to appreciate the nature of the future difficulties which he is creating for himself. The temptation to avail himself to the full of the benefits which a reckless use of credit seems to offer to him, are too strong to be resisted. He will rush into the gulf which lies open before him, and inflict an injury to his country from which not only his contemporaries but future generations will suffer.²³

This assessment was shared by Milner, who argued that the debt crisis in Egypt had ‘required the whole gang of swindlers—mostly European—by whom Ismail was surrounded’ and who had exploited the Khedives’ access to credit.²⁴ The only European class to prevent this occurrence was the administrators. This argument hinged not upon a critique of financial capitalism as such but on the idea that the disinterested financial administrators knew best how to bring subjected societies into the world of modern economy. While the administrators were adamant that they were not a ‘bondholder’s government,’ they insisted:

Our efforts to endow Egypt with a civilised administration is not philanthropy, they are business. But they are business of a perfectly straightforward and honourable kind, and possessing the characteristic of all good business – namely, that both the parties concerned are benefitted.²⁵

Thus, in this view, the administration in Egypt was charged with protecting the ‘subject races’ against themselves and their despotic rulers but also against Western capitalists ready to exploit the inherent financial and moral deficit. According to Cromer, this role as fiscal ‘trustee’ was crucial:

I lay stress on the word “trustee” for the conception that the Government are the trustees of the tax-payers is not yet fully realised in the this country, or indeed, generally in the East; neither looking to the history of the past, can it be any matter for surprise that the idea that the interest of the governing body and those of the governed are not only divergent, but even antagonistic, should still linger. Time and experience can alone disabuse the Egyptian people generally of this error.²⁶

In Egypt (and as we shall see shortly, also in Nigeria), it was central to the stance of the administrators that they saw themselves as the bulwark against financial exploitation and that they were charged with managing the transition to a new economic system. A lesson the Egyptians, according to the Agent-General, should keep firmly in mind:

It is as well also that the Egyptian should remember that, although Europeans of one class contributed to create the debt, Europeans – mainly, but by no means exclusively, British – of a very different class have, with the assistance and co-operation of enlightened Egyptian Ministers, devised means for alleviating their burthens and conferring on them a degree of prosperity such as has been unknown in this country from the earliest days of its ancient history.²⁷

ORDERED TAXATION IN NIGERIA

In Egypt, arguments for fiscal order underpinned policies that rolled back taxes. However, similar arguments were also employed in regions where the British followed the opposite policy and introduced new forms of taxation. In the Protectorate of Northern Nigeria, the High Commissioner and originator of the administrative philosophy of indirect rule, Frederick Lugard, argued that the subjection of the Sokoto and Hausa Emirates after 1900 was necessitated by the abusive and arbitrary forms of taxation that the despots had imposed on their subject populations. He claimed that prior to the arrival of the British the system of taxation had become ‘debased by oppressive additions.’ These additions included the appointment of tax gatherers who ‘lived of the people and exercised a very oppressive tyranny.’ The taxpayers’ money was frittered away among the collectors while the net amount that reached the Emir ‘was devoted primarily to the support of an army used for purposes of slave-raiding’ with any residue

squandered in the maintenance of a large harem, and in the purchase of scents, embroidered robes, and such, articles of luxury, and no part of the vast sums wrung from the peasantry was devoted to works of utility, or to any object for the benefit of the people who paid the taxes.²⁸

The multiplicity and severity of taxes were hallmarks of a system which, according to Lugard, embodied the most dysfunctional and morally

deprived traits of African despotic rule. Moreover, as taxes were often paid in humans, tax was closely connected with internal slavery in the region. Destroying the existing system of taxation and replacing it with a fiscal administration that endorsed a monetary economy could, therefore, be enrolled in the struggle against the institution of in-land slavery, an issue that had a particularly forceful effect in moral arguments for British intervention in West Africa after the British had pioneered the abolition of the slave trade in the first half of the nineteenth century. In 'the embryo of civilised administration,' Lugard therefore claimed, 'taxation is the first beginning.'²⁹ In Nigeria as in Egypt, the need to reform tax systems was central in establishing the moral case for the initial intervention by the imperial power.

A new system of taxation that promoted the ideals of 'ordered liberty' was, according to Lugard, to be based on the principles of indirect rule, an administrative philosophy for which Lugard became the leading spokesperson. In essence, indirect rule meant the 'systematic use of the customary institutions of the people as agencies of local rule.'³⁰ In reality, it took on many guises, as indirect rule became the dominant administrative philosophy after 1900.³¹ According to Lugard, tax administration under indirect rule meant that Africans would be placed in charge of collecting taxes under the organized supervision of British administrators. Thus 'traditional' authorities from the emir down to village headmen would collect taxes according to fixed rates while being held accountable to British officials positioned in a parallel hierarchical structure, from the governor down to junior officers. The revenue generated through taxation was then to be shared according to exact percentages between, on the one hand, native treasuries, and on the other hand, the exchequer of the colonial state, whose task it was to safeguard law and order while establishing the infrastructure required for developing further the monetary economy of the colony. Lugard's tax instructions were elaborate and detailed. In particular, they emphasized the boundaries for how the acknowledged 'native rulers' could use the funds allocated to the native treasuries, thereby giving the colonial government a strong fiscal control over the tax base of the colony. This control was further enhanced by the establishment of a general tax to replace the multiplicity of local taxes.

Lugard saw the fixed distribution of the tax burden as the cornerstone in the moral justification of colonial rule.³² This related in part to the issue of internal slavery. The existing slave economy could only be destroyed by providing 'traditional native rulers' and 'abusive tax gatherers' with

a 'legitimate salary' generated from taxes collected under the civilized supervision of British administrators. Moreover, the civilizing potential of taxation also worked at a more abstract level. It helped to 'establish the principle of personal contribution to the state in proportion to wealth' and generated an assured feeling among the natives that 'arbitrary rule had been replaced by the rule of law.' Hence, according to Lugard, the direct taxes could initially be nominal or at least 'very light at first, since it is there intended to be educative rather than a source of revenue.'³³

Unlike the previous 'arbitrary levies,' ordered taxation would also encourage industry and personal exertion. As it was a requirement that the tax was paid in cash, it made the Africans familiar with the use of coins and ultimately with the institutions by which the primitive was free 'to sell his labour on a market.'³⁴ As in the case of Swaziland, as discussed above, the issue of controlling labour supply thus loomed large in colonial tax administration in Nigeria, but Lugard insisted that the moral and material effects of drawing the 'subject races' into a monetary economy were more profound. Like Cromer, Lugard remained a supporter of free trade principles in African development: 'It has in the past been our proud boast and our justification of our vast Colonial Empire that we sought no national advantage,' he insisted at a summer school for colonial officers in Oxford in 1938, when many colonial experts had abandoned unilateral free trade as a sound basis for economic policy.³⁵ Indeed, the enhancement of trade was crucial to Lugard's idea of the 'dual mandate' since it was the long-standing commitment to free trade that made Britain better capable of developing African dependencies than any of the rival European powers.

Yet, while acknowledging the civilizing influence of free trade, Lugard had an observant eye for what he perceived as problematic changes wrought by capitalist development in Africa: 'Traders, black and white, circulate under the pax Britannica, among tribes but recently addicted to head-hunting, and bring to them new and strange conceptions. The primitive African is called upon to cope with ideas a thousand years in advance of his mental and social equipment.' Quoting Smith's *The Wealth of Nations*, Lugard went on to note that 'the desire of bettering of our condition [...] comes with us from the womb, and never leaves us till we go to the grave' and 'that the African is not immune from the natural human desire to make profits. As soon as he has emerged from primeval savagery—often indeed before he had done so—he becomes as keen a trader, eager in pursuit of gain.'³⁶

Lugard thus shared Cromer's concern that the uneducated 'subject races' would fall easy prey to capitalist development whether driven by European or African initiative. In Lugard's view, managing the contact zone between two economic systems lay at the core of the dual mandate and hence of the task of enlightened colonial administration. Moreover, Lugard also linked the issue of taxation to his assessment that self-rule in tropical Africa was far distant: 'Without a tax there can be no treasury and without a treasury no real measure of self-rule,' Lugard stressed, while insisting that the inauguration of a native treasury was an 'embryo conception admittedly beyond the grasp of such peoples.'³⁷ Lugard and Cromer adopted very different tax policies but both argued from the assumption that in the issue of taxation moral and material concerns were inseparably interwoven and that this was a main reason why sustained progress in colonies would require generations to effect.

CONCLUSION

This chapter has argued that fiscal and taxation policies constituted a seminal component in the 'ordered liberty' that British colonial administrators envisioned as the ideological and moral basis for governance in Africa. Reflecting the cultural prejudices, and the implicit as well as the explicit racial assumptions of the period, the administrators saw themselves as the safeguards against an inherent moral and financial failure of oriental and African despots and peoples. The financial dimension of 'ordered liberty' was, moreover, also directed against European capitalists and merchants who were eager to exploit the lack of financial character and perception among indigenous populations and rulers. This view was central in the arguments for establishing colonial rule and for making the case that colonial tutelage would be long-lasting. Moreover, it was central to the moral posture of the administrators; as financially disinterested agents, the colonial officials claimed to represent and administer deeper economic and moral laws of colonial development. Thus, in the writings of the administrators moral and economic vocabularies were entangled and mutually reinforcing. As such these texts underscore that economic and moral normativities, defined as the 'operative indistinctions' of economic and moral realms, constituted a key aspect in the machinery of British colonial governance.

This analysis also provides insights into long-standing debates on the role played by the colonial governments in economic development and exploitation in colonial Africa. It has rightly been asserted that British

colonial officials in Africa saw themselves as guardians of ‘a romanticized pre-capitalist order’ in Africa which ‘ill-served the interests of capitalism.’³⁸ Reflecting their own class and educational background in the mother country, most administrators had a strong conservative feel for tradition and valued hierarchy while being disdainful of narrow commercial priorities, believing that too great a focus on the acquisition of wealth would undermine the moral character of the Empire.³⁹ Moreover, the fact that colonial administrators did not benefit financially from economic exploitation, except in career terms, has further posed a challenge to economic theories of imperialism and to assigning a key role to capitalism in the ‘civilizing mission’ ideology of governance. However, the analysis of this chapter suggests that it is nevertheless pertinent to ask the *cui bono* question. The financial side of ‘ordered liberty’ assigned a crucial role to the administrators: not as mere preservers of archaic primitive societies nor as simple servants of capitalism—but rather as enlightened agents capable of guiding the economic fortunes of ‘subject races’ into a world of capitalist modernity. It was a role that the administrators assumed was urgent and one that would last for generations. The latter was, perhaps, their greatest miscalculation.

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Talking the Creative Economy into Being

Jan Lohmann Stephensen

In recent decades a recurrent theme within discourses on economy, work, and society has been the importance ascribed to creativity as a motor of innovation and economic growth. At the same time, the sociology of economics has been debating the idea that economic theories (economics) ‘perform on’ economic structures and practices (the economy), stressing how the semantic or theoretical framing of economic practices actually shape the phenomena that they merely claim to portray. These trends might at first glance seem unrelated. However, by drawing on the conceptual history of creativity in combination with especially the insights of sociology of economics, this chapter, which should be seen as an attempt to conduct contemporary intellectual history ‘on the fly,’ as it is being made, sets out to explain how these ideas concerning the relevance of both creativity and performativity to the economy as practice, as well as to economics as a particular discipline of knowledge, can be seen as not only taking parallel routes, but also as intimately intertwined on a number of levels. One of the most crucial nexuses, it will be argued, is probably the historical convergence of a particular notion of recombinatory creativity and the increasing performativity of knowledge production at large, analysed already in its embryonic stage by Jean-François Lyotard in 1979 in his seminal work, *The Postmodern Condition: A Report on Knowledge*.¹

J.L. Stephensen (✉)

Department of Aesthetics and Culture, IDEAS Pilot Centre, The Democratic Public Sphere, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

The idea that creativity and the so-called creative industries (should) play a central role in contemporary economy was endorsed with particular urgency by the British New Labour Party in the late 1990s, when the creative industries were famously defined as ‘those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.’² This vision, which generally relies heavily on the proliferation of intellectual property (IP)-intensive industries for the processes of innovation and economic growth, has subsequently been filtered, especially through Richard Florida’s influential *The Rise of the Creative Class*, and has thus become the backbone of the often repeated epochal claim that we are now in the era of the ‘creative economy’³ and the ‘age of creativity.’⁴ According to this narrative, creativity has become the key driver to economic progress and growth, ‘the ultimate economic resource,’⁵ taking us fast beyond both the industrial era and the post-industrial knowledge economy and into the creative economy⁶—or what has also been referred to as ‘knowledge economy 2.0,’ with reference to the fact that the new competitive edge is the creative recombination of knowledge, rather than the discovery of knowledge as in ‘knowledge economy 1.0.’⁷

These theories of the booming creative economy have had a huge, worldwide impact, especially on the development of national, regional, and local policies that aim to attract and develop business as well as a particular kind of people/citizens, namely creative, entrepreneurial, taxpaying ones. The ‘mercurial career’⁸ of this discourse is, however, somewhat paradoxical given the fact that these theories and policies are often only backed up by meagre, sometimes even contrary, statistical evidence to support their claims concerning the economic importance of creativity. This has for instance been the case with many reports and policy documents of the Creative Industries/Economy Programmes in the UK, which their proponents ceaselessly have claimed to be evidence-based, although they often are anything but. This predicament is partly due to a lack of adequate statistical measuring devices needed to extract this kind of evidence.⁹ But it is also closely related to the fact that a whole range of different notions of creativity are being evoked indiscriminately, which inevitably will complicate the task of measuring the exact economic impact of creativity.

The creativity discourse is marked by other ambiguities as well. For instance, creativity often seems to be oscillating between being presented

as the *means* to this transformation, and as its *aim*. This argument is quite dominant in the writings of Richard Florida, who insists that the driving force behind the shift towards this new creative economy is, in fact, human creativity itself.¹⁰ In line with this particular ambiguousness, in which creativity appears as its own cause, it seems like the creative economy and all the concrete creative practices it entails are actually not just being described, as the theories as well as all the politically commissioned reports themselves would claim. It is also, as put by Norman Fairclough, ‘constantly talked into being.’¹¹ I would, however, like to extend this line of argument by proposing that creativity is actually both ‘on the inside’ and ‘on the outside’ of this discourse. That is, creativity functions *both* as content or subject matter of these discourses on creativity, as part of what is being talked about or what is being de/prescribed (a distinction I will return to below), *and* also as an integrated part of the specific theoretical/scientific apparatuses that perform these de/prescriptions through acts of discourse or speech.

KNOWLEDGE PRODUCTION AS A CREATIVE, PERFORMATIVE LANGUAGE GAME

This complicated nexus of trajectories in which a number of creativities seem to co-exist on multiple levels reflects a fundamental, paradigmatic shift in how we think of knowledge and its social status. In his so-called ‘report on knowledge,’ *The Postmodern Condition* from 1979, Lyotard argues that one of the fundamental traits of the post-industrial knowledge society is that research and science increasingly have become endeavours that have ‘to do with language.’¹² This general linguistic turn means that knowledge (for instance economics) is no longer primarily concerned with the relationship between the world and the scientific statement about the world (the economy)—what in John L. Austin’s speech act theory, which Lyotard draws upon, would be the equivalent of ‘constative’ or ‘denotative utterances,’ which have to do with the production of ‘statements of matters of facts’¹³ as well as subsequent processes of verification or falsification.¹⁴ Instead, science increasingly has become a kind of ‘language game’¹⁵ in which two criteria dominate: (1) internal conceptual coherence within local games of science, rather than with universal truths; although local games like, for instance, economics often insist on the universality of their specific rules (as do policymakers who seek legitimacy in these truths); and (2) the so-called ‘performative’ value of knowledge.

This has a number of consequences: First, the production of scientific knowledge increasingly has come to be (seen as) a process of creatively recombining already existing knowledge/information through operations of language: '[T]he best performativity [...] is usually achieved by connecting series of data that were previously held to be independent.'¹⁶ And good production of knowledge, which Lyotard terms 'extra performativity,' always 'depend on [...] "imagination."¹⁷ It is therefore most accurate to refer to this process as the *production* of knowledge, rather than the *acquisition* thereof. With this linguistic turn, creativity is ascribed an active, productive role at the forefront of the scientific process itself, while, of course, it sometimes also remains the object of scientific endeavours (for example, in so-called creativity research, or as it has been the case lately, research on the creative industries/economy).

Second, these epistemological consequences (what is knowledge?) in turn influence the social role of knowledge production (why or for what purpose do we produce knowledge?). 'The production of proof,' Lyotard thus argues, 'falls under the control of another language game, in which the goal is no longer truth, but performativity—that is, the best possible input/output equation.'¹⁸ This means that the so-called 'performative/technical criterion' 'cannot fail to influence the truth criterion,'¹⁹ which eventually will entail 'the massive subordination of cognitive statements to the finality of the best possible performance.'²⁰

The performativity criterion has to do with economic usability and efficiency, which typically is measured in terms of how easily it can be turned into tangible products or IP: 'The question (overt or implied) now asked by the professionalist student, the State, or institutions of higher education is no longer "Is it true?" but "What use is it?" [...] "Is it saleable?" [...] "Is it efficient?"'²¹ This does not necessarily mean that the traditional values and standards of scientific knowledge (facts, proof, and truth) no longer are of any significance at all, or even worse, that scientific results are being manipulated in order to fit economic or utilitarian interests. But it does influence what we get to know more about, and in what form we get to know it. This is the case because one of the most important effects of the performativity criterion's hegemony can be found on the level of research fund allocation, where '[r]esearch sectors that are unable to argue that they contribute even indirectly to the optimisation of the system's performance, are abandoned by the flow of capital and doomed to senescence,'²² as Lyotard noted in an almost eerie premonition. This is a tendency that in a nar-

rower sense would also pertain to specific theoretical schools, methods, or types of analysis—for instance, regarding what drives contemporary economy, how creativity contributes to this, and thus also what creativity fundamentally is.

TOWARDS A MANAGEABLE CREATIVITY AND BEYOND (OR BACK)

Let us take an example. According to Chris Bilton, we can during the last decades discern a shift from the so-called ‘heroic’ view on creativity to a ‘structural’ one. With this shift, emphasis has increasingly been placed on the processual and contextual aspects of creativity, rather than on those aspects that either concern the role of the creative person (so-called ‘trait creativity’) or creativity as something that somehow resides within a product, for instance a work of art. ‘Attention,’ says Bilton, hereby ‘shifts from individual competences to the social and organisational frameworks’ and to the ‘processes and systems.’²³ This shift has implications for what we regard as creativity, where we look for it, what kind of agency we associate it with, and how we think of it in relation to other kinds of activities (for example economy or work-related practices), as well as what level of input into the creative processes we believe to be normal and we therefore feel reasonably can be expected from our peers as well as from ourselves.

The crucial point in Bilton’s observation is that especially from a business and organisation point of view this shift towards a structural notion of creativity—which in other fields has been univocally associated with its emancipation or democratisation—has also made creativity more ‘manageable.’ Managing heroic creativity in its most romantic conceptualisation is an activity that is primarily concerned with recruiting creative individuals, which in effect renders management itself rather peripheral. In contrast, the activity of managing structural creativity has more to do with true management stuff such as orchestrating innovation processes, designing and intervening in organisational settings, building and maintaining company cultures, handing out tasks, setting deadlines, allocating resources, and so on. And the fact that this newly embraced ‘post-heroic’ perception of a more equally distributed creativity, in which personally taking part in an actual act of creativity now to a much larger extent seems feasible to most employees in contrast to earlier, also has strong workforce

motivational benefits does, of course, make it fit even better within the management agenda.

Thus, within the broad field of creativity research there has been a remarkably simultaneous shift of interest towards a cluster of associated notions of creativity that fit better with hegemonic thought of especially the organisation and management perspective. This way of thinking about creativity is simply getting more public and private funding as well as more attention in the academic public and its various channels of distribution, like academic journals.²⁴ The official argument for this shift is, of course, primarily academic. As one of the key proponents of this view, Keith R. Sawyer, states: ‘The truth is always a story of group genius.’²⁵ Still, it is difficult not to imagine another logic behind the ‘social/structural turn’ of creativity, namely one that is also influenced by economic and social interests—especially if we add the performativity criterion to the mix.

This was, however, merely one example, albeit an influential one. The academic field, in which creativity and its effects are being studied, is quite complex, and conflicting notions of creativity are being evoked in different theoretical and practical settings.²⁶ One of the most notable contrasts to the predominance of structural creativity within management/organisation studies can—perhaps quite paradoxically—also be found in the field of economic activities: namely, when the issue at hand is ownership to the products of creativity, especially in relation to IP, where the dominant notion in essence is that of heroic creativity, and where the other notions are deemed wrong, if not even illegal.²⁷

As already indicated, there is, however, nothing new about this conceptual duality, since both takes on what creativity is, where it comes from, whom it involves, and how it unfolds have been with us since pre-antiquity.²⁸ What is perhaps new today is the way they both co-exist as equally strong, competing, parallel notions, which at present permeate a number of disciplines of scientific/academic knowledge production, including the cluster of theories on new media, software, and IP, as well as management theory, anthropology, psychology, and art, just to mention a few.

On the one hand, there is the ‘tradition of the Creator,’ which sees creativity as a process akin to the one we know from the book of Genesis, where the product (the World) is perceived as having been created (or ‘made up’) in a finite, harmonious state out of nothing (*creatio ex nihilo*) in one singular event, which is often thought to have occurred through an act of speech (‘Let there be light!’) performed by one single creator.²⁹

This conception, which has obvious similarities to Bilton's 'heroic creativity,' became the dominant way of describing the creative abilities of the artist-genius and his way of producing art works (often perceived as created autonomous worlds of their own).

Parallel to this tradition, there is another, heretic notion of creativity. Mason refers to this as the 'lost tradition' since it has been historically suppressed, first by Neo-Platonic philosophy and Christian theology, and later, when creativity became closely attached to the field of art and the notion of the artist-genius, by the 'ideology of the aesthetic.'³⁰ According to this since then very much reformed tradition, creativity is a continuous, potentially even perpetual process of reordering and rearranging already existing, found material (*creatio ex materia*) of basically any kind. Or as it has been put by Tim Ingold, it is a view on creativity that focuses on 'the way in which materials of all sorts, with various and variable properties [...] mix and meld with one another in the generation of things.'³¹ This notion, which on many levels has strong affinities to Bilton's structural creativity, fundamentally views creativity as a more mundane way of (re-) combining materials, which makes the processes of creativity, the people involved, and the potential materials to be combined much more diverse than previously imagined or conventionally accepted.

It is this latter view on how creativity unfolds within aesthetic, cultural, and even 'ordinary' economic production that also permeates much theory on new digital media and its 'remix culture'—cf. Lev Manovich,³² who makes this into a distinction between 'the logic of the art world' and 'the logic of new media'—often with the implicit or explicit assumption that this new kind of open, recombinatory, collaborative creativity is the outcome of technological innovations. Yet, one could also make the opposite argument: that these technologies function and offer particular affordances the way they do for a reason—namely, that they are they are materially enacted discursive imaginaries concerning certain virtues (especially creativity, openness, and collaboration), which have been incorporated in the 'algorithms, procedures, routines, and material devices'³³ of these specific digital technologies. Which in turn means that they can have normative effects despite the fact that their users might actually be sceptical or even antagonistic towards these materially enacted values.

This duality can be found at work in the field of IP and the specific activities this cluster of legislation encompasses and shapes. A paradigmatic example of the heroic Creator-logic would be the definition of the creative industries quoted above, in which we find the same insistence

on the fact that an intimate relationship between the (heroic) producer/owner and his product/property ought to exist, paired with a strong emphasis on this nexus as the most profitable part of our (future) economy. In opposition to this line of thought, Lawrence Lessig³⁴ has argued that this in many respects outdated model of ownership actually is in danger of becoming ‘counter-performative,’ much in the sense suggested by MacKenzie, according to whom ‘its widespread adoption can undermine the preconditions of its own empirical validity,’³⁵ thereby both reducing the verisimilitude of the theory/analysis (in this case concerning the growth potentials of specifically IP-related creativity, which it claims to be describing), and its performative power (concerning the growth it aspires to prescribe). Thus, Lessig argues, IP legislation, which initially was invented to encourage creativity through financial reward, could now instead come to stifle these new, digital forms of creativity, ultimately making us all not just less creative and free, but poorer as well. To realise the performative economic, creative, and social potentials bespoken by the creativity discourse itself, Lessig argues that we need a different IP regime; or at least a new way of using and enforcing it (hence his Creative Commons initiative, which allows for customised hybrids that can include both sets of legal/creative paradigms).

PARALOGICAL CREATIVITY

A quite similar, if not parallel, conceptual duality can be found in *The Postmodern Condition*, where ‘performativity,’ in addition to the one related to the performativity criterion, comes in another form as well, namely as so-called ‘paralogical activity,’ or simply ‘paralogy.’³⁶ This activity is an integrated part of the scientific process itself, ‘a move [...] played in the pragmatics of knowledge,’ as Lyotard puts it.³⁷ Rather than being one-sidedly related to the outcome or product of that process, as is the case with the performativity criterion, paralogical activity finds its legitimacy simply in its ability to generate new ideas and new scientific statements as a processual end in itself. In paralogy, the scientist—like the artist—primarily functions as someone who “tells stories.” The only difference is that he is duty bound to verify them.³⁸ Or as put by Frederic Jameson in his foreword to Lyotard’s *The Postmodern Condition*—with explicit reference to the aesthetics of high modernism of art, thus possibly romanticising it all a bit too much—the perpetual aim of paralogy is simply ‘to generate new and fresh scientific *énoncés* or statements, [...] again and

again to “make it new.”³⁹ In extension of this analogy to art and literature one could perhaps say that paralogical science is much more akin to poetry than to realism or naturalism.

Within the confines of the overall epistemic shift towards performativity, the paralogical trajectory especially entails a transition towards the ideal of more distributed models of creative knowledge production that involve multiple kinds of contributors, rather than just the traditional expert-researchers in the universities. This is for instance the case of so-called ‘open notebook science 2.0,’⁴⁰ or in more general terms, ‘social/commons-based peer production.’⁴¹ However, endorsements of knowledge production as a much more socially distributed process can also be found in conceptions that fit in better with the performativity criterion, for instance in the so-called Triple Helix Model, which according to Henry Etzkowitz⁴² ought to be the preferred business model of the entrepreneurial university. This model seeks to transcend traditional distinctions between industry, university, and government, while maintaining a strong emphasis on the importance of IP for innovation.

PERFORMATIVE CAPITALISM

In the last couple of decades, the notion of ‘performativity’ has also come to play a significant role within the sociology of economics. One of the key figures of this field, Michel Callon, has described the knowledge discourse of economics as a kind of text, which ‘performs, shapes and formats the economy, rather than observing how it functions.’⁴³ This is a conception which obviously challenges the conventional separation of the history of economic thought from the history of economic activities.⁴⁴

According to this view, the performativity of economic theories and related types of discourse stems from what specific kinds of problems are singled out and addressed; how projections are made, and how solutions are anticipated and offered;⁴⁵ how institutions, social interaction, and modes of behaviour are imagined; how the economic (or creative) subject is construed and interpellated;⁴⁶ and so on. This sometimes happens quite directly, for instance through consultancy solutions, through implemented new business models and organisational frameworks, or through policymaking like the Creative Industries/Economy Programmes. And sometimes in more subtle and indirect ways: through academic theories of the economy, organisation, accounting, finance, and so on—that is, as part of the knowledge production on economy and business (and sometimes

in entwinement with creativity, as is the case in this chapter). Or it simply happens by making fundamental categorical distinctions like ‘economic/not economic,’ ‘part of the market/not part of the market,’ ‘creative/not creative,’ and so on. Thus, these discursive interventions, which generally appear in the guise of sober observations (description), often also have a quite significant normative and/or prescriptive character: hence the neologism ‘de/prescription.’

Nigel Thrift⁴⁷ has even taken this notion a step further and made an epochal claim out of it, asserting that performativity has become a defining characteristic of contemporary capitalism. Yet, is it such a new phenomenon, that a term like ‘performative capitalism’ is really needed? The performative aspect of apparently just observing theories was, for instance, already noted by Kenneth E. Boulding four and a half decades ago, when he described ‘economics as a moral science,’ which ‘no longer merely investigates the world; it creates the world which it is investigating.’⁴⁸ There are, however, crucial differences. Boulding’s observation was primarily a meta-scientific proposition concerning the general, causal relationship between the sciences and the objects they study—the true nature of which had just dawned upon us (hence his ‘no longer’). In contrast, Thrift insists that we can discern a qualitative, historical change in the relationship between theory and the observed.

What makes capitalism today differ from its previous modes is according to Thrift especially two things: First, the fact that capitalism now, more than ever, is ‘a constantly mutating entity,’ ‘always engaged in experiment,’ ‘permanently under construction,’ and thus ‘a project [which is] perpetually unfinished.’⁴⁹ And second, and more significantly, the fact that these eruptions and experimentations are now continuously being propagated as explicitly positive values. And that they are so by a number of actors, who are themselves indisputable stakeholders in this project of actively sustaining contemporary capitalism as an ‘unstable and fluid affair which constantly evolves,’⁵⁰ while they at the same time also deal in solutions or cures to the maladies of this state of affairs. Crucial to these constant mutations—which themselves are perhaps not all that new—is thus the active role in propagating and ‘performing’ these ideas played by the so-called ‘cultural circuits of capitalism,’ which according to Thrift are composed of management consultants and business ‘gurus,’ business schools and academies, and the practices of academic economics and of theoretical and practical accounting, as well as the business press, and so on.⁵¹ These cultural circuits of capitalism are ‘the discursive apparatus

[...] which [...] has the power to make its theories and descriptions of the world come alive in new built form, new machines and new bodies,⁵² and according to Thrift, they have become a remarkably powerful formation in a remarkably short time; more specifically since the 1990s, when the first concerted global discursive intervention was the de/prescription of the so-called New Economy, also often labelled the ‘knowledge economy.’⁵³

In addition, what is new and crucial in the discourses of performative capitalism—in comparison with for instance the ‘moral economics’⁵⁴ founded in religious thought, the writings of the founding fathers of modern neoclassical economics, which Robert L. Heilbroner famously labelled the ‘worldly philosophers,’⁵⁵ or the cases discussed in the other contributions in this volume—is also the formal shape these discursive interventions of economics have come to take. Here, I am referring to the recurrent reference to seemingly objectivist descriptions and quantitative, evidence-based arguments modelled over a positivist ideal of natural/techno-science. Although the language game of economic discourse definitely is subordinated to the logic of the performativity criterion too, it often still speaks in the universal terminology of the truth criterion. Miming modern, positivist discourse still lends great authority and legitimacy to economists (and policy advocates).

CONCLUSION

Yet, when specifically discussing the various discourses about the creative economy and labour, we are obviously dealing with a discourse, which quite explicitly draws on a normative, culture-loaded, and heavily politicised repertoire as well. A repertoire that, for instance, routinely taps into quite essentialist notions about the fundamentally creative nature of man, and not least into a historically influential political account of how alienated labour under capitalism has suppressed the creative self-realisation of the individual, a problem that according to the present discourses on creativity and work supposedly could be solved by the emergent creative economy that is being de/prescribed. In this sense, the (mostly implicit) normativity of the present discourse is moulded over the more explicitly normative ‘cultural critiques’ of past decades’ anti-capitalist discourse.⁵⁶

This way of drawing upon a romantically inspired understanding of creativity as something essentially human might, of course, often seem to be in stark definitional conflict with organisation and management

theory's dominant notion of structural, post-heroic, manageable creativity (which does not think of creativity as a personal trait). But instead of making the whole economy-oriented creativity discourse implode in paradox, as some of the most ardent critics of this discourse probably would hope, they actually seem to complement each other quite well in practice. By appearing in both guises, creativity appears to be something that the individual can relatively easily attain or become (for example, through the right interventions of management), while simultaneously remaining something of immense value—that is, something deeply human and hence something worth struggling for, both for individual reasons and with an eye fixed on social obligations. And as (post)-Foucauldian governmentality studies⁵⁷ would have us know, this kind of ‘subjectivizing’ discourse also has substantial disciplining and work ethical effects, since it installs what we might term a ‘normative anthropology’ within the individual, which in this case specifically involves the de/prescription of normative expectations concerning the use of one’s creativity in the realms of work and the economy, in combination with an affectively experienced desire to realise it within oneself. Thus, another performative effect of the economic discourse on creativity and its community of experts is its ability—to use Ian Hacking’s famous phrase—to ‘make up’ people, simply ‘by creating a “reality” that some people make their own.’⁵⁸

This specific phrase, ‘making up,’ should, however, not be taken too literally; that is, in line with the idea of heroic creativity, where something is made out of nothing. And the same goes for the performativity of economics in more general terms. Both these operations are probably better understood along the lines of post-heroic/structural creativity—or ‘expression,’ in Emmanuel Didier’s vocabulary—according to which performativity is a recombinatory process that ‘takes place when various elements [...] are gathered in a particular way, and this particular relation evidences a new feature of the whole composed by that coming together [and thereby] gives birth to a characteristic that becomes existent.’⁵⁹ In this sense, the expressive performativity that formats and makes up economic practices as well as its actants really just ‘does something to, makes something of the objects expressed.’⁶⁰ It makes things stand out differently, it ascribes more value to certain kinds of practices (and less to others), and it brings about new (uses of) technologies, institutions, and so on. But it does not bring us a brand-new world (or man); it can only bring us one that is significantly transformed, which, of course, is no insignificant feat.

NOTES

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Retweet This: Participation, Collective Production, and New Paradigms of Cultural Production

Louise Fabian and Jaron Rowan

Creativity has never been an individual or isolated activity, despite the fact that some policymakers and regulators would suggest so. In the last thirty years, we have seen a tremendous growth in policy frameworks, economic models, schemes, programmes, and discourses that have been designed in order to transform cultural practices into economic activities.

The promotion of the figure of the cultural entrepreneur, the widespread promotion of intellectual property, and the valuation of culture as a resource are in this chapter going to be understood as part of the neoliberalisation of the wider economy. This process first occurred under the guise of the cultural industries, rebranded later as the creative industries, as the main discursive and political framework promoted by institutions and policymakers. This has also triggered the growth of theories and debates aimed at conceptualising the underlying notions of wealth and value that have taken place during these transformations and the changes in the nature of labour after the so-called immaterialisation of the economy.

L. Fabian (✉)

Institute for Culture and Society, Aarhus University, Nobelparken, Jens Chr Skous Vej, 8000 Aarhus C, Denmark

J. Rowan (✉)

Art Department at BAU, Centro Universitario de Diseño de Barcelona, Carrer Pujades, 118, 08005 Barcelona, Spain

In the introduction of this book, *economic normativity* is defined as the operative indistinction of the economic and the moral. If we look at the period and the cases that will be explored in this chapter, we see how ideas, discourses, and practices of, for example, free software, intellectual property, creative industries, or creative labour share this double facet of being simultaneously economic and moral. This can be observed both in the discourses promoting the benefits and values of capitalising on creativity and cultural products, and in the set of norms and practices of those who try to resist the treatment of creativity as a profitable and controllable product, such as the Free Software movement and the fight against the politics and rhetoric of intellectual property.

In the following, we will examine how notions of creativity and work have been deployed and reformulated in these discourses. This can help us understand an important shift in the ways contemporary culture is being produced. In his book *Two Bits: The Cultural Significance of Free Software*, Christopher M. Kelty has explored the history and cultural significance of Free Software and free culture movements. Kelty explores how the internet and Free Software are what he diagnoses as a “recurrent public”¹ and what the recurrent public makes, builds, and maintains. We will contribute to this existing literature by taking a closer look at specific examples of forms of participation, collaboration, and communitarian practices that go beyond the *Like* and the *Retweet* forms of collective production, forms that provide insight into new ways in which culture and economy meet. The chapter explores how individual forms of creativity are challenged by plural and complex forms of collective creativity in which collaboration and co-production become distinctive traits. The inherent problems in the instrumentalisation of culture and creativity will be explored, together with a focus on how this development has walked hand in hand with a new interest in creativity as a form of collective project.

The growing interest in emergent processes of peer-to-peer (P2P) urbanism, self-organisation, and commons-based cultural enterprises provides new spaces for socioeconomic cultural production. Projects such as Wikipedia, the emergence of Free Software, autonomous publishers, and so on are showing us how new powerful collective cultural artefacts are coming into being but also how these can be economically sustainable. The interest in cultural production as a collective project is related to a longing for an experimentation with new forms of sociality. We see a growing interest in the social practices of producing and consuming in common, in rethinking ideas of community, sociality, and politics, and in experimenting with new organisational principles.

In recent years, experiments around direct action and civil disobedience have taken place in many parts of the world. These forms of discontent and struggles over capitalism and traditional notions of representative democracy experiment with new forms of creating value, consuming, and producing in common, and are an important context for understanding the analysed turn towards a horizontalisation of cultural and social practices and the experimentations with informal and alternative economies. The growth of community-based cultural activities and enterprises are furthermore part of the ongoing desire in social movements and street politics after what Banu Bargu has called “commoning as a new political horizon.”²

FROM CULTURAL INDUSTRIES TO CREATIVE INDUSTRIES

The British scholar David Hesmondhalgh argues that at the end of the 1970s, the term “culture industry” “was picked up by French sociologists and by activists and policy makers and was converted to the term ‘cultural industries.’”³ By doing so they wanted to move away from the negative qualities the concept inherited from the Frankfurt School and show, contrary to what Adorno and Horkheimer argued, that this was not a monolithic industry but that it covered an array of different practices and business models. In this sense, the cultural industries, when first conceived, constituted a progressive developmental model that became attractive to city planners, cultural managers, and policymakers, as it promised a new paradigm based on creativity, equality, and coolness.⁴

In the UK, the cultural industries were first promoted and used as a growth strategy by the Greater London Council (GLC), which in the mid-1980s started the Cultural Industries Unit in order to regulate the sector.⁵ At that time this administrative body was in the hands of the Labour Party of Great Britain and constituted one of the only political institutions to have escaped the reach of neoliberalism and Thatcher’s influence. Together with the Greater London Enterprise Board (GLEB), during the 1980s they published some of the most relevant policy briefings and documents that shaped and gave the conditions to the development of the cultural industries, including *Altered Images*, *The London Industrial Strategy: The Cultural Industries*, and most importantly, *Saturday Night or Sunday Morning*.⁶

In all of these documents we can see two defined strands of arguments: on the one hand, a clear attempt to show how culture can be an impor-

tant source of wealth, and on the other hand, a movement from subsidised forms of culture to more economically sustainable (and popular) forms of culture. Traditional forms of avant-gardist art and elitist forms of expression are suppressed in favour of more popular and commercial cultural forms. Still, we must not forget that these policies were made from a progressive perspective and that the cultural industries were devised as a more sustainable response to the current of privatisation that the UK was undergoing. As Alan Finlayson puts it:

[A]n alternative model explicitly connecting cultural policy to consumer culture was produced by the GLC, in which the agenda was to politicize mass cultural forms and develop the Greater London Enterprise Board, the GLC established community recording studios, non-commercial video distribution in public libraries, and independent and radical book distribution co-ops and publishing houses. This progressive cultural industries approach emanated from the GLC's Economic Policy Group.⁷

In this sense, there is a clear political ambivalence in the concept as it deploys a model for the economisation of culture whilst discursively confronting neoliberal assumptions. For example, Mulgan and Worpole combine a Marxist rhetoric with the need to justify the transformation of culture into an economic asset. They write: The cultural industries which produce the words, sounds, images and meanings that surround and bombard us have been immensely dynamic in the recent years. The Marxist superstructure, the realm of ideas and ideologies, has become a primary motor for the economic base.⁸ This combination of a Marxist analysis and a model of industrial organisation will tend to lose its political implications as the discourse around the cultural industries develops, but still it is interesting to see how originally there was a will to overcome the austerity and privatisation imposed by neoliberal policies with a model in which culture was a central element of development.

The cultural industries were, however, often Fordist infrastructures aimed at extracting value from cultural goods. These could be private or publicly owned (publishing houses or national heritage elements), and their production mode was still characterised by serialisation (books, records, clothes) and mass appeal (big museums of cultural spaces aimed at attracting tourism) of cultural goods, but in all cases, they were still dependent on tangible assets (cultural objects, buildings, actors, and so on).⁹ Policies designed to promote the cultural industries still relied on

big productive infrastructures and promotion by big cultural conglomerates. This only started to change when immaterial assets were detected as productive elements and when the idea that creativity could be something socially produced started to become accepted by policymakers.

The clearest example of this happened in 1994, when the Australian government designed a bold set of policies with the aim of promoting the continent's economy. Under the name of *Creative Nation: Commonwealth Cultural Policy*,¹⁰ this was the first public policy document in which the notion of the "creative sector" appeared. Under this concept they included a set of micro-enterprises, freelance and independent workers who functioned on the margins of the mainstream cultural industries but could still constitute a quantifiable source of value. These entities were relatively small compared to large cultural corporations but were considered a key element to understanding the new forms of production emerging in the cities. This important piece of cultural policy discusses the need to valorise cultural heritage in order to attract cultural tourism, defines the idea of culture as both a form of collective identity and as an economic asset, and most importantly, locates creativity as one of the most important factors of production of wealth in contemporary economies. One of the key aspects introduced in this policy document was the need to implement a strong intellectual property framework in order to help transform the latent wealth inherent in culture into economic returns. This idea was later introduced and lies at the core of a set of policies and economic programmes designed in the United Kingdom. For the first time, tangible and intangible elements of culture are pointed out as possible sources of wealth. This will give rise to a completely new set of discourses on the valorisation of culture.

THE CULTURAL ENTREPRENEUR ENTERS THE SCENE

In 1997, with the rise of Tony Blair as Britain's prime minister following a landslide victory of the Labour Party in the general election, the creative industries were assigned a central role in the economic development programme for the UK, but with a key conceptual twist: the term "cultural" was exchanged with the term "creative," giving rise to what they branded as the "creative industries." Under this new rhetoric a series of subjects and practices that had functioned under different logics, based more on collective work and networks of trust and friendship, were suddenly encouraged to become enterprises. The Department for Culture, Media,

and Sport defined the creative industries as “those industries which have their origin in individual creativity, skill and talent which have a potential for job and wealth creation through the generation and exploitation of intellectual property.”¹¹

This umbrella term aimed at integrating a whole array of different practices under the same policy framework. In this sense, one of its most interesting characteristics is that it conceived design, painting, or music as an industry. With the promotion of a new figure, the cultural entrepreneur, the creative industries aimed at radically altering the traditional ways in which culture would be funded in order to design a reality in which cultural production became the forefront of the knowledge economy. The figure of the cultural entrepreneur helped to reproduce the premise of “individual creativity” that was contained in the original definition of the creative industries.

SOCIAL COOPERATION AND CONTEMPORARY CAPITALISM

Before we look into specific cases of cultural production based on social cooperation, we will explore some of the ideas put forward by post-autonomous Marxists who argue that social cooperation, far from being an abnormality, constitutes the basis of contemporary capitalism. They argue that we are experiencing a shift in the mode of production that goes from a Fordist tradition (based on the manipulation of raw materials and physical human power) to a post-Fordist era in which information, knowledge, signs, and aesthetics shape the way we produce. In this age of cognitive capitalism¹² the Fordist production line stops being embedded in the factory and becomes de-materialised. The argumentation goes that if production in cognitive capitalism occurs as a result of the articulation and cooperation of brains, if labour has become immaterial and the results of labour are intangible assets, then we should reformulate the nature of these collectively created “products.” Authors such as Antonella Corsani,¹³ Paolo Virno,¹⁴ Tiziana Terranova,¹⁵ and Maurizio Lazzarato,¹⁶ taking their cue from Mario Tronti,¹⁷ have from different perspectives explored the ways in which this “social cooperation” is a central feature of cognitive capitalism.

The factory has lost its centrality as the central locus of production in the Western world. Production now takes place in any given place of what has been termed the social factory. The limits between work and leisure have for many people been erased. The laws of value have been

replaced by new forms of valorisation of non-rival and abundant informational goods. This happens in part because what are being produced are not material objects but signs, or combinations of these two elements. These signs are mobile, exchangeable, and can be recombined and reproduced endlessly. The production of signs, language, and relations is made by the cooperation of millions of subjects connected through non-linear networks of production and reproduction. Work, as Virno argues, consists “no longer in the carrying out of a single particular objective, but in the modulating (as well as the varying and intensifying) of social cooperation, in other words, that ensemble of relations and systemic connections that as of now are the great foundation-stone of production and of wealth.”¹⁸

The walls of the factory have become porous, and enterprises seek ways to capture these flows of cooperation. Production now starts “outside the enterprise, the cooperation among brains is ontologically previous to its capture. In this cooperation a power of co-creation and co-production is expressed.”¹⁹ The Italian economist Antonella Corsani has underscored the limitations of the factory and the Fordist space, and the ways in which this is superseded by forms of creativity that go beyond its limited confines. She explains that “the opening-up of the factory, the distribution of new forms of cooperation within the cracks created by the Fordist enterprise, and, in short, the fact that innovation escapes the control of big business constitute a new productive reality that must be taken into account.”²⁰ We can hereby discern that social cooperation is not just an anecdotal or marginal phenomenon, but rather it lies right at the centre of a series of economic and social transformations that has taken place on a global scale.

In this intellectual tradition, knowledge, affects, and information are perceived as a commons that feed contemporary production. This raw material flows and comes into being through conversations, exchanges of ideas, emails, phone calls, drawings, songs, and so on. So the problem for contemporary capitalism is finding ways to capture these signs and ideas and transform them into particular commodities. In this sense one could argue that contemporary capitalism extracts value by stopping cooperation from taking place. This is done by limiting the remixing of ideas, contents, or images, and introducing artificial boundaries in order to create scarcity. The mechanism established to capture the value derived from intangible assets and to limit the uses of the fruits of social cooperation is intellectual property. This convention helps to construct an idea of scarcity aimed at restricting the circulation of signs, ideas, and other constellations of knowledge. If intangible or informational assets constitute non-rival

goods,²¹ the only way to pretend they are scarce entities with a limited use is by constructing an artificial framework that surrounds these goods. This legal artefact resingularises collective endeavours, it breaks down the flows of collective cooperation, and it determines a specific author who should be remunerated as if he or she were the true creators of that portion of knowledge. The immanent power bred from the articulation of brains becomes objectified in a piece of private property: “IP has a political function, as it determines who has the right to create and who has the right to reproduce. IP separates the multitude from its ability to create problems and provide solutions to these problems.”²² Therefore, IP functions on a double level: It constitutes an economic instrument and a political reality. It works as a regulator for the market and as a social mediator. It decides who can access knowledge and what can be done with that knowledge.

It is only by understanding how IP can be deployed in order to extract value from the knowledge and ideas produced collectively by communities and social groups that we can then understand the interest and political implications derived from a series of projects and initiatives which aim at generating goods that are managed and enjoyed by the communities.

CULTURAL PRODUCTION BASED ON NEW FORMS OF SOCIAL COOPERATION

In the following pages, we will identify contemporary examples of creative and cultural practices where cooperation is central to cultural production, despite the normative framework of policies, schemes, and institutions aimed at promoting the creative industries and its implicit notion of individual creativity. These cases show us different gradients of collaboration and present a set of degrees of autonomy that is worth examining and taking into account. Another feature that distinguishes these practices is that intellectual property, far from being the solution to funding cultural practices, in many of these cases are perceived by the involved actors as an obstacle and a technical impediment to promoting these forms of collaboration and communitarian practices.

VIRTUAL ENVIRONMENTS ENCOURAGING PARTICIPATION

If we look at the virtual environments that are designed to encourage participation, we can observe two different strategies operating. This has been noted and discussed by the Dutch scholar Mirko Tobias Schäfer, who in his book *Bastard Culture!: How User Participation Transforms Cultural Production* distinguishes implicit and explicit forms of collaboration. He

argues that “participation has become a key concept used to frame the emerging media practice. It considers the transformation of former audiences into active participants and agents of cultural production on the Internet.”²³ He describes different discourses operating: “The promise of social progress and a reconfiguration of power through participation are embedded in technological development and postulated anew with each ‘media revolution.’”²⁴ Participatory platforms are environments in which specific elements can be modified or engaged with. Content can be uploaded and exchanged. In most of these spaces (consider the difference between sites such as OpenStreetMap, a blog, or Facebook) there are very specific laws and protocols that define how participation can take place. Wikipedia is a clear example of a very robust set of rules, hierarchies, and possibilities that has been defined in order to keep an unstable platform under certain parameters of stability.²⁵ In this case, the rules have been defined by the community of users, and can be modified if enough critical mass is ready to approve a certain change. In other participatory platforms these rules have been designed from above, as in the case of Instagram, in which recent rules have been introduced alienating and disempowering a major portion of its users. The design of these environments shapes the degree of participation that can take place; in some cases participation is embedded in the system, and users are not even aware that they are interacting or co-producing with other subjects. Notoriously, platforms such as Microsoft gather data from its users, which is then analysed and serves to redesign or fix bugs in its software. We also see a growing number of what Schäfer has termed “explicit participation” driven by motivation.²⁶ Examples of the latest are, for instance, platforms designed by fans in order to translate and subtitle movies and television series, in which the work is fragmented and distributed among many users; blogs, in which people comment and interact with the writers; and projects that enable new products to be created or that promote new forms of research, in which participation is modulated by sets of rules.

One of the main critiques of this “participatory culture paradigm” is the economic model that underlies it. Cognitive capitalism needs to capture flows of knowledge in order to generate surplus value. Participation platforms are ideal mechanisms to allow this to happen. In the case of Facebook it is clear in this respect. The platform allows—as we will also see when looking at participatory urban planning process—for very specific and limited forms of participation and by doing so generates a very powerful database of trends, customs, and personal information that

it can later repackage and sell. In this sense, the economic model that underlies this type of participation is that of “free labour” as defined by Tiziana Terranova.²⁷ We see how the capture and commoditisation of the commons takes place. Every time Facebook asks its users “how are you doing today,” “what is happening,” and so on, it is asking them to feed information that can later be sold as statistical data.

We will now look more closely at the strategies and self-understandings of new production models based on cooperation that do not follow the prescriptive model that is proposed by creative industry advocates. We see how in some cases official regulations have not been completely bypassed or dismissed but rather adapted and remixed in ways that serve the communities’ interests. The now well-established Creative Commons licence is designed to allow the sharing and exchange of culture in order to generate new hybrid economies.²⁸ In other cases, we see licences designed in order to keep articulations of knowledge available to specific communities but at the same time regulate their use by corporations or elements alien to these communities. This is the case with the Copyfarleft licence designed by Dmytri Kleiner.²⁹ In other cases, as we will see later, content or designs are shared openly through P2P networks, giving the final decision to the different members of the communities to sell these items or not.

URBAN PLANNING PERFORMED BY SOCIOCULTURAL PARTICIPATION

In the performing and planning of the actual physical urban space, we can observe a new interest in utilising participatory processes. The interest in the pluralist operative processes of the city stems from both a tactic and a strategic level. Urban planners, architects, developers, and public institutions are increasingly experimenting with small-scale improvements and temporary use performed by DIY activists, as potential ways of staging or trying out possibilities for longer-term investments. Municipalities are permanently implementing short-term, low-budget liveability improvements initiated by citizen-activists.

The participatory planning processes are often used in a new form of affective spatial production. In the immaterial and cultural re-enactments of the industrial and Fordist city, the user and citizen gains a role as the tactical and opportunistic creative agent transforming the city into local temporary utopias. Do-it-yourself (DIY) cultural re-enactments of the

industrial architecture often work through affective aesthetics, as aesthetic re-enactments of existing urban materialities, and architecture such as the factory, infrastructure, or harbour dock.

Participatory urban design is typically produced at the site, through the direct involvement of its (future) users, who engage in, perform, and design the future outline of the site. Participatory urban design differs radically from the understanding of urban design as objects or durable architecture. Rather, participatory urban designs are acts of designing *in situ*, and rely on the engagement of the activist, user, and artist. Even though participatory planning processes are from the start motivated by democratic and egalitarian ambitions and policies of inclusion, these goals often end up being compromised by the effectual inequalities of the actors involved, either as stagers of the process or as invited participants. Developers strategically work with temporary spaces, playgrounds, and cultural activities as part of the strategic planning of the area. The major problem here is obviously that it often risks being merely a performative staging, aimed at attracting the attention of the creative class through participation, play, and informal design. It might involve temporary urban art or the engagement of users through experience, but it does not allow citizens to fundamentally shape, change, or redesign the premises of their influence on their urban everyday space. Thus, what may appear as DIY cultures and bottom-up initiatives are at the same time heavily supported by strategic communication in which developers see a direct linkage between the everyday staging of urban qualities in the neighbourhood by the citizens themselves and the future financial output of the developers' investment.

A COMMONS-BASED ENTERPRISE

Finally, we will examine an enterprise whose whole business structure and operating system is designed in order to generate and protect the knowledge commons. Traficantes de Sueños (TdS) is a cultural enterprise that does not follow the guidelines that have been promoted by official agencies. It is a project that was born in the form of a collective 15 years ago in response to many of the debates and transformations to do with social movements taking place in Spain during the 1990s. Given the global crisis affecting activist organisations at large and, more particularly, the crisis that in Spain put the role of squatted spaces in question, new tools were needed to help redefine the identity of social movements. Up until that

moment, these had refused the possibility of conceiving their productivity in economic terms, so much so that discussions about money and forms of valorising their work were basically banned. Debates about the effectiveness of political actions completely eclipsed and prevailed over all other matters.

Today, TdS has ten employees on the payroll, spacious premises in Madrid, a bookshop, a publishing and distribution house, and a design workshop. The decision-making process at TdS takes place in the form of assembly discussions, something which it has inherited from the different social and political movements its members came out of. This decision-making model clashes with the management model taught and implemented in the cultural enterprise incubators, where autonomous decision-making and individualisation of work are promoted.

One of the members of the collective says that they opted to explore the notion of “political entrepreneurship”: that is to say, to think of the enterprise as an element whose function it is “to transform the social and political common into an economic element, in order to dynamise processes of transformation”³⁰. TdS publishes 15–20 books a year. All of them are licensed under a Creative Commons licence, which allows the texts to be downloaded for free from the publishing house website and then to be distributed via social networks. This form of return to the communities establishes and strengthens their links with the initiative. The collective is aware of the debt it owes to the social and political movement. Its model of internal organisation is reminiscent of the models designed to manage the commons: that is, the norms, control mechanisms, and governance structures that are established in order to render the project sustainable, to structure the community of people that make it up, and to manage the different services it offers.

The members of TdS understand themselves to be working with a commons composed of the ideas, discourses, and tensions that emerge out of the social movements. They manage the commons that constitutes the knowledge, know-how, and governance models that have allowed the project to exist for years. The initiative has established a network of bookshops and self-publishing projects, the accumulation of knowledge and infrastructures, and the constitution of distribution and broadcasting channels for their contents. This infrastructure is open, and it can be infiltrated and used by other collectives or groups that need to distribute their ideas or works. The rules that shape the space are negotiated by the local

communities who inhabit it. The profits generated are distributed evenly among the different members and contributors to the project.

CONCLUSION

We have seen how the normative production model designed by policy-makers (broadly known as the creative industries) has been surpassed by initiatives that have proved that creativity, far from being an individual enterprise, is always a collective process. Top-down-based models have been contrasted with models that emerge from self-organisation and autonomous initiatives. The growth of commons-based enterprises and the development towards commons-based production systems within the cultural economy are closely connected to a widespread interest in rethinking “the commons,” and to the horizontalisations of politics within the social movements.

We have above diagnosed a reorientation from participation to autonomy, from free labour to more sustainable production models in which the communities can decide over the economic profits derived from their cooperation. The paradigm of joining economy and culture—and utilising culture and creativity as a catalyst of economic growth—has reached a new phase and therefore needs new analytic tools. This is a phase dominated by ideals and practices of participation, P2P production, user-generated content, DIY ethos, informal economies, and new forms of horizontal organisation. As Boltanski and Chiapello³¹ have convincingly shown, capitalism can seem unbeatable in its ability to adapt to and incorporate these new forms of production and existential and aesthetic modi. However, we also see in the development of new forms of informal economies and self-organised cultural production new political, social, and economic cultures, organisations, and ideals.

Summing up, we suggest a critical re-evaluation of the paradigm of participation by arguing that moving towards a commons-based production system would imply that the communities have the right not only to perform participation in pre-scripted choreographies, but to decide how the value of their commons-produced knowledge and spaces are managed and shared.

The economic normativity of creative and participative forms of contemporary economy can thus be said to have undergone important changes within the past decades here analysed. From the end of the 1970s, we see encouragements to develop cultural industries that are both economi-

cally motivated and linked to an ambition of a democratisation of culture. Gradually, however (and especially from the 1990s onwards), the neoliberal heralding of the cultural entrepreneur has become dominating and network-based cultural production has more and more been conceived as the forefront of the knowledge economy. Finally, we now see new social and creative movements and forms of production emerging, which criticise the ways culture is being privatised and utilised in a neoliberal capitalist economy.

Significantly, these new movements and collectives cannot be appropriated under aesthetic or democratic categories because (unlike the cultural industries of the 1970s) their aim is not improvements of certain features of a fundamentally capitalist society (through participation, creativity, design, and so on), but a thoroughgoing critique of economic normativities in capitalist economy as such—that is, concerning especially producer and user rights, as well as the relation between social forms of production and the commodification and individualisation in capitalism. While criticising the implicit normativities structuring the private property regime of neoliberal capitalism, the actors and developments analysed are making their own normative claims about the economy, suggesting to embed it in moral values of community, use value, and non-monetary exchanges.

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