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The Economy Effect

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THE ECONOMY EFFECT

A Dissertation Presented

by

JEREMY N. WOLF

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

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Political Science

THE ECONOMY EFFECT

A Dissertation Presented

By

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DEDICATION

To my mother, who would have loved to see me finish, and to Anna, without whom I never would have.

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I would like to thank my advisor, Barbara Cruikshank, for the years of support, advice, and encouragement she has offered me. She has never lost enthusiasm for this project, or for my development as a scholar in general, and her help has been invaluable. I would also like to thank the members of my committee, Ivan Ascher and Eve Weinbaum, for their long-term commitment to this project.

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ABSTRACT

THE ECONOMY EFFECT

SEPTEMBER 2015

JEREMY WOLF, B.A., SIMON'S ROCK COLLEGE OF BARD

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This dissertation focuses on the production of “the economy” as a structural effect. Following the work of Timothy Mitchell, JK Gibson-Graham, Michel Foucault, and others who have suggested that the economy is a relatively recent innovation, this dissertation traces its development, and examines some of the implications that such a claim might have for contemporary politics. The dissertation begins by identifying a set of six characteristics that characterize the contemporary economy. Chapter 1 reviews relevant literature regarding the ways in which we theorize objects that are produced and contingent, but nevertheless real, with a focus on the concepts of “structural effect” and “materialization.” Chapter 2 is an etymology of the economy, which substantiates the claim that “the economy” is much newer than we tend to assume and provides some detail about the process by which we came to understand it as a given. Chapter 3 examines the practice of “reading back” our contemporary understanding of the economy on thinkers whose work precedes it, with a focus on Adam Smith. Chapters 4 and 5 are analyses of the “green” and “sharing” economies respectively, with an emphasis on the ways in which (and reasons for which) efforts to modify the economy might succeed or fail. These chapters also contain a review of the relevant literature on conceptual innovation, along with the claim that we might think of efforts to alter the structural effect of the economy as attempts to innovate with respect to the concept of the economy. This approach opens possibilities for change with respect to the economy and other structural effects, but can also make us aware of some of the pitfalls of such attempts, including the possibility that they will result not in conceptual innovation, but instead simply in a broadening of the reach of the economy effect. The dissertation concludes with some thoughts about the ways in which we might resist this tendency toward cooptation in order to seek real conceptual innovation with respect to the economy.

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INTRODUCTION

This project, like so many, seeks to serve multiple purposes at once. On one level (and this is the level at which the majority of the text will operate) it seeks to intervene (or perhaps, more accurately, through it *I* seek to intervene) in the ongoing process of producing, reproducing, and maintaining the economy as structural effect that serves to constrain the possibilities for political action by functioning as an absolute limit beyond which politics cannot reach. In this effort I will start from the assumption that we may

[view] language as an arsenal of discursive assets out of which are fabricated structures of intelligibility that shape our valuations and limit, but also constrain and determine, what is comprehensible and what is obscure, what is familiar and what is strange. (Schoolman, x)

Following this assumption, I will seek to trace the history of this particular fabricated structure, with particular attention to the ways in which it has served to constrain and determine the appearance of reasonableness for political projects ranging from the interpretation of historical texts to efforts to reconfigure the logic and structure of economic activity. The project will be, as it must be, a scholarly inquiry rooted in research and analysis, a block in the much larger structure of the edifice of political theory and economic and conceptual history.

Any such project, however, must start from a spark in the author's mind, a wish to know that is so profound that, while it may be consistent with the goals enumerated above (and indeed, I believe that it should be) must also be something more. Each of us have questions that gnaw at us, attributes of the world around us that *just don't make sense*, mysteries that we must at least attempt to solve if we have any hope of feeling at home in the world. Such a question, such a desire, lies at

the heart of this project.

I was twenty years old when I graduated from a miniscule liberal arts college in Western Massachusetts and moved to New York City. Like so many recent graduates, I felt sure that my understanding of the world's problems was clear and unproblematic, and that all it might require in order to implement the (to my mind) obvious solution(s) was a clear, consistent, and patient effort to explain my insights to others who did not (yet) share them. Of course, the reasons for which this is not actually the case are not the mystery that lies at the heart of this project. The folly of youth, in this regard, is well chronicled. As I worked my way through a number of jobs that I hoped would lead to the opportunity I sought to communicate my unique insight to the world, however, the real mystery began to take a vague shape in my psyche.

Chief among the experiences that gave rise to this mystery was my work as a labor organizer. I worked in the research department of a major textile union in New York City, and then for several years as an organizer for a health care union in Southern New England. When I decided to return to school, I chose an institution that, in addition to strength in my field of study, offered an opportunity to continue my work as an organizer through involvement with the union that represented graduate employees. I ran into the same kinds of conundrums in each of these jobs, but I think it might be best summarized through relating one particular experience I had while I was working as an organizer for the graduate employee's organization.

I sat across the table from the director of Health Services at a large, public university, discussing a set of changes to the student health insurance plan.

The plan had been changed so that students, who in the past had not been responsible for any payments other than their premiums as long as they received care “in network,” were now responsible for 15% of their own health care costs, after premiums, up to a plan year maximum of \$5,000. This was a substantial change that many of those affected believed really amounted to an elimination of insurance in favor of a payment assistance model. For students with a \$15,000 annual income, there was essentially no way to budget for the potential \$5,000 in annual medical expenses.

This change was particularly perplexing as it was apparent from documents the university had shared with the student organization I was representing that Health Services was already profitable prior to these plan changes. Moreover, our premiums weren’t going down as a result of these changes; in fact, they were going up, though not as much as the university wished us to believe they would have without the changes. Over the course of the meeting, it began to become clear that the reason for the change was that it altered the relationship between the school and the insurance company that underwrites the policy in a way that would allow Health Services to “capture” an additional few million dollars per year in revenue.

Why, we asked, was it necessary for Health Services at a public university to increase its revenue when it was already achieving its mission of providing health care to the campus community while doing better than breaking even? The answer, we were told, was that the building housing Health Services was more than 50 years old, and those in charge of the organization, which is required to be “revenue neutral” in relation to the larger university, believed that the additional revenue

“captured” by this change would be necessary in the future for the repair or replacement of the structure. They suggested that, “in this economy,” there was no reason to believe that the state or the University would come through with the funds necessary to build a new building, and so they had decided to fund the project themselves by following the growing trend in health insurance toward “cost-shifting.”

This language of “the economy”, I realized as I thought back on this a moment later, set off a sort of logical chain reaction in my thoughts (and, it seemed, the thoughts of my co-negotiators) that was extremely difficult to short circuit or counteract. If “the economy” dictated that Health Services was unlikely to get outside funding for a new building, and if a new building was required, then there was really very little choice but to find another way to fund the building. There was still room left, of course, to fight over who should bear the cost of this building, but it was difficult to argue against the claim that “the economy” made it unlikely that funding would come from any source other than those who pay to use Health Services. Had management told us instead that it was the “political climate” that made it difficult to secure outside funding, we would have suggested that a joint effort on the part of students, workers, and management might have been able to alter that climate through careful planning. However, such a claim with respect to “the economy” seemed absurd; how could we hope to alter this seemingly inexorable force through coordinated activity? I realized that, in this context, suggesting that we might alter “the economy” would have sounded as absurd as a suggestion that we might alter the weather.

This argument put the group I was representing in a difficult spot. On the one hand, no one wants to argue that the Health Services building shouldn't be repaired or replaced if such action is necessary. On the other hand, we had the strong feeling that if such a project was necessary, it shouldn't be financed at the expense of our secure access to health care in the present. One thing that made the situation really difficult from a tactical perspective was that we didn't have an effective way to combat Health Services' argument that "the economy" made it difficult to rely on historically available sources of funding for things like health care and building maintenance. We could show that they had lied to us, that they had misrepresented their reasons for changing our plan in the first place, and that they did not seem particularly concerned that the new plan would severely limit our access to health care, but we knew that even with all of this evidence, we would still run up against those "realists" who would scoff at our complaints and brush them all away with the same line about how "the economy" makes such changes necessary and inevitable.

This interaction itself was in no way novel, which is part of why the feeling of powerlessness that I experienced as a result has had such a profound and long-lasting effect on me. Thinking back, for example, to the debate over the tax reform plan Bill Clinton proposed early in his first term as President, one could find a similar logic at work. The (ostensibly) left-leaning Center on Budget and Policy Priorities (CBPP), for example, issued a report on tax proposals in July of 1997 that contrasted the House and Senate plans with the one proposed by the President. Both the House and Senate plans, according to the CBPP, assumed a rate of growth that was "more than double the projected rate of growth in the Gross Domestic Product,

the basic measure of the size of the U.S. economy.” In contrast, the President’s plan was deemed superior because it did “not grow in cost in future years at rates that exceed[ed] the rate at which the economy ... [was] expanding” (Greenstein and Lav, 1997). The authors of this report assumed (probably correctly) that their readers would understand the growth of the economy as a given, as one of the immutable parameters with which a realistic tax plan must be expected to operate.

This view is not, of course, entirely uncomplicated. Consider the following lines from a Washington Post article in 1999 detailing Clinton’s veto of a tax cut proposed by Republican Congressional leaders:

Unable to override the veto, Congress’s GOP leaders face an uneasy choice. They can bargain with Clinton for a smaller tax cut package – totaling perhaps \$300 billion – which they have called too stingy. Or they can risk being labeled a “do-nothing” Congress and try to convince voters next year that the president and his fellow Democrats unwisely blocked major tax cuts when the economy was booming. Many economists and budget experts, meanwhile, say the impasse would benefit the economy by making it easier to pay down the federal debt, while giving policymakers more time for a full-throttle debate on the best uses of future surpluses. (Pianin and Babbington, 1999)

Here we can see two related, but distinct, discourses of the economy at work in the same discussion. The first mention of “the economy” treats it as a factor that is external to political activity, but that should be expected to influence. The implication is that the failure to cut taxes during a period in which “the economy was booming” might be analogous to the failure to plant additional crops during a period in which the weather was unusually well suited to growing crops.

However, in the very next sentence the authors suggest a competing (or at least different) viewpoint. Experts, they tell us, think the failure to cut taxes could

“benefit the economy” by allowing policy makers to reduce the debt and engage in further planning. The implication is clear that the economy is not simply an external force, but rather something over which at least some (powerful) people have some modicum of control. Even from this perspective, however, “the economy” appears as an object to be managed through a process that is simultaneously imbued with the utmost political significance and fraught with uncertainty, even on the part of experts. This becomes even clearer in the final mention of “the economy” in this piece: “Many experts say policymakers have failed to address several important questions, such as whether the long-term surplus forecasts will hold up and whether a major tax cut could overheat the economy” (ibid). The economy must be considered as an object with which a given policy will interact, and our understanding of its contours and dynamics directly influences the types of policy proposals that we understand as realistic and productive.

These discourses directly contributed to the fact that, even in the face of a situation in which the members of my organization had been lied to about the reasons for a change that would have a substantial material effect on their own well-being, from the moment “the economy” was brought into play as an unavoidable reason for the change, I could be confident that any effort to combat this change would be met by resistance not only from outside the organization, but also from within. Such resistance could not be chalked up to ignorance of the reality of the situation, as one of the double-edged swords of a union of graduate students is that they have the capacity, the will, and the time to analyze and research every issue that comes before them *ad nauseum*. Nor could it be attributed to apathy, as we

were regularly successful in mobilizing large numbers of members to resist policies that had much less impact on their lives, but which were not so securely linked to the language and logic of the economy. It was clear to me, on a visceral level, that there was something going on with “the economy” that required further investigation.

So, here we reach the fundamental mystery that, for me, lies at the heart of this project. As a result of exposure to convincing and thoughtful post-structuralist critiques of Marx and his contemporaries, I reject the idea of “false consciousness” on the grounds that it presupposes not only a real, objective truth underlying reality, which each individual either correctly or incorrectly accesses, but also the existence of some individual or individuals who can tell the difference between these two kinds of people. Because of my rejection of this idea, I also don’t have much sympathy for political questions that take the form of “why does this person or group of people do (or fail to do) *X* despite the fact that doing (or not doing) *X* is clearly against their own objective self-interest?” If we reject the idea of objective (that is, clearly legible from the outside) self-interest, such a question becomes nonsensical. Instead, however, we might ask, “What kind of understanding of the world, what kind of subjective experience of possibility and constraint, is necessary for such a course of action to be consistent with an individual’s perception of their own self-interest?” To put it another way, and to focus more closely on the question at hand, what work must the economy do, what effect must it have, in order to structure the calculation of constraint and possibility in such a way that individuals may be expected to determine that a course of action that decreases their subjective

well-being (such as the changes to health benefits described above) constitutes a best-case scenario, and is thus not worth resisting?

Such a shift has some important implications. First, by getting rid of the idea of “objective self-interest,” we also get rid of the idea, noted above, that all we need to do in order to effect political change is to clearly explain to others why we have perfect access to the truth about their objective self-interest. Political change, in this view, is not the result of demonstrating to others the error of their ways (at least, not on the basis of argument). Equally importantly, this shift requires that we each relinquish the potential moral high ground of a belief that we are warriors on the side of truth, seeking to express to others the nature of the flaws in their understanding. Instead, we are each left in the more vulnerable, but also more flexible, position of fighting not for Truth and Justice in some objective sense, but instead for the kind of world that we prefer.

Bruno Latour makes the argument that critical theory has, historically, done a poor job of dealing with the distinction between “facts” and “concerns” (as he terms them) because critical theorists tend to:

...debunk objects they don’t believe in by showing the productive and projective forces of people; then, without ever making the connection, they use objects they do believe in to resort to the causalist or mechanist explanation and debunk conscious capacities of those whose behavior they don’t approve of. (2004, 240-241)

That is, for Latour, the problem is that critical theory tends to focus on destabilizing those “facts” to which it objects (in his example, religion or hegemony) while simultaneously (and apparently without consciousness of the contradiction) defending and depending upon the objectivity of those facts that it wishes to

support (e.g. the science of climate change). In order to avoid failing into such a trap, I will argue that we should understand the economy not as a lie that has been perpetrated against the masses, but neither as an inevitable truth. Instead, I will suggest that it is a thing that is real, but that is real because it is produced and maintained by the activities of real people performing real actions. To make this claim about the economy is not, therefore, to banish or unmask it, but instead to argue that it is part of a class of constructed objects (or as I will suggest in Chapter 1, structural effects) that are at once “much too strong to be treated [merely] as fetishes and much too weak to be treated as indisputable causal explanations of some unconscious action” (242).

We might say, then, that each of us is engaged every day in the process by which we collectively generate the context that allows us to have some shared conception of the possibilities for political action that are available to us, and of the constraints within which the possibilities must be seen to operate. This context includes those constructed objects (or, as I will argue in Chapter 1, “effects”) that serve to establish both the conditions of possibility for, and the limits of, our perception of political possibility, and it is only within such a context that calculations of self-interest can even begin to become intelligible and predicable. To return to our initial example, no one would make the argument that individuals benefit from acceding to an increase in their healthcare costs that comes with no corresponding improvement in service. However, it is not only possible, but probable, that when faced with the choice of acceding to such a demand or doing battle with the apparently inexorable forces of the economy (which set constraints

on what we understand to be realistic political goals), many will decide that there is no way they can win, and that they may as well save their effort for fights in which they have a chance.

The mystery, then, is how the economy came to be such a powerful, and (nearly) universally shared, component of the context in which we establish such constraints. That is, how did the economy come to be as an object that has the real effect of transforming otherwise desirable political goals into unrealistic aspirations. Additionally, and perhaps more importantly, I will address the question of how such an object might be altered in order to allow for, or even perhaps encourage, the kinds of changes that political actors who oppose the status quo seek to make. This project will take up these questions as they pertain to the production of “the economy” in Britain and the United States.¹ While I hope that this discussion will be of interest to political scientists, economists, and economic and conceptual historians, it is not written for them; instead it is written for those students and activists in search of a frame through which to think about the power of “the economy” and the ways in which this power might be resisted or repurposed in order to move toward goals that advance the causes of economic and social justice. I hope that this will be useful to union and community organizers who are frustrated

¹ This examination is limited to these two countries because of the intimate relationship between questions regarding the emergence and function of concepts, and questions regarding the emergence and function of language (see, e.g., Williams, 1985; Austin, 1975; Koselleck, 2002; or Skinner, 1999). While it may well be the case (and indeed, I suspect that it is) that similar dynamics are at play in other places, to substantiate such a claim would require a parallel analysis in languages other than English that is beyond the scope of the current project. By limiting the scope of analysis to the US and Britain, I can ensure that the bulk of the discourses concerning the production, maintenance, reproduction, and function of the economy, both dominant and oppositional, share at least a common basis in language.

by the difficulty of organizing for political action around issues that are commonly understood to be economic in character, as well as for those who have become jaded about the possibility of effective political action in the face of the inevitable influence of “the economy” on political outcomes. I also hope that it will be useful to those teachers, particularly in classes that seek to introduce students to concepts like “the economy” and “the political”, who are looking for ways to help their students think about the ways in which power operates in reference to these and other produced or inscribed objects. Perhaps, I will suggest, if we can see the ways in which the highly contingent history of “the economy” as a constraint on the possibilities for political action has come to appear to have been inevitable, we might also begin to perceive the future as open to our influence in ways that previously seemed closed. While I will not make the claim that understanding the economy as contingent and constructed makes its effects any less real, I will suggest that such an understanding allows us to think critically about the ways in which it operates to constrain political action, and that such a critical examination is vital for any effort to resist the tendency for the logic of the economy to absorb and neutralize proposed alternatives. If we wish to destroy, to escape, or to alter the constraints posed by the economy, we must first understand what they are and how they operate. It is only by starting with such an understanding that we might undertake an active campaign to engage in (and promote) practices that have the potential to result in conceptual change with respect to the economy (see Chapter 4). Again, this is not a case of wiping away false consciousness²; it is not enough simply

² It’s worth noting that an argument against positions that assume false

to unmask the economy. The analysis below will not, on its own, change the reality of the economy in any way. Instead, I hope this analysis will prove useful to those who already wish to challenge the economy as a constraint on political possibility by suggesting some strategies for participating in its construction and maintenance in a deliberate, goal-oriented manner. Understanding the economy as constructed, in short, doesn't make it disappear, but it does make it appear to be more malleable than we might otherwise assume.

Additionally, I intend this investigation to be useful to those who are more broadly interested in the ways in which ideas and practices can come together to form things that, while neither natural nor inevitable, are nonetheless real. The story of how, in a scant 250 years, "economy" could have gone from a rarely used term denoting thrift to the name of a concept considered to be so important that one would have to be stupid in order to fail to understand its supreme importance in national elections is, to my mind, a fascinating one, and I hope the reader will agree. I want to make an argument here, to be sure, because I believe the stakes to be quite high indeed and I want to advance my position, but I also want to tell a story, for three reasons. First, no author wants to write something that no one will ever read, and I am not immune to this feeling. Second, and more important, there is a way in

consciousness doesn't necessarily require us to jettison the idea that there might be truths out there for the uncovering; instead it requires us to jettison the idea that these truths might be related to the actual interests of individuals. So, with respect to the project at hand, one needn't rely on false consciousness to make the claim that a revelation of the economy as something other than natural and inevitable can have real political effects (particularly for those who are already seeking to resist its demands). One would, however, need to rely on false consciousness to make the claim that, in the face of such a revelation, people will immediately change their courses of action because they will realize they have been deluded.

which narrative can be powerful that it is very difficult to emulate in strictly analytical prose. A story can draw the reader in, showing her what analytical prose alone could only tell her. Third, and perhaps most important of all, the story of the economy is in some ways itself about narrative. The kind of reality that the economy has achieved would have been impossible without the stories we tell ourselves about it all the time, whether they be part of the history of ideas, the evening news, the economics curriculum at the local college, a debate over taxes, or the conflict between workers and employers at the bargaining table. By telling a story about how we came to tell these stories in this way, and about how we might tell them differently, I hope that I can enter into the fray in a way that makes my argument as accessible as possible to as many readers as possible.

To this end, I will tell the story of the economy in five chapters. In the first chapter I will look at some of the ways in which other theorists have sought to understand objects that are at once real and constructed, and I will make a case that we should think of the economy as a particular type of object (a materialization) that is produced through a “structural effect.” In Chapter 2, I will investigate the etymology of “the economy,” showing that it did not come into common usage until well into the 20th Century, through a process linked to processes as diverse as the development of the discipline of economics, the Cold War, and British East India Company. Chapter 3 will provide a detailed analysis of the ways in which we read the economy back onto authors whose work precedes its production, with a focus on the work of Adam Smith. Finally, in Chapters 4 and 5 I will examine some

“alternative economies” in an effort to identify what, if any, practices might have the potential to lead to conceptual innovation with respect to the economy.

CHAPTER 1

SORTING OUT WORDS AND THINGS

A. Introduction

In order to undertake an investigation of the ways in which the economy serves to constrain our understanding of the limits of possibility for political action, we must first attempt to sort out exactly what sort of thing the economy is. We can begin this project by looking at one example of the ways in which we talk about “the economy.” In late 2008, the United Nations Environment Programme launched the Green Economy Initiative, which “consists of several components whose collective overall objective is to provide the analysis and policy support for investing in green sectors and in greening environmentally unfriendly sectors” (UNEP). At the top of the Initiative’s cleanly designed and polished homepage can be found a link entitled “What is Green Economy?” Upon clicking this link, I found myself reading a series of definitions and explanations that were striking not so much for their contents as for their omissions. Consider, for example, the following definition of “green economy,” the central concept around which this initiative was formed:

...UNEP has developed a working definition of a green economy as one that results in **improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities**. In its simplest expression, a green economy can be thought of as one which **low carbon, resource efficient** and **socially inclusive**. (emphasis in original)

The fascinating thing about this definition is not the claims the GEI makes about the potentially transformative effects of green economies, but rather the repeated definition of a green economy as “one that...” does particular things or has given attributes. This is a definition that assumes we all already know what an economy is,

and only need be told how a “green” one differs from an uncolored one (that is, an economy that does not take the “green” critique into account).³

In many contexts, such a definition would be unexceptional. One need not, for example, define an automobile in order to point out what makes a hybrid car a hybrid. In the case of “the economy,” however, I will argue that such a treatment contributes to a false sense of solidity, beneath which we will find considerable slippage and contestation regarding precisely what we mean when we use this term. This is not to say that the economy is not real, or that it is illusory, but rather to say that it may not be as settled as UNEP’s definition suggests.

An examination of the ways in which the economy has the effect of setting the limits of reasonableness for political action requires a history of the concept. We cannot hope to find a way out of, through, or around such limits if we don’t have some idea of what they are, where they came from, and how they came to be. In short, before we can ask how we might escape the constraints imposed by the economy, we must first ask “Do we really know what an economy is?”

One obvious place to begin such a work of conceptual history is with the work of Quentin Skinner, one of the most prolific and important historians of concepts working today. In *Liberty Before Liberalism*, Skinner asks “What does it mean to speak of the state as an agent at all?” in order to begin to bring to light some of the ways in which we talk about the state as though we know what it is, despite significant slippage and confusion in our uses of the term. (109) Such an inquiry, he suggests, has value because:

³ This project will examine several modifications of the term “economy” in much greater detail in Chapter 4.

“[a]s we analyse and reflect on our normative concepts, it is easy to become bewitched into believing that the ways of thinking about them bequeathed to us by the mainstream of our intellectual traditions must be *the* ways of thinking about them... The history of philosophy, and perhaps especially of moral, social and political philosophy, is there to prevent us from becoming too readily bewitched.” (116).

By tracing the history of a concept such as liberty, for example, through its relationship to the evolving state, Skinner suggests that we might come to terms with the degree to which the dominant contemporary understandings of such concepts are the result not of inevitable meaning, nor of a steady march toward truth, but rather of particular choices made by individual actors in distinct historical contexts. Such an understanding, he argues, can “help to liberate us from the grip of any one hegemonal account of those values and how they should be interpreted and understood” (117). That is, while an account such as Skinner’s cannot (nor should it hope to) displace the dominant contemporary understanding of a given concept, it can serve to destabilize it by making other possible understandings evident, and by highlighting the degree to which our preference for one understanding over another is the result of contingent historical processes.

Following Skinner, we might ask, what does it mean to speak of the economy as a constraint at all? What exactly is it that goes without saying when we speak about the economy, and how do these assumptions constrain our possibilities for action? For Skinner, the problem with speaking about the state as an agent is that “we have inherited a theory which we continue to apply, but which we do not really understand.” The problem I am raising with the economy is, I believe, slightly different. Perhaps one might say that we have produced (or, even, are producing) a theory that we do not understand. This distinction is important because, for Skinner,

the solution is “to go back to the historical juncture at which this way of thinking about politics was first articulated and developed,” in order to “[improve] our understanding” (109).

While I agree that reference to evidence produced in the era in which an idea originated is important to any history of a concept, I quibble with the idea that what we should try to do with, for example, “the economy” is simply to improve our understanding of what earlier theorists were doing when they wrote it. This is an important step, but it is necessary only insofar as it helps us get to the question of what we do when we say or write the same words, and how we might have gotten here from there. “The economy” to which we refer today may not be, in any important sense, the same as the economy to which 19th century historicist economists referred, as the constant contestation and mobilization of this concept has the effect of repeatedly reconstituting it. While Skinner might not disagree with such an assertion, his focus is on re-contextualizing the historical uses of important terms and concepts, while my focus is not simply to “understand” what early theorists of the economy did with the term, but to examine the ways in which the economy has been used as the solution to a variety of concrete political problems by a wide range of actors, resulting over time in the production of “the economy” as an object that we all use, but which is quite difficult to look at directly, and which might be more accurately understood as a locus of multiple, conflicted meanings than as a single, settled concept. We’ll return shortly to the question of Skinner’s historical method, but first I think a little more attention to the ways in which we deal with the production and existence of such an object would be helpful.

B. The Economy Effect

Timothy Mitchell provides us with an example of how one might wrestle with such a slippery object in his treatment of the state as an “effect” (Mitchell, 1991).

The key to understanding the state as an effect, Mitchell suggests, is in addressing it neither as a free-standing entity, nor as a mere phenomenon of decision making, but instead as:

...an effect of detailed processes of spatial organization, temporal arrangement, functional specification, and supervision and surveillance, which create the appearance of a world fundamentally divided into state and society. The essence of modern politics is not policies formed on one side of this division being applied to or shaped by the other, but the producing and reproducing of this line of difference. (95)

The economy, I will suggest, is in some ways even more well-suited to an examination as an effect than the state. Like Mitchell’s state, the economy is neither a free-standing entity nor merely a phenomenon of decision making. Also, mirroring Mitchell’s construction, we might very reasonably suggest that the essence of modern economics is not policies formed (or decisions made) on one side of the division between the economy and rest of the totality of existence being applied to or shaped by the other, but the producing and reproducing of this line of difference.⁴

However, Mitchell’s argument, while extremely useful, is limited by the constraints of time and space inherent in a journal article. He suggests a project with respect to the state, but he does not embark on the project itself (that is, the reexamination of his object as an effect). Moreover, while he certainly alludes to the possibility that such a project might involve an inquiry into the ways in which this

⁴ Mitchell’s argument about the state effect will be considered in greater detail in below.

effect changes over time in response to the particular needs of those who participate in its (re)production, he does not even begin to conduct such an inquiry. In this dissertation, I will examine the economy as an effect, with particular attention to the ways in which the production and reproduction of the dividing line constrains the possibilities for political action, and with an eye toward the process by which such production (and the constraints that go along with it) change over time (both as a result of intentional resistance and as the unintended consequence of attempts to resolve particular political problems).

This is not the first work to question the process by which we came to talk about “the economy” as though it were a natural thing with which anybody engaged in politics would necessarily need to reckon, or to suggest that a reexamination of this assumption might open new political possibilities. Mitchell, for example, makes the claim that the economy is a relatively new invention, coming into common usage in the post WWII era (Mitchell, 1998). Raymond Williams notes that the economy, along with society and culture, is a “relatively recent historical formulation” (1977).

J.K. Gibson-Graham suggests that:

[The] economy is not simply an ideological concept susceptible to intellectual debunking, but a materialization that participates in organizing the practices and processes that surround it, while at the same time being organized and maintained by them. (2006, xi)

That is, Gibson-Graham claims, the economy is more than an idea, but less than an irreducible reality; instead, it is a made thing that also has a role in the processes by which the other made things that make up the social world are formed and sustained. The economy, in this understanding, is both formed by and formative of the practices in which people engage when they participate in political activity, for

example, or social activity, or any of the other myriad divisions and sectionings by which we codify human activity. If this is the case, then by looking more closely at the ways in which the borders and contours of this materialization are drawn, defended, and contested, we might gain the ability to ask what political possibilities could be opened by an effort to redraw (or even undrawn) the ways in which the economy is made and re-made. I believe that this conception of the economy as a materialization is consistent with our discussion of the “economy effect.”

As I noted above, Mitchell suggests that rather than attempting to understand the state as a discrete entity, separate from society, we instead think of it as an effect. The appearance of the state as a discrete entity, according to Mitchell’s account, is related to Foucault’s concept of disciplinary power, but hinges on an aspect of this phenomenon that Foucault did not explore.

Foucault describes “disciplines” as consisting of a set of techniques and practices that differ from previous modes of imposing “constraints, prohibitions, or obligations” on the body in several important ways (Foucault 1977, 136). First, discipline operates not at the scale of the masses, but instead at “retail” scale, as Foucault puts it; discipline acts at the level of the individual. Second, discipline focuses not on the meaning of the actions of the individual, but on their precise processes and exact functions; “constraint bears upon the forces rather than upon the signs” (1977, 137). Finally, discipline depends upon “uninterrupted, constant coercion, supervising the processes of the activity rather than its result and it exercised according to a codification that partitions as closely as possible time, space, and movement” (137). Mitchell sums up the concept of disciplinary power

nicely, noting that it “works not from outside but from within, not at the level of an entire society, but at the level of detail, and not by constraining individuals and their actions but by producing them” (1991, 93).

The result of the operation of disciplinary power on which Foucault focuses, according to Mitchell, is the production of both the military, educational, and economic organizations that are characterized by “organized power” and the individuals who make such organizations and institutions possible. In the context of discipline, power does not operate from above, “as a set of external orders or prohibitions” (1991, 93). Instead, the individual is always already part of a complex web of power relations, and his or her individuality is inextricably wrapped up in the relation and the institutions that create and are created by them.

Mitchell argues, however, that disciplinary power has another important consequence:

At the same time as power relations become internal... and by the same methods, they now appear to take the novel form of external structures... the distinctiveness of the modern state, appearing as an apparatus that stands apart from the rest of the social world, must be sought in this novel structural effect. (93)

Using the same example that Foucault uses in his initial description of disciplinary power, Mitchell illustrates this claim by reference to a military unit. Foucault makes much of the manner in which the disciplinary techniques of the 19th century produced the trained, disciplined soldier. The same set of practices and operations also produced “the novel effect of the armed unit as an artificial machine” (Mitchell 1991, 93). This machine, of course, did not exist in any literal sense as distinct from the soldiers of whom it was composed; its appearance was instead “an effect

produced by the organized partitioning of space, the regular distribution of bodies, exact timing, the coordination of movement, the combining of elements, and endless repetition, all of which are particular practices” (93). This is the same process that, according to Mitchell, is at the root of the state effect. To say, then that the state should be understood as a structural effect is to say that we should understand its appearance as a distinct apparatus, separate from the individuals who make it up or occupy its positions, as “the powerful, metaphysical effect of practices that make such structures appear to exist” (94).

If, taking Mitchell’s concept of the state effect into account, we attempt to think about the economy as being made apparent by such a structural effect⁵, we must investigate the specific “processes of spatial organization, temporal arrangement, functional specification, and supervision and surveillance which create the appearance of a world fundamentally divided into” the economy and the extra-economic. Such processes might include the maintenance of national accounts, the judicial imposition of fiduciary responsibility, the incentivization of individual retirement investment, and the construction and enforcement of the tax code, just to name a few.

One might at this point reasonably wonder where Gibson-Graham’s materialization comes into this picture. While the materialization is closely related to the structural effect Mitchell describes, I don’t think they’re exactly the same thing, and the distinction between the two might be useful to our discussion. The structural effect gives us a language through which to explain the appearance of the

⁵ In fact, Mitchell himself has recently made a similar argument. See Mitchell, 2014.

economy as a distinct realm of human activity, but it doesn't do much to theorize the nature of the thing that appears. As Mitchell puts it:

These processes create the effect of the state not only as an entity set apart from society, but as a distinct dimension of structure, framework, codification, planning, and intentionality. The state appears as an abstraction in relation to the concreteness of the social, and as a subjective ideality in relation to the objectness of the material world. The distinctions between abstract and concrete, ideal and material, and subjective and objective, which most political theorizing is built upon, are themselves partly constructed in those mundane social processes we recognize and name as the state. (95)

If the result of the structural effect Mitchell describes is to give rise to an object that it as once abstract and concrete, ideal and material, subjective and objective, and that at the same time contributes to the production and maintenance not only of its own distinct character, but also to the categories on the basis of which such a distinction may be made, how should we talk about this object? We might, I suggest, think about Gibson-Graham's materialization as the object given appearance by Mitchell's structural effect.

However, Gibson-Graham leave a number of questions that are important to the project at hand unaddressed in their articulation of the economy as materialization. They seem to suggest that the economy is largely a representative or linguistic object. For example, they note that:

A project of instituting a different economy must... produce a "dislocation," enabling a recognition that "other economies are possible." Something outside the given configuration of being must offer itself as an element or ingredient for a new political project of configuring. For us, this dislocating element has been an economic language that cannot be subsumed to existing ways of thinking economy, and instead signals the ever-present possibility of remaking economy in alternative terms. (2006, xi)

Gibson-Graham go on to suggest that their intervention has been "to propose a

language of the diverse economy” (xii). Their main goal is to demonstrate some of the ways in which the presumed capitalist hegemony over the economy might be questioned or conceived differently. To this end, they enumerate and describe a number of non-capitalist class processes that are present within what we typically call a capitalist economic framework. While such an undertaking might be an excellent element of a strategy to “disarm and dislocate the naturalized dominance of the capitalist economy and make a space for new economic beginnings” (xii), it does little to aid the analysis of those who might wish to destabilize or alter the materialization of the economy itself. That is, despite the fact that they begin their discussion of the materialization with reference to the economy in general, Gibson-Graham very quickly refine their focus to the capitalist content of the materialization, devoting the bulk of their attention to the idea that this capitalist content may be demonstrated to be less omnipresent than is often assumed, and that it may be replaced or reconfigured to create different types of economies (most notably, “community economies”). This makes a great deal of sense, given the nature of their project. Gibson-Graham’s main concern, it seems, is to bring our attention to a phenomenon that is already underway: the presence and expansion of diverse class processes and their occlusion by the idea of hegemonic capitalism. In order to achieve such an aim, it is not immediately necessary to effect any substantial change in the practices and institutions that support the economy as a materialization; instead, what is required is a different lens through which to view such practices, and the language of the diverse economy is an excellent example of such a lens.

This strategy, however, has a shortcoming for my purposes; it does little to

make visible the produced and contingent nature of the economy itself. Instead, despite their discussion of the economy as a materialization, Gibson-Graham tend to refer to the economy as a given, or even natural, container or category. It is not the existence or even the nature of this container that is under discussion for Gibson-Graham; instead, it is only the contents. To put this in more specific terms, it is not the existence of the economy, nor its nature as a distinct sphere of human activity, that Gibson-Graham seek to challenge, but rather the identity of this sphere as unproblematically capitalist.

As such, in their discussion of the economy as a materialization, their emphasis tends to fall on the ways in which understanding it in this way allows us to imagine substituting *different economies* for the one we currently confront. I would like to call our attention to a different set of possibilities arising from this discussion. If we think of a materialization as the real (actually existing) result of the collective labor of developing and maintaining a structural effect, we may begin to answer some of our questions about how we might describe the economy in the abstract. It is, however, necessary to clarify our terminology a bit first. One might very legitimately wonder why I might wish to describe the economy in the abstract if I am arguing that it is fundamentally historical and contingent. While this is a reasonable question, it rests on the assumption that “abstract” and “ahistorical” may be treated as synonyms for the purposes of this discussion. Instead, I want to suggest that despite the fact that the economy (or, in fact, any materialization) must always be understood as both historical and contingent, it must nevertheless also be constrained by certain rules that can be described in the abstract.

In order for any word to have meaning (even if such meaning is historically contingent, as I would suggest all meaning is), it must be possible to use the word correctly or incorrectly. So, while it may be difficult to pin down exactly the point at which a given practice or institution becomes sufficiently closely related to other practices or institutions that we understand to make up the economy that it may itself be appropriately referred to as part of the economy, it must be possible to make a suggestion regarding the inclusion of a given practice or institution that is patently wrong. For example, there may be debate over whether or not practices of illegal file sharing should be included in our understanding of the economy, but anyone who suggested that the practice of sunbathing in one's back yard should be understood to be part of the economy would be (reasonably) accused of misunderstanding the term "economy." Similarly, if someone claims that the individual share of health insurance costs must rise (as in the example in the Introduction) due to "the economy," this is not a *prima facie* ridiculous claim. On the other hand, were the same person to suggest that a cure for cancer is impossible due to "the economy," such a claim would appear absurd without some significant (and likely complex) line of reasoning to support it. In fact, Peter Winch makes two claims about the relationship between practices and the terms we use to describe them that may be useful to us here. First, he suggests:

A person can be said to be performing a specific social activity on a given occasion only if he belongs to a society in which the performance of at least the general *kind* of activity, e.g. playing games, religious worship, the use of money, is an established institution, and if his behaviour shows that he understands what is involved in doing that kind of thing. In one society a set of actions performed by a group of people might constitute a game of hide and seek; in another society a superficially identical set of actions might constitute a religious rite;

and in a society where it did not fall under any concept recognized *in* that society it would be completely aimless behaviour. (1956, 19)

In order, then, for us to make the claim that individuals are involved in practices that support the production and maintenance of the economy as a structural effect (and, hence, as a materialization), we must assume the shared category of economic activity, and we must expect such activity to be undertaken in particular ways. Without such a shared concept, there would be no way for us to organize all of this disparate, otherwise aimless activity into the category of “activity related to producing and maintaining the economy as a structural effect.” Second:

The use of the word “concept” in this connection suggests, what is true, that *linguistic* behaviour enters into the more refined forms of social activity. You cannot play bridge without understanding and being able to use words such as “revoke” and “trump”; you cannot pay bills without understanding the use of arithmetical symbols; you cannot make future arrangements and reminisce without understanding the use of the future and past tense of verbs; you cannot be a Christian without understanding the use of such words as “God”, “sin”, “salvation” – and so one might go on. (19)

If we follow Winch’s cue, in fact, one can understand my claim that you cannot engage in politics, or in business, or in the practices of social science without being able to use and understand phrases like “the economy” which sets a limit on what it is possible to say and do. We must be able to understand what kind of thing it is, and what its components parts are, in order to think about how it might be made differently, or not at all. To claim that the economy may be understood in the abstract, then, is not to suggest that it is immutable or natural; it is simply to suggest that, despite the fact that the specific practices and institutions which produce and maintain the structural effect are constantly changing and evolving through processes of innovation and contestation, there is some common thread that allows

us to understand the result of these changing practices and institutions as a continuous effect. There must be, that is, some criteria on the basis of which the materialization that is product of the structural effect in question is (and continues to be) intelligible as “the economy” as opposed to some other thing.

One result of an attempt to think about the economy in this way is that it begins to appear to have multiple senses that do not coexist without difficulty. When one says that one studies the economy, for example, they address the materialization as an object – the developed, aggregate understanding itself. When one says, on the other hand, that the economy created jobs last month, they address it as an agent, or rather as the product of a whole set of agential activities. Like the state effect that Mitchell describes, it is not satisfying to think of the economy either as exclusively a distinct, continuous object or as merely the product of a collection of individual actions. The language of the structural effect allows us to ease this tension some, in that it makes it possible to understand the economy as simultaneously both a continuous object (the materialization produced by the structural effect) and the result of a collection of individual action (the discrete practices and institutions that produce and maintain the structural effect). One significant contribution of this dissertation is to develop this idea of the economy as effect.

In elaborating on this effect, I will suggest six criteria of the economy. I have arrived at these criteria through a careful consideration of the ways in which the term “the economy” is used in actual contemporary discourses, including every day conversation, academic texts, and media sources. By examining these ordinary

language uses, I have discerned patterns in the ways in which speakers and writers tend to employ the term, and I have detailed those patterns below. It is, of course, vital to remember that while “the economy” may be used in these senses by many of the discourses and practices whose interactions and collisions constitute it, discourses are always plural, and thus there will always be exceptions and counter-truths. Nonetheless, I will argue that by considering “the economy,” generally speaking, to have the following six traits, we might advance our strategic position.

First, as a realm distinct from both social life and political life, the economy may be seen to function according to laws of its own. It may be subject to influence by human activity, but like “the environment,” for example, it exists prior to all such activity, and may be influenced but not determined. The economy is independent and unique.

Second, and following from this, activities that take place in the realm of the economy are not only subject to distinct laws, but also to a distinct (or sometimes entirely absent) moral code. The economy is impersonal.

Third, in the context of liberal capitalism, the logical and moral separation of the economy from the political and the social, coupled with the real interaction between these “realms” allows for the naturalization of certain inequalities in the distribution of material, political, and social resources without implicating the political and social equality that are necessary for the continued functioning of liberal democracy⁶ (Dahl, 1989). The economy is a protected realm of inequality.

⁶ This is not to suggest that the relationship between politics, society, and the economy is not a contentious one, but rather that the contentions tend to arise over

Fourth, as Timothy Mitchell points out, the conception of the economy as a distinct space creates an outlet for capitalism that can “be imagined to grow – without altering its physical limits” (Mitchell, 1998, 90), making the kind of unending growth that capitalism requires possible even in the face of the end of the frontier. The economy is potentially infinite.

Fifth, this conception of the economy tends toward the belief that it functions on the basis of a set of mechanical, inexorable laws, the determination of which is the end goal of economic science.⁷ For this reason, the needs and dictates of the economy are able to override mere human concerns, insofar as human wants represent only wishes or desires, while economic laws represent the way things must be. The economy is natural and inevitable.

Sixth, and finally, the economy has the capacity to engage in activities such as creating and destroying jobs, or demanding reductions in spending on particular activities. The economy is an agent.

While some of these criteria (related to the maintenance of a potentially infinite, protected realm of inequality) are unique to the specific nature of the economy effect, and others (independence, impersonality, agency) are shared by the economy effect and the state effect, the presumption that the economy is natural

the appropriate arrangement of these spheres, rather than over the appropriateness or necessity of the designations themselves.

⁷ Perhaps this is part of the reason that the rise of “scientism” in social sciences has taken the specific character of the dominance of the economic. Economics is assumed to be the most scientific of the social sciences because its object, unlike those of political science, anthropology, sociology, or even psychology, is perceived to be subject to the same kinds of abstract, general, unchangeable laws as those that govern the physical world. What happens to this conception, one wonders, when we consider that the economy is constructed object, a set of arbitrary distinctions?

and inevitable serves to distinguish it (at least to some degree) from the state (as treated by Mitchell). With respect to naturalness, we might find a better analogy in Judith Butler's (1990) treatment of gender, though Tully's (1995) work on culture and indigeneity or Chakrabarty's (2002) work on modernity also have the potential to shed some light on the topic. This is particularly important to the project at hand, as the presumption of naturalness is a significant obstacle to conceptual innovation.

In the introduction to *Gender Trouble*, Butler asks "What happens to the subject and to the stability of gender categories when the epistemic regime of compulsory heterosexuality is unmasked as that which produces and reifies these ostensible categories of ontology?" (vii). The answer, as disappointing as it may be, is that nothing, or very little, happens as a result of this unmasking alone. It is not the case that one must simply illuminate the contingent nature of the apparently natural effect in order to alter, transform, or negate it. Instead, Butler suggests:

...the "being" of gender is an effect, an object of a genealogical investigation that maps out the political parameters of its construction in the mode of ontology. To claim that gender is constructed is not to assert its illusoriness or artificiality, where those terms are understood to reside within a binary that counterposes the "real" and the "authentic" as oppositional. As a genealogy of gender ontology, this inquiry seeks to understand the discursive production of the plausibility of that binary relation and to suggest that certain cultural configurations of gender take the place of "the real" and consolidate and augment their hegemony through that felicitous self-naturalization... To expose the contingent acts that create the appearance of a naturalistic necessity, a move which has been a part of cultural critique at least since Marx, is a task that now takes on the added burden of showing how the very notion of the subject, intelligible only through its appearance as gendered, admits of possibilities that have been forcibly foreclosed by the various reifications of gender that have constituted its contingent ontologies. (32-33)

If we understand gender as an effect, we must understand it (like the economy) as

both constructed and real. As such, simply providing evidence of the fact that it is constructed (and contingent) does little to affect the fact that it is still real. Instead, we must look to the ways in which those aspects of (constructed) reality made intelligible through gender also make intelligible possibilities that are foreclosed by reified gender.

This subject (“the I”) is brought into being, for Butler, through practices of signification. Identity is treated as though it is “substantive,” in that it appears as fixed and inert – one is, for example, a woman or a man simply because that is what one is. “However the substantive ‘I’ only appears as such through a signifying practice that seeks to conceal its own workings and to naturalize its effects” (144). Importantly, she goes on to note that “to qualify as a substantive identity is an arduous task, for such appearances are rule-generated identities, ones which rely on the consistent and repeated invocation of rules that condition and restrict culturally intelligible practices of identity” (144-145). Identity is given the appearance of substantiveness through signifying practices, but in order to have this effect these signifying practices must conform to the rules that will make them intelligible as signifying practices within a given context.

This rule-governed nature of the appearance of identity, Butler suggests, can be exploited for the purposes of challenging (or troubling) existing, reified categories of identity.

Indeed, when the subject is said to be constituted, that means simply that the subject is a consequence of certain rule-governed discourses that govern the intelligible invocation of identity. The subject is not determined by the rules through which it is generated because signification is not a founding act, but rather a regulated process of repetition that both conceals itself and enforces its rules precisely

through the production of substantializing effects. In a sense, all signification takes place within the orbit of the compulsion to repeat; “agency,” then, is to be located within the possibility of a variation on that repetition. If the rules governing signification not only restrict, but enable the assertion of alternative domains of cultural intelligibility, i.e., new possibilities for gender that contest the rigid codes of hierarchical binarisms, then it is only within the practices of repetitive signifying that a subversion of identity becomes possible. (145)

The trick, it seems, is to find ways in which the repeated practices of signification can be varied such that they are at once intelligible as practices related to the signification of gender and irreconcilable with the “rigid codes of hierarchical binarisms” to which Butler refers.

This argument about the subversion of identity may have important implications for those who seek to subvert the economy. Parallel to Butler’s reasoning about gender, I have argued that we should understand the economy as an effect, simultaneously constructed and real. Like the subject, I would suggest that the economy, insofar as it appears as an object conforming to the six criteria I have elaborated above, only “appears as such through a [set of] signifying practice[s] that seeks to conceal... [their] own workings and to naturalize... [their] effects.” As such, if we follow Butler’s argument, one strategy for subverting the economy is to look for ways in which the repeated practices of signification may be varied such that they are simultaneously intelligible as practices related to the economy and also irreconcilable with the rules we understand to govern the economy.

Such a project of subversion would require an understanding both of the practices of signification required to maintain the appearance of the economy and of the rules governing intelligibility with respect to the economy. To return to our

bicycle example, we must explore the question of how far we may stretch the practices of signification associated with the economy without breaking the intelligibility of the connection between these practices and the economy. This is one way in which we might think about conceptual innovation with respect to the economy. It is clear (for reasons discussed above) that no simple unmasking of the economy's contingency, its basis in a structural effect, or its status as a materialization is likely to result in any substantial change in its operations or effect, because to claim that it is constructed is not (to risk beating a dead horse) to say that it is not real.

However, the twin claims that the economy is both real and constructed open the possibility that it may be constructed differently. In order to effect such a change, we must seek out practices which are at once intelligible as part of the economy and incompatible with the rules by which we understand the economy to operate. Additionally, assuming that our goal in seeking to alter the construction of the economy is not merely random change, but rather change directed toward some particular political end (such as increased egalitarianism, reduced alienation, limitation of negative environmental impact, or even an elimination of the economy's appearance of naturalness), we must seek out practices that link these ends with the maintenance of the structural effect. The practices suggested by Gibson-Graham above, for example, are well suited to the task of challenging the hegemony of capitalism within the economy, but poorly suited to the task of challenging the maintenance and production of the structural effect itself.

C. Thinking About the Effect Historically

If the economy may be thought of as the result of a structural effect, as I have argued above, many questions remain regarding how this effect might have come to be, and how it has changed over time. In trying to figure out how such questions might be answered, a discussion of the distinct, but in some respects complimentary, methods of Skinner and Michel Foucault may be useful. As Ryan Walter argues, Skinner and Foucault share a "...general political purpose of using the past to make change in the present appear more possible" (Walter, 108). While their views of the ways in which this should be done are often considered to be opposed to one another, I want to suggest that, for the purposes of our investigation, they may usefully be understood as complimentary, within certain limits.

Skinner argues that, in order to examine the ways in which what he calls "appraisive terms" are applied, we must be conscious of at least three dimensions of the relationship between the term and the concept it describes. First, we need to know "the nature and range of the criteria in virtue of which the word or expression is standardly employed" (Skinner 1989, 9). Using as an example the term "courageous," he notes that were we to ask someone to describe what the word meant, they would need to list necessary conditions for its appropriate use. Among these conditions, he suggests, we would expect to find at least the following:

...that the word can only be used in the context of voluntary actions; that the actor involved must have faced some danger; that he must have faced it with some consciousness of its nature; and he must have faced it heedfully, with some sense of the probable consequences of the action involved. (9)

In addition to this range of conditions, Skinner continues, we must also account for

the term's "range of reference," which he describes as "a consequence of understanding the criteria for applying it directly" (10). That is, he points out, to continue the example of the word *courageous*, once we understand the conditions involved in its application, we may debate whether or not a given situation may be appropriately described by use of the term *without* debating the meaning of the term itself. One might argue that one who "faced a painful death with cheerfulness" should or should not be described as doing so courageously on the basis of whether or not there was real danger involved.

Finally, for Skinner, we must take into account "the range of attitudes the term can standardly be used to express." That is, "no one can be said to have grasped the correct application of the adjective *courageous* if they remain unaware that it is standardly used to commend, to express approval, and especially to express (and solicit) admiration for any action it is used to describe" (10). We must know not only what the word means, but also what it does.

A case can be made, I think, that while it might not immediately appear to function as an appraisive term, the economy effect does have a sort of uniquely appraisive character. That is, by claiming that some action or phenomenon is part of the economy, we often free it from what might otherwise be a negative appraisal of its moral content. As such, the term itself carries a certain appraisive value. Certainly, as we'll examine in the context of the work of Adam Smith, economy functioned as an appraisive term in the 18th century. Its range of necessary conditions would have included that the word can only be used in a context wherein an actor is responsible for the disposition of some resources, material or otherwise;

that the actor must have multiple choices about the manner in which such disposition will occur; that given this range of choices, the actor chooses that which makes most efficient use of the resources in question; and that the actor does so with knowledge that the chosen course of action is preferable at least in part due to this superior efficiency. A complete understanding of these conditions would allow for debate over whether a given action could suitably be described as an exercise of economy – was the outcome really efficient, etc? And economy was typically used to describe actions or dispositions that were praiseworthy for their efficiency (though it was occasionally used as backhanded compliment in the same way that “frugality” might be used today). One of aims of this dissertation will be to examine and explain some of the dynamics by which such changes have occurred, and might be expected to occur in the future.

I think it is possible to apply a similar analysis to “the economy” in its more contemporary usage. While it is not, at first glance, appraisive (in the sense that we tend to think of the categorization of given phenomenon or course of action as dictated by the economy as morally and ethically neutral), I want to suggest that it in fact shares many features with the appraisive terms Skinner described. We can certainly begin by listing a set of criteria for its use, as we have done above. On the basis of these criteria, we may debate whether a given aspect of human activity should or should not be treated as part of “the economy.” Moreover, while “the economy” may not have as clear an attitudinal inflection as “economy” in the older sense, or as Skinner’s example of “courageous,” it may be understood (as noted in the criteria) to have the effect of emptying other terms and concepts of the

attitudinal inflections they might otherwise carry. The moral/ethical distinction between actions based on greed and those based upon a levelheaded response to the demands and necessities of the economy hinges on such an attitudinal inflection.

Such an analysis on its own won't get us very far in our efforts to understand the formation and evolution of "the economy." However, as Skinner points out, once we have established these dimensions through which to examine the terms in question, we can begin to break down the ways in which these terms might change over time, and the kinds of political changes that might be both embodied and enacted in such changes. He takes as an example of one way in which such conflict might occur the debate over whether Marcel Duchamp's "readymade" series should be understood as works of art. On one level, he points out, such a debate is simply a linguistic debate over the question of the necessary conditions that should be satisfied in order to apply the term "work of art." On another level, however, we must:

...recognize the implications of the fact that a term such as *art* gains its meaning from the place it occupies within an entire conceptual scheme. To change the criteria for applying it will thus be to change a vast deal else besides... we must be prepared to focus not on the "internal structure" of particular words, but rather on their role in upholding complete social philosophies. (13)

If we apply this insight to our study of "the economy," we might inquire as to whether, aside from the linguistic shift we've noted in the term's usage, there is some reorganization of our understanding of the world (which is, itself, constructed in much the same manner as the economy) implicit in this change. What, we might

ask, is the role of “the economy” in upholding a complete social philosophy?⁸

Moreover, what new function is accomplished by the introduction of this object?⁹

Similarly, Skinner suggests that, in addition to the question of what the necessary conditions for the application of a term should be, we might also experience conflicts over whether or not a given concrete phenomenon does or does not match up with those conditions. He uses the example of *exploitation*, suggesting that even if we agree about the conditions governing its usage, we might disagree about whether or not the term could be appropriately applied to situation of “wives in ordinary middle-class families at the present time” (14). In order for such conflict to occur, there must be some agreement about the meaning of the term in the first sense. That is, a disagreement over the question of exploitation raised above that centered around the meaning of the term itself would open up the term to examination, but would leave the phenomenon in question largely unexplored. However, if the conflict is not over the conditions implicit in the term itself, but instead over whether or not those conditions are met in a particular case, our attention is focused on the case in question, with potentially radical results. In Skinner’s example, if we disagree about the meaning of exploitation, then our conversation will do little to affect our understanding of the circumstances of the “wives” in question. On the other hand, if we agree about the meaning (that is, the

⁸ We’ll ask this question, or at least a version of this question, in Chapter 3, when we look at the ways in which we use this relatively recent concept to understand the texts of a past the precedes it.

⁹ This question will be approached twice, and in two different ways. First, in Chapter 2 we’ll look at the process by which “the economy” was initially produced, and at the functions its introduction accomplished. In Chapter 4, we’ll examine the various functions that the “the economy” has taken on in contemporary life.

necessary conditions) of exploitation, but disagree about whether or not the circumstances of the “wives” Skinner mentions satisfy those conditions, our shared understanding of these conditions can serve as a sort of lever that makes possible a powerful social critique of the institutions and power relations underlying the traditional family. The advantage of such a move is that, if those with whom we engage in such a debate are unwilling (or unable) to alter or abandon these conditions, it may actually be possible to support a fundamentally normative argument (housewives are being exploited) with fact-based evidence (housewives satisfy conditions x, y, and z, which we have already agreed constitute exploitation).

Following this idea, if we can, in the foregoing analysis, pin down the necessary conditions associated with the use of “the economy,” we might then open up the possibility of debate over whether or not a given phenomenon or set of phenomena satisfy those conditions. Should we, for example, treat an extremely unequal division of wealth as a problem to be solved by appropriate management of the economy, or as a political problem to be solved directly through statutory and other means? To return to an example from the introduction, should we treat the difficulty of securing funding for a new Student Health Center as the effect of the background condition of the economy, and thus only susceptible to solutions that either rely on a change in this background condition or accept it as is? Or, might we instead make the argument that this is not a problem of the economy at all, but instead a problem of political will, to be solved not by hoping for change or accepting the status quo, but instead by making demands and applying leverage through the political process? If we can first agree on conditions by which to judge

these types of questions in the abstract, then we might be able to engage in productive debate over the application of these conditions to the case at hand. Alternatively, and I think more realistically, the impossibility of an attempt to develop a consistent set of necessary conditions for such a distinction might serve to demonstrate the degree to which the distinction is based not on a coherent set of distinct requirements, but rather on a historically contingent set of judgments that cannot maintain their coherence without direct reference to the concept they seek to describe and bound. That is, to return to Mitchell's language, the fact that we cannot establish a consistent set of necessary conditions for the distinction between the economy and the rest of the totality might help to highlight the ways in which the economy operates as an effect. Such a debate has the potential to make visible the contradictions of the current (implicit) arrangement of such issues in a way that first-level debates over the necessary conditions themselves are unlikely to accomplish.

Finally, Skinner points out, even if we have agreement on both the conditions associated with the use of a term, and on the application of these conditions to a specific case, there is still the potential for conflict over the "direction of the term's evaluative force" (17). This is a particularly interesting possibility for debates and discussions regarding "the economy," as I have suggested that one of the principle functions of the economy in upholding a "complete social philosophy" is the maintenance of a sphere of human activity that is by and large free of moral valuation (which is more or less the same as blanket moral approval). If "the economy" could be produced as a site of conflict over the "direction of the term's

evaluative force” it might have a significant effect on the economy’s ability to perform this function. One need not stretch too hard to imagine the implications of a shift in evaluative meaning such that to say “X did Y because the economy required it” sounds less like “X did Y because he would have died if he did not” and more like “X did Y because the demands of his ego required it.” The two statements may, in many cases, be equivalent on a purely factual basis, but they undeniably carry different evaluative messages. To shift the evaluative direction of the economy away from tacit approval could have profound effects upon the effect of the term when deployed in political debates and conflicts.

While such an analysis has the potential to be useful in our endeavor, it is also (necessarily) limited in certain respects. There is, unfortunately, a common trend of thought that suggests that when we do a historical analysis of discourse, we must choose between the methods employed by Skinner and Foucault. For example, Vucina, *et al* make the following comparison between Skinner’s treatment of freedom and Foucault’s:

Skinner’s attempt at unsettling contemporary limits to freedom seems to hinge on providing a *better understanding* of past political ideas and texts, better than that provided by existing historical analyses. In contrast, the potential of Foucault’s analyses rests not on providing a better understanding of the past but on *estranging* us from contemporary ways of thinking and acting. Foucault seeks to produce this estrangement by demonstrating how current ways of thinking and acting on a particular problem differ from the past as well as by showing the mundane and contingent formation of current ways of thinking and acting. (emphasis in original) (128)

While they raise some important questions, it seems to me that Vucina *et al* miss on a couple of levels. First, their analysis undersells Foucault’s project to some extent (while estrangement from contemporary ways of thinking and acting may be an

effect of his work, it seems a stretch to label it his goal). Second, while there is almost certainly a useful distinction here, I don't think they get the nature of that distinction quite right. It's not fair to Skinner, for example, to say that he's not interested in demonstrating the strange, contingent nature of the concept of liberty. Consider, for example, the following passage from the Introduction to *Visions of*

Politics:

We are of course embedded in practices and constrained by them. But those practices owe their dominance in part to the power of our normative language to hold them in place, and it is always open to us to employ the resources of our language to undermine as well as to underpin those practices. We may be freer than we sometimes suppose. (Skinner 2002, 7)

In addition to the obvious paraphrasing of Foucault's famous claim that we are freer than we think we are, this passage provides ample evidence that Skinner shares Foucault's concern with demonstrating the degree to which the concept of liberty is not only constructed but also contingent, and therefore subject to change. To my mind, the important distinction between Skinner and Foucault has to do with the kinds of evidence they consider, and with the kinds of arguments that result from consideration of this evidence. Skinner's focus is on understanding the ways in which a given concept fits into a larger whole (his "complete social philosophy"), and how this fit (along with the concept itself) may be seen to change over time; as such, he focuses largely on the history of political theory. Foucault, on the other hand, is more interested in the process by which the power/knowledge nexus produces regimes of truth within which a given claim (for instance, "The economy is a distinct realm of human activity") might be recognized as "true." Foucault's project, to be sure, may result in some estrangement from "contemporary ways of thinking

and acting,” but it also has the (in my view, more important) potential to highlight the process by which an effect like the economy might come to be, not as a historical inevitability, but rather as the contingent (or, as Trouillot would say, “made”) result of particular political actions to solve concrete political problems. While Skinner focuses on the history of political theory, then, Foucault focuses instead on what is said in (everyday) discourse, on how particular problems (and their solutions) are framed, and on the regimes of veridiction that are required to make sense of the successes and failures of these truth claims.

While there are certainly complexities and complications involved in the effort to align these two projects within a single examination of the history of a concept, I’m not sure that they are sufficiently extreme to warrant the authors’ assertion that “... [a]ny attempt to establish an analytical synthesis would... not only be a sign of disrespect but also very likely result in throwing out the sharp and valuable analytical edges of the two approaches” (139). Moreover, one need not necessarily synthesize the two approaches in order to suggest that they may yield insights that are complimentary to one another. While Skinner’s method is useful for illustrating the ways in which we might improve our understanding of historical texts through an examination of the context of their production and the evolution of the concepts they employ over time¹⁰, it pays little attention to the production and nature of the subjects who produce and interpret such texts, and to the array of power within which both the subjects and the discourses in question operate. In fact, as Vucina *et al* go on to note, “Foucault’s analyses of subjugated forms of knowledge

¹⁰ For this reason, Skinner’s method informed much of the work in Chapter 3, where I seek to examine the process by which we read the economy back onto Adam Smith.

may support Skinner's analyses of political language by paying attention to [both] discourses that were hegemonic (and achieved the status of *classics*) and those that for a variety of reasons never obtained that status" (139). Discourse is always plural, both in the sense that it always includes resistance to the dominant discourse, and in the sense that it encompasses many different regimes of veridiction (economics, policy, finance, etc) that play off one another.¹¹

Additionally, as James Tully points out, Skinner and Foucault are both part of a tradition of thought that understands speech as a kind of action. This shared tradition can, according to Tully, be outlined as follows:

Speaking and writing are viewed pragmatically and intersubjectively as linguistic activities performed by speakers and writers as participants in language games. Actors in practices of governance and theorists who present rival solutions to a shared political problem are approached as engaged in the intersubjective activities of exchanging reasons and justifications over the contested uses of the descriptive and normative concepts by which the problematic practice and its forms of subjectivity are rivaled and disputed. The exchange of reasons in this broad sense of practices of argumentation is both communicative and strategic, involving reason and rhetoric, conviction and persuasion. Participants exchange practical reasons over the contested criteria for the application of concepts in question (sense), including the concepts of 'reason' and 'reasonable', the circumstances that warrant the application of the criteria, the range of reference of the concepts, and their evaluative force, to argue for their solutions and against others. (2002, 542)

As such, while there may be significant differences in their focuses, there also exist broad consistencies in their epistemological and methodological outlooks that should allow us to use their techniques in a complimentary fashion.

One way in which we might take advantage of Foucault's consistent attention

¹¹ It is to this plurality of discourse, and to the successes and failures to challenge a regime of veridiction, that I will turn my attention in Chapters 2, 4 and 5.

to difference and to “subjugated forms of knowledge” is to allow his insight to prevent us from making the claim that “the economy” is a unitary object, perhaps subject to continued contestation and negotiation, but still always carrying some particular meaning (and hence, not others). Instead, we might heed Foucault’s claim that:

Politics and the economy are not things that exist, or errors, or illusions, or ideologies. They are things that do not exist and yet which are inscribed in reality and fall under a regime of truth dividing the true and the false. (2008, 20)

To put this another way, when we use the term “the economy” we participate in the construction and maintenance of a particular regime of truth within which the existence “the economy” has the status of truth (as opposed to falsehood). Far from being fixed, this term is constantly being reinterpreted, reified, and (superficially?) modified by our continuous claims about what it is, what it is not, and what it is different from. Such a claim is, of course, entirely consistent with our attempt to view the economy as an effect, but the addition of Foucault’s framework provides some guidance about how we might go about extending Mitchell’s critique into a positive analysis of the process by which such an effect is created and maintained.

Given Foucault’s insights regarding the operation of power/knowledge, perhaps the most we can hope for from such an analysis (and it might be something worth hoping for) is that it helps us to participate in the production and maintenance of a regime of truth with an eye toward the nature of its construction and an aspiration to re-construct it in ways that suit our preferences and demands.¹²

¹² Our discussion of conceptual change in Chapters 4 and 5 will take up this question in detail.

In her examination of the history of the concept of “patriotism,” for example, Mary Dietz demonstrates not only that patriotism is itself a relatively new word, but also that over its short life it has gone through significant transformations in both its meaning and its relationship to other related concepts (177-193). She points out that when the term “patriot” first came into use in English in the sixteenth century, it simply meant “countryman”. However, over the course of the next half-millennium, it has gone through a number of meanings, including Whig partisan (with a connotation of political martyrdom), Tory partisan (with a connotation of faithfulness to King and country), defender of liberty and property against tyranny, socialist or working-class partisan (as against the increasingly class power of the bourgeoisie), and finally nationalist partisan of the “my country right or wrong” school. In tracing these developments, she notes that several of these shifts hinged on what Skinner refers to as the direction of the term’s evaluative force. “Patriot” could be used as a term of praise or condemnation, depending upon the context of its use and the identity of the speaker and the subject. What’s perhaps most striking about Dietz’s history of this concept, however, is the degree to which the shifts she identifies depend both upon the willful and intentional speech acts of elites (as when she details the efforts of 17th century poets to appropriate the term to the Tory cause) (184), and on the larger context in which the term must operate, as when she notes that:

By the late nineteenth century, a transformation of political and economic forces and the related rise of more potent “statist” symbols significantly diminished the meaning of patriotism in the special sense of constitutional reform and... economic egalitarianism. (189)

Dietz treats this change as an unexplained background phenomenon against which

we might better understand the changes she details in the concept of patriotism. The change in context seems to be viewed entirely as a cause of the change in concept, with no attention to the possibility of a causal relationship in the reverse direction. However, if we attempt to understand this story in the context of Foucault's claim that politics and the economy are "inscribed in reality and fall under a regime of truth," we can begin to trace the ways in which particular individuals, in their efforts to solve specific, concrete problems with which they were faced, participated in the production and alteration of regimes of truth under which claims that political and economic forces had changed could be endowed with the status of truth. That is, Dietz's story about patriotism, which is excellent in its own right, and which depends largely on a Skinnerian conceptual history, could be enriched considerably by the addition of a Foucaultian examination of the power/knowledge operations that contribute to the production and reproduction of both a state effect (the production and maintenance of a distinction between the state and external totality) and an economy effect that make it possible to recognize her claim regarding "a transformation of political and economic forces" as true. In addition to the general value of enriching our understanding of the history of the concept, such an approach has a distinct advantage for those of who are interested not merely in describing politics, but in participating in it. If the changes in the concept of patriotism depended, in large part, on changes in the "political and economic forces," then accepting them as background effect (as Dietz seems to) suggests that we must simply wait for a change in conditions if we seek to innovate with respect to a concept. On the other hand, if we follow Foucault in understanding

such shifts as the result of distinct actions and choices on the part of particular individuals, then we might ask ourselves what actions we might take, what choices we might make, that could have the effect of opening the conditions of possibility for innovation with respect to the concept in question.

Such a perspective allows us to take advantage of Skinner's insights regarding the ways in which language choices by elites can have significant effects on the meaning and inflection of terms, and as a result, on the concepts represented by those terms, while at the same time keeping sight of the fact that this whole universe of concepts rests on particular regimes of truth that are themselves in a constant state of contestation and change, and that rely upon particular manifestations of power/knowledge. Moreover, while Skinner's method will tend to emphasize the continuity of these concepts, as they go through a process of shifting inflection and meaning, Foucault's method will tend to emphasize disjuncture and discontinuity. This can be useful in at least two ways: first, it helps to create a strong sense that things not only were otherwise in the past, but could have been otherwise in the present, and therefore could be otherwise in the future; and second, a consciousness of these disjunctures and discontinuities helps to highlight the ways in which the operation of power relationships contributes to (or resists) the process of conceptual innovation.

This second point perhaps requires some additional clarification. While Skinner is primarily concerned with the ways in which terms and their concepts are deployed by speakers and authors who are today recognized as having formed important parts of a conceptual conversation that spans from the past to the present,

Foucault's focus is less on who is speaking (or the intentions of actors) and more on what is said and its effects. There are (almost) always, of course multiple kinds of things being said (and written) about any given subject and any given point in time; there are (almost) always competing discourses, and discourse is always plural. However, some of these things will be recognized as having the status of "truth" while others will not, and it is difficult to think about why this might be the case without bringing power into the conversation. In "The Subject and Power," Foucault suggests that, in contrast to the Frankfurt school's focus on understanding Enlightenment rationalism, there is:

...another way to go further toward a new economy of power relations, a way that is more empirical, more directly related to our present situation, and one that implies more relations between theory and practice. It consists in taking the forms of resistance against different forms of power as a starting point... Rather than analyzing power from the point of view of its internal rationality, it consists of analyzing power relations through the antagonism of strategies. For example, to find out what our society means by "sanity," perhaps we should investigate what is happening in the field of insanity. And what we mean by "legality" in the field of illegality. And, in order to understand what power relations are about, perhaps we should investigate the forms of resistance and attempts made to dissociate these relations. (2003, 128-129)

Such a strategy leaves us with some important questions about initiatives like the GEI that seek to modify "the economy" in particular ways. For instance, what is the economy that we understand as available for modification by the term "green" (or any of a host of other adjectives like "alternative" or "social")?¹³ To what type of economy does the "green economy" stand in opposition? In this respect, perhaps, a "green economy" may be like a "person of color;" implicit in the existence of each of

¹³ In its recent ruling on the Affordable Care Act of 2010, the Supreme Court even went so far as to refer to "healthcare economies."

these concepts is an understanding that some other form of the thing they denote is more given than the form in question. If this is the case, what is the economic equivalent of “whiteness?” And finally, does the “green economy,” along with other modified economies like it, constitute a site of the kind of resistance that Foucault describes? If so, what we can determine about the power relations that inhere in the economy by examining such sites of resistance? We’ll return to these questions, and examine them in detail, in Chapters 4 and 5.

First, though, it’s worth noting that these questions become particularly perplexing when one begins to enumerate the ways in which “the economy” can be brought into play. Leaving off, for the moment, the various modifiers to which the term may be attached, the economy can be an actor (“the economy created 10,000 jobs last month”) or an area for action (“President Obama today unveiled his new plan for the economy”). It can be national, or global, or even local (or micro). It can be singular (“the economy”) or plural (“local economies”). If we drop the indefinite article, economy can be a noun adjunct (as in the classical “political economy”); a noun denoting thrift, a complex system, or a particular sphere of human activity devoted to production, distribution, and consumption; or an adjective describing a particular type of human activity (and it’s corresponding social science). How is it that, in the face of so much uncertainty, so many slippages, so many conflicting and colliding discourses swirling around “the economy,” there could be any meaning at all to a standard (as opposed to alternative), colorless (as opposed to green), or free-standing (as opposed to social) economy? How do such a term, and its corresponding constellation(s) of meaning, serve as a limit to the possibilities for

political action? What kinds of conceptual innovation might the recognition of this particular locus of power/knowledge enable? What are the possibilities and limits imposed upon us by our conception of the “the economy?” That is, clearly the modifications of “the economy” noted above (green, social, alternative) are understood by their advocates to resist the hegemony of “the economy,” but as simple modifications, they are still subject to the limitations places on the imagination by the conceptual apparatus of “the economy” itself. As particular kinds of economies, they must still be economies. Is this simply a structure from which it is impossible to break free, or are there ways in which we might conceive of the complex web of human interaction that includes processes of production, consumption, and distribution but does away with the category of “economy” entirely?

Another set of intriguing questions is added when one considers that, as recently as 150 years ago, it would have been unintelligible to say “the economy.” The indefinite article was absent, and only its noun adjunct and adjectival forms were intelligible. Some small number of trained economists or political economists were beginning to talk about national economies as early as the second half of the 19th century, but the term didn’t have anywhere near the kind of real existence and unconscious acceptance it enjoys today. So, to the list of questions above, we might add, how did “the economy” come to be inscribed in the regime of truth in such a relatively short period of time? And, for that matter, how did we come to talk about it as though it has always been there, and as though others have always been talking about it?

It is to these questions that I will turn my attention in this dissertation. It is not my intention to destabilize “the economy” as an effect, though I certainly wouldn’t mind if that happened. Instead, my goal is more modest: I seek to map some of the discursive trends that have contributed to the emergence and historical becoming of “the economy,” as well as to its durability, and to provide a framework within which to think about strategies for combatting the economy effect that may be open to those of us who wish to resist or reconfigure some aspects of the “the economy” as it exists today, rather than merely offering a modification to the “standard” version such as a “green economy.” In this attempt, I will seek to take advantage both of Skinner’s insights regarding the nature of appraisive terms and their role in conceptual change, and of Foucault’s suggestions regarding the relationship between truth and power, while all the while seeking to expand on Mitchell’s idea of “an effect” as it might relate to the economy.

I hope that, to return to the example of my experience with Health Services, labor organizers might be able to use this frame of resistance to, and reconfiguration of, the constraints of the economy to help them steer the debate when an employer tells them that health care costs for their members must rise because of “the economy.” Instead of being left with the twin losing options of admitting defeat or attempting to show the employer that savings can be found elsewhere in order to maintain existing healthcare costs,¹⁴ an organizer who understands the economy as

¹⁴ Unions seem forever to be caught up, for example, in debates over executive pay. While the unfairness of high wages for executives coupled with low wages for workers is clear, the math is typically such that, were executive pay reduced to some reasonable multiple of average worker pay, and the resulting surplus distributed

an effect that is dependent both on its perceived appraisive value and on its position within a given regime of truth might respond by attempting to engage in practices of negotiating that are at once intelligible as practices related to the economy and incompatible with the rules of the economy as they are commonly understood. One might suggest, for example, that the dictates of the economy require that we shift our attention from buildings to workers, as there can be no economic activity at all without healthy workers. Perhaps, a bold negotiator might even argue, the economy demands that the workers discontinue their labor unless the minimum needs of wages, healthcare, job stability, and decent working conditions are met.

Clearly, active and conscious engagement in such a strategy of resistance cannot eliminate the very real power relationship that obtains between workers and employers. No amount of rhetorical maneuvering can change, for example, the availability (or lack thereof) of replacement workers. However, different moves in this game can highlight some truths while diminishing the appearance of others. The move to contrast a “green economy” to “the economy,” for instance, serves to highlight truths about the environmental cost of business as usual and the job creation potential of wholesale change in our structure of production while diminishing the appearance of truths about profit per unit or lowest feasible short term cost. A succession of such moves might even have the effect of causing sufficient slippage in the (always contested) meaning(s) of “the economy” that it could cease to be meaningful to contrast the two at all. As we are beginning to see with the advent of “green” products, such a series of moves can also have the effect

among the workers, each of these workers would receive a pittance. Thus, this is almost always a losing gambit.

of increasing profit per unit through increasing demand. People are willing to pay more for products they understand as green; as such, a representation of “the environment” which was initially deployed in opposition to “the economy” may in fact have the effect of increasing profits as they are conventionally understood.¹⁵ This is not an inherently good or bad phenomenon from the perspective of the environment (because, of course, its goodness or badness depends upon the real environmental impact of increased consumption of those products labeled “green”), but it does show one way in which a conscious strategy of resistance can have the effect of altering the construction of the economy.¹⁶

In fact, one might view the whole history of “the economy” as a continuous process of the incorporation of particular (again, always contested) modifiers resulting in the maintenance of the appearance of naturalness. In such a story, the modifier “free-market” might have been one of the first modifiers to be so incorporated, so that today one need not specify that “the economy” we are discussing is based upon markets rather than planning. Other incorporated modifiers might include “national” and “global” (as the economy seems generally assumed to be both at once), “information”¹⁷ and “service,” or even “neoliberal” and “neoclassical.”

Such a perspective may prove enormously valuable to those of us who wish to intervene (or participate actively) in the production and maintenance of the

¹⁵ This relationship is particularly interesting because, in many respects, the environment may be viewed as an effect in much the same way as the economy or the state.

¹⁶ We’ll take up the question of the efficacy of such a strategy in Chapter 4.

¹⁷ The idea that information was an economic good may once have been novel, but it certainly is not so today.

economy. If we think of “the economy” as a site of competing discourses, always including those discourses centered on alternatives to “the economy” in its presumed natural state, then we may act strategically by posing alternatives that have the potential to influence its trajectory in ways that we prefer. As “green economies” transition from their status as a radical critique of “the economy” to a central aspect of its presentation by many, those of us who are concerned not only with the effects of specific production techniques and materials on the environment, but also with the potential damage produced by any system informed by a logic based on constant growth must find new ways to pose an alternative to this logic.¹⁸ In order to consider how we might engage in practices that are at once intelligible as part of “the economy” and also incompatible with the rules by which we understand the economy to operate, we must first turn our attention to the process by which the economy effect emerged, and to some of the practices through which it continues to be produced and maintained.

¹⁸ This suggests a potential pitfall for anyone interested in conceptual innovation with respect to the economy; such conceptual innovations, by virtue of the fact that they are intelligible as related to the economy, are susceptible to appropriation and incorporation. They can, that is, be modified in such a way as to eliminate their incompatibility with the rules of the economy. “Green,” in such a context, ceases to function as an alternative to growth and any cost, and instead comes to designate simply a particular kind of growth (that is, growth in the production and distribution of products designated as “green”).

CHAPTER 2

AN ETYMOLOGY OF THE ECONOMY

A. Introduction

In a study of any concept, it is useful to start with a history, or etymology, of the term itself. I will argue that the term “economy” wasn’t used in anything resembling the contemporary sense until the late 19th century at the earliest, and that a history of the multiple uses to which the term (and it’s accompanying conceptual apparatuses) has been put will help to put both the specific nature and the contingency of the current arrangement in context.

It is common practice to begin any etymological analysis of “economy” with reference to the Greek roots *oikos* and *nomos*, meaning household management (e.g. Weber, 1978). For example, in his *History of Economic Analysis*, Schumpeter suggests that we should distinguish between “Economic Thought,” which he defines as “the opinions on economic matters that prevail at any given time in any given society and belong to the province of economic history rather than to the province of the history of economics,” and “Economic Analysis,” which must be the result of self consciously scientific investigation of economic phenomena. While Economic Thought, he suggests, is nearly as old as organized human society, Economic Analysis begins with the Greeks (Pt. II, Ch. 1.1). In making this claim, Schumpeter does our project a service by highlighting the examples of Economic Thought that precede the Greeks but do not meet his bar for status as Analysis. Assyrians and Babylonians, for example, had credit and banking, but not Economic Analysis. Curiously, according to Schumpeter, “The sacred books of Israel, especially the legislative portions of them,

reveal perfect grasp of the practical economic problems of the state of Hebrew state. But there is no trace of analytic effort” (ibid).

Schumpeter points out that the Greek discipline of *Oeconomicus* “meant only the practical wisdom of household management” (Pt. II, Ch. 1.2). It is instead to the Aristotelian concept of Chrematistics (the science or study of possessions or wealth) that Schumpeter points as the first example of Economic Analysis proper.

Interestingly for our purposes, he complains of Greek economic thought in general that “they merged their pieces of economic reasoning with their general philosophy of state and society and rarely dealt with an economic topic for its own sake” (ibid). What Schumpeter sees as a failure to recognize economics as a distinct field might instead be interpreted as evidence that the seemingly natural distinctions between the economy, the state, and society did not exist for the Greek thinkers in question. They had neither the words nor the concepts for disaggregating or demarcating human activity in the ways that we now take for granted.

It is important to note, however, that despite the strong linguistic link between the Greek *oikos* and the contemporary economy, the term itself has gone through a number of permutations that are not directly related either to household management or, in fact, to the direct distribution of material goods. For example, in 1651 Hobbes wrote that:

...in old time there was a manner of living, and as it were a certain economy... living by rapine; which was neither against the law of nature (things then so standing), nor void of glory to those who exercised it with valor, not with cruelty. (Hobbes, 64)

Here he uses “economy” to mean a “manner of living;” this may foreshadow the term’s transformation to mean “[t]he organization, internal constitution,

apportionment of functions, of any complex unity” (OED). This understanding of economy as the unity (or order) of a complex system came into popular usage during the 17th and 18th centuries with a particular focus on nature (OED). In 1749, Isaac Biberg penned a tract entitled “The Oeconomy of Nature” in which he noted that “[b]y the Oeconomy of Nature we understand the all-wise disposition of the Creator in relation to natural things, by which they are fitted to produce general ends, and reciprocal uses” (39). Similarly, in his 1785 work *The Task*, poet William Cowper discusses the appropriateness of killing insects and other vermin. If they come into one’s home, or other protected spaces, it’s acceptable to kill them.

However:

Not so when, held within their proper bounds,
And guiltless of offence, they range the air,
Or take their pastime in the spacious field:
There they are privileged; and he that hunts
Or harms them there is guilty of a wrong;
Disturbs the economy of Nature’s realm,
Who, when she form’d, design’d them an abode.
(139)

Other uses included “the proper management of the body” (from 1632), “the method of divine government of the world” (from 1577), and “the structure, arrangement, or layout of something made or created by human design” (from 1637). (OED)

Additionally, and of significant importance for the project at hand, economy has been used to denote thrift or the careful stewardship of limited resources since at least the late 17th century. In his 1670 translation (or “Englishing”) of Guillaume Girard’s *The History of the Life of the Duke of Espernon: The Great Favourite of France*, Charles Cotton writes thusly of the Duke’s renowned stinginess (or thrift, depending upon one’s perspective):

Many have since been very liberal in their censure of the Duke's Oeconomy, and which many unjust to his Honour, and not very kind to him, have blemish'd with the name of Avarice: I cannot deny that but that the Oeconomy of his House was great; neither do I see why that should not have its due Honour amongst his other Vertues; he being in this as much a Steward for the publick, as for his own private Interests... (62)

By the late 18th century, Thomas Jefferson was using the term to refer not to thrift in general, but instead to a particular concrete instance of thrift ("The suppression of the packets is one of the economies under consideration." (OED)), and by the very early 19th century he was also using it to refer to efficiency in the disposition of non-material resources:

...I have begun a sketch, which those who come after me will successively correct and fill up, till a code of rules shall be formed for the use of the Senate, the effects of which may be accuracy in business, economy of time, order, uniformity, and impartiality. (4)

It is not, however, until 1892 that the Oxford English Dictionary points to the first use of economy to mean "The organization or condition of a community or nation with respect to economic factors," in the following phrase from the *Journal of Political Economy*: "Taxes are still the main support of the State's economy." (OED)

A number of important transitions, each occurring over the course of the 19th and 20th centuries, and each the product of an individual or group's efforts to solve concrete political problems, contributed to the development of the contemporary economy as an effect. One of these transitions was the emergence of academic economics as a discipline in need of an object. The object, the economy, thus came into being not by an accident of language or by a slow emergence of inevitable processes, but rather as the culmination of a series of efforts to distinguish the study of "economic" activity from that of politics or of society. In particular, the

development of the economy served as a solution to problems faced first by newly professionalizing economists seeking to distinguish their field of study from established fields such as politics and sociology, and then by a subset of newly professionalized economists seeking to bolster their methodological perspective against challenges from competing schools of thought. Throughout this story, the usage and inflection of the term “the economy” will continue to shift, as different actors seek to deploy it in novel ways.

While there is significant shifting in the usage of the term over time, one thing we can observe from the brief history of the word provided above is that each subsequent usage is constrained by the history of prior usages. In the transition from economy as complex system to economy as *management* of a complex system, intelligibility is maintained because the term does not come to mean management of any system whatever, but only those systems that are sufficiently complex, like the body or government. Similarly, in the later shift to “careful stewardship of limited resources,” intelligibility is maintained insofar as this is really simply a further restriction of “management of complex systems.” In some respects, we see the usage diverge away from this focus on complexity (as in the example of Jefferson using it to denote specific instances of thrift), but such divergences cement the relationship between “economy” and the disposition of material goods, such that the move by the economists of the late 19th century to revise the term once again to denote “the organization or condition of a community or nation with respect to economic factors,” is intelligible with respect both to the conception of economy as a complex system and to the alternate conception of economy as related to thrift (or efficiency).

Each of these shifts requires some conceptual innovation, to be sure, but such innovation must occur within a context that allows the term to maintain at least the appearance of continuity.

B. Marx and the Economy

If, as I have suggested here, the term “the economy” doesn’t come into usage in the contemporary sense until the late 19th century, and if, as I will argue in the next chapter, even the conceptual apparatus was not available to those who are commonly looked at as its inventors, where shall we begin to look for the genesis of this conceptual apparatus? One obvious place to start in our search for the origins of the contemporary economy is the work of Karl Marx. His system of thought clearly assumes that economic activity is subject to discoverable laws, and is to some degree independent of other human activity. However, while there are some important similarities between the economic base as articulated by Marx and the contemporary economy, there are also sufficient differences to say that the two are related, but distinct from one another.

As Hodgson (2001) points out, however, Marx appears to be interested not in some grand general idea of the economy, but rather in the specific economic formations that correspond to particular “modes of production.” For this reason, Hodgson argues, we might understand Marx as an important precursor of the German historical school, which we’ll discuss in more detail below. One aspect of Marx’s thought that is important for our story is that instead of focusing on general questions about how “the economy” works, the vast majority of his work is focused on the specific question of how capitalism functions as a historically specific

formation. This focus would be echoed by the historical school's insistence that all economic reality is contingent on the specific time and place in which it is found.

Hodgson and others (e.g. Resnick and Wolff 1989, or Gibson Graham 2006) have noted, however, that Marx's theoretical position is not at all devoid of general or totalizing principles. Instead, such principles are applied not directly to questions of specific economic relations, but to the overall field within which such economic relations are constituted and contested. That is, capitalism may be a historically specific formation, governed by its own historically specific laws, but the logic by which primitive accumulation flows into feudalism, and feudalism into capitalism, is a prime example of a general, ahistorical principle.

Hodgson's distinction between those early economists who were looking for universal, transhistorical principles, and those who were interested in the historically specific nature of economic problems may be useful in our attempt to find the roots of "the economy." If, as I have argued in Chapter 1, the contemporary economy is typically imbued with traits of independence, uniqueness, impersonality, protection of inequality, potential for infinite growth, naturalness, inevitability, and agency, the presence of these traits seems to be rooted in the idea that the economy is a trans-historical given. Certainly the ideas that a society could not function without an economy, and that the economy has always been an object available for discovery seem to support the position that one might find a set of general laws that apply to all economies in all situations. Similarly, the other criteria I have suggested for the contemporary economy may be easily related to an ahistorical formulation of a set of abstract rules and laws. As such, while Hodgson's distinction between the

historicist economists and those who are convinced of the possibility of general theory is not the same as the distinction for which we are searching (that is, one between those economists who did not conceive of “the economy” in the contemporary sense (or senses) and those who did/do), his categorization may be a useful precursor to ours; it might not be possible to conceive of the economy in the contemporary sense(s) without first siding with the generalizers over the historicists, as only the generalizers understand the economy as an object (though we would, of course, say “effect”) that conforms to a given set of criteria at all times in all places, and it is such an understanding that undergirds the economy’s appearance as natural and inevitable.

If this is the case, one might quite reasonably wonder where Marx fits into this cosmology. Is he a theorist of the historical specificity of capitalism, or of the general dynamics of change in economic systems (formations of the economy)? He is, I think, much closer to the latter than the former, despite his clear preoccupation with the capitalist form and the minutiae of its operation. Consider, for example, the following broad statement of principles penned in 1859:

The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarised as follows. In the social production of their existence, men inevitably enter into [sic] definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure [German: ökonomische Struktur] of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. (1977)

If the relations into which men enter in the context of economic activity are both “inevitable” and “independent of their will,” one might reasonably infer that Marx is

making a claim not simply about the specifics of the capitalist mode of production, but about the generality of human existence and the autonomy of the economy. While the particular form of these relations might not always conform to the structure of capitalism, it certainly seems as though Marx is making a universal claim when he suggests that these relations, in the aggregate, “[constitute] the economic structure of society, the real foundation...” Where there is society, there is an economic foundation, and this foundation is the result of the “totality” of individual relations of production.

As such, Marx’s work at least sets the stage for the kind of universal thinking that is necessary to contemplate the economy in its contemporary sense. In fact, from the foregoing discussion, it seems reasonable to ask whether we might have found in Marx an early articulator of “the economy” in all but name. While there are certainly some compelling similarities, there are also some important differences between “the economy” and Marx’s trans-historical connection between relations and forces of production.

Perhaps the most obvious is that, for Marx, the *mode of production* is not in any way exempt from moral or ethical concerns. In fact, the relations of production are in many ways responsible for the production of those moral and ethical concerns that are specific to a given mode of production. “The ideas of the ruling class,” as Marx says, “are in every epoch the ruling ideas” (1978, 72), and the nature of these ruling ideas will always be determined, to some extent, precisely by the structure composed of the relations and forces of production. This structure, it is important to note, is not simply given, but is rather produced by the activities of

individuals operating within certain constraints. “The social relations, and therefore the social position of the agents of production in relation to each other, i.e. the *relations of production*, are themselves produced: they are also the constantly renewed result of the process” (1991, 1065). So, for example, the moral sanctity of private property and individual rights are themselves products of the interaction between the forces and relations of production.

At the same time, however, Marx’s entire teleological schema rests upon the premise that there are certain trans-historical ethical principles that supersede the merely superficial ruling ideas of a given ruling class. How else might we explain the inevitability of the uprising of the proletariat in the face of exploitation by the bourgeoisie? Certainly, though Marx would like to present his work as the result of purely scientific inquiry into the mechanisms of capitalism, there is a normative claim at work in the assertion that all profit by capitalists is the result of a process known as “exploitation.” Marx’s effort to define exploitation in purely descriptive terms, rather than moral ones, is unconvincing at best.

One the one hand, the daily sustenance of labour-power costs only half a day’s labour, while on the other hand the very same labour-power can remain effective, can work, during a whole day, and consequently the value which its use during one day creates is double what the capitalist pays for that use; this circumstance is a piece of good luck for the buyer, but by no means an injustice towards the seller. (1991, 301)

Despite his claim that there is no injustice in the situation described, he also suggests that the worker in such a situation is having the wool pulled over his eyes by the capitalist (300) and that the capitalist himself views the whole situation and responds “with a hearty laugh” (300). While there may be no injustice on the

superficial level of bourgeois ethics, Marx clearly sees some broader set of ethical concerns as relevant to his story of economic change.

This brings us to the next distinction, which is that for Marx, those processes and practices that he describes are far from natural, and do not effectively perform the function of rendering invisible the political and social inequalities that result from them. The moral component of Marx's theory makes it impossible for him to understand the inequalities of capitalism (for example) as natural, because he is so focused on the potential for history to overcome these inequalities. It is the absence of inequality that is natural for Marx, a situation that is not without its own problems, but which clearly distinguished his view from what is evoked today by "the economy."

Finally, while Marx's focus on the transhistorical forces dictating economic change might set the stage for the kind of universalist thinking that is necessary to contemplate the contemporary economy, his universalism is fundamentally different from that embodied in "the economy." For Marx, the universal is embodied in history itself, and it is articulated as a universal movement toward an end point. Unlike the contemporary economy, which is a domain subject to inexorable rules and laws that will, in theory, be the same in any time and place, but will never achieve any kind of lasting equilibrium (in part, because of the necessity for constant growth), Marx's history is subject to a set of inexorable laws and rules that will lead it to a particular end point and stop. Thus, while the economy in the sense of an agent or historical actor may have its roots in Marx, there are important differences between Marx's ideas and the contemporary economy effect.

C. The Historicists, the Marginalists, and the Struggle for Control of the Discipline¹⁹

While Marx's work was certainly important to the development of "the economy," it was two of his contemporaries, Wilhelm Roscher and Friedrich List, whose work was most influential in the development of what would become known as the German historical school, one of the first schools of economic thought to begin referring to the "the economy" in a way that would be intelligible to the contemporary reader. Though they are completely absent from Paul Samuelson's hugely influential *Economics* textbook (first published in 1948),²⁰ the proponents of the German historical school positioned themselves in opposition both to the Classical school of economics (dominant through the mid-19th century in British economic thought) and the Marxist school (which was becoming an important force in German economic thought during this period). A vocal minority has argued that the importance of the Historical school to modern mainstream economics has been underestimated by many economic historians (e.g. Balabkins, 1993).

In 1827, Friedrich List made the argument that classical political economy had gotten it wrong by thinking of wealth as a literal physical stockpile of goods (see Chapter 3). There were, according to List, three main components of capital: natural, material, and mental (Levi-Faur, 1997). This was important because it suggested

¹⁹ It is not my goal, in this section, to trace the history of the development of economics as a professional discipline, as this work has already been completed by a number of accomplished scholars (e.g. Ross, 1991; or Fourcade, 2009). Instead, I will focus on the production of the economy as an object for study as it relates to this process of professionalization.

²⁰ See below for a slightly more detailed discussion of this text and its importance to the story at hand.

that policy directed merely at increasing material wealth might not actually have the effect of increasing a nation's wealth in the long term. Levi-Faur uses an interesting example of List's reasoning based upon an example of two farmers. Each of the farmers has five sons and the two farmers have equivalent plots of land. One of the farmers employs all five sons as laborers on his farm, maximizing the present yield of the land, while the other farmer employs two of his sons in this way (while also ensuring that they are educated in the latest techniques of agriculture), and sends the other three away to learn trades. After the two farmers' deaths, the first farm is cast into disarray, as it must be divided five ways, and none of the resulting farms will be sufficient to raise a family. Meanwhile, the second farm must be divided only two ways, and each resulting farm will be sufficiently productive as its proprietor will be in a position to bring modern knowledge to bear. The three remaining sons of the second farmer will be, by this time, comfortably ensconced in their new professions (1997 [List made the original argument in 1827]). The point of such a parable, for List, is that a difference in the production and distribution of mental capital (knowledge) can render an otherwise equal situation profoundly unequal. For this reason, a state that regulates only the movement and production of material goods has no hope of achieving complex economic ends. In order to make good economic policy, a state must consider every aspect of society, and especially education, as existing in complex interaction with the material production of wealth.

Following List's lead in his critique of classical political economy in his *Principles of Political Economy, Volume I* (published in German in 1854, translated to English in 1878), Roscher makes numerous mentions of the national economy:

If, by the public economy of a nation, we understand economic legislation and the governmental guidance or direction of the economy of private persons, the science of public economy becomes, so far as its form is concerned, a branch of political science, while as to its matter, its subject is almost coincident with that of Political Economy. Hence it is, that so many writers use the terms public economy, or the economy of the state (*Staatswirtschaft*), and National Economy (*Volkswirtschaft*), as synonymous. The hypothesis, in accordance with which, this science should discard all consideration of the state, or should refuse to presuppose its formation, would lead us into an ideal region, difficult to define, probably entirely impossible, and inaccessible to experience. (91)

Far from the universalism expressed by Marx, Roscher took the position that to conceive of “the public economy” without considering the specific nature of the state in which it was found was “probably entirely impossible.” Such a position was a hallmark of the German historical school, which suggested that all studies of economic phenomena must be conducted with an eye to their historical specificity, which included looking at both the legal and the social context in which they occurred (Hodgson, 56-64).

Such a position was not, of course, without some pitfalls. The most important of these, for our purposes, was that the Historical school had to explain how, if economic phenomena can only ever be considered in a specific historical context, one could ever hope to know that the phenomena being addressed were, in fact, economic in nature. That is, just because a given set of activities (gift giving, for example) are part of what we might describe as “economic” activity in one society and one point in history, how do we know that they are so in another society at a different point in history? The answer, of course, is that we can’t know this. For this reason, the noun form of “economy,” with the indefinite article added, became a useful conceptual innovation for the historical school. Regardless of the contextual

shifts that might occur between societies, or between specific moments in history, if “the economy” (or “the public economy”) was a **thing or a place**, rather than simply a set of activities, then the historicists could study it across all places and moments, asking not, “Is this economic?” but rather, “What does the economy do in this context?” “The economy,” in this context, became almost paradoxically an abstract concept that could not be properly conceived in any respect but by its name outside of concrete and specific circumstances.

By the 1880s, references to “economy” as a stand-alone noun began to become more common in the English language. For example, in an 1880 edition of *Economic Studies* by Walter Bagehot, one may find a chapter entitled “Adam Smith and Our Modern Economy.” However, throughout the text, Bagehot uses the term “economy” only as part of the compound “political economy,” or in its older meaning of thrift or efficiency. Thus, the “Modern Economy” in the chapter title seems to be shorthand for “modern political economy.” We may find support for such a reading in American economist Henry C. Adams’ “Relations of the State to Industrial Action” (1887), in which he makes the following statement about “English economy:”

Yet this [the presumption that common sense is superior to a scientific principle] is the unfortunate position into which Professor Cairnes, by his trenchant analysis of the scientific claims of *laissez-faire*, has brought English economy. In its present condition it is a system of thought whose formal arguments are quite in harmony with the assumption that there exists a premise of action of scientific pretensions, but the life and force is taken from these arguments by the denial of such a premise.

Leaving aside, for the moment, the larger argument Adams is making here, his language makes it clear that “English economy” is a “system of thought.” In positing this identity, Adams suggests that by “English economy” he means the same kind of

thing his contemporaries meant by “English political economy,” referring directly to the body of theory derived and subscribed to by English political economists.

The mid 1880’s, however, may be a period during which this older use of the term began to overlap with a newer use, which looks much more like the contemporary economy, particularly in the context of academic writing. In 1885, Richard Ely, one of the founders of the American Economic Association, published his “Report of the Organization of the American Economic Association,” in which he “approved state economic action, called on economists to turn from the older ‘speculative’ economic methods to historical ones, and named the ‘conflict of labor and capital’ the central problem of modern economics” (Ross 1991, 110). The statement, along with the deliberate exclusion of William Graham Sumner, the powerhouse of classical, *laissez-faire* economics, from the newly formed Association, served to highlight a substantial ideological split between economists who supported the older, classical political economy model and those were heavily influenced by the more contemporary critiques of the German Historical school. In this split, as well as in the framing of the debate discussed below, we can see the rising influence of the Historical school in English-language debates over the direction of academic economics.

In 1886, Science Magazine published a discussion between the “old school” and “new school” economists of the day. The “old school” was represented by three economists: Arthur T. Hadley, Frank W. Taussig, and Simon Newcomb. Hadley and Taussig were both part of the younger generation of economists at the time, contemporaries of Ely and the other “new school” economists, but firm adherents to

classical principles of *laissez-faire*. Newcomb was an older man, a lecturer at Johns Hopkins and an ally of William Graham Sumner. The classification of these three men as part of the old school depended upon their adherence to classical political economy's emphasis on free markets, as well as upon their dedication to the development of abstract principles of political economy (Ross 1991).

In contrast, the new school was represented by Ely, along with Henry C. Adams, Edwin Seligman, E.J. James, Richmond Smith, and Simon N. Patten. These men were characterized by their commitment to the German historical school of political economy, which held that the classical quest for universal, abstract principles of political economy was doomed by the fact that economic behavior did not exist in the absence of particular historical and cultural contexts. As such, principles of political economy could only ever hope to be derived for particular situations.

As noted above, my attention was drawn to this particular debate by the Dorothy Ross's study of the origins of American social science (1991). Her text details the origins of American political science, sociology, and economics, and is organized around the claim that the formation of each of these disciplines was in some significant way influenced by American exceptionalism (see Farr, 1991 for a discussion of this strain of Ross's thought). Her method is heavily influenced by J.G.A. Pocock (a member of the so-called "Cambridge School" along with Quentin Skinner). Like Skinner and Pocock, Ross is primarily concerned with the speech of elites (rather than with the kind of broad, discursive analysis that characterizes Foucault's work). This difference in methodology results in a story that, while not incompatible

with the story Foucault tells about the emergence of mercantilism and the birth of the population in his *Security, Territory, Population* lectures (2007 [1977-78]), has a very different focus.²¹ Ross is primarily concerned with when and how academic social scientists began to understand themselves as practitioners of distinct fields. Thus, while she is not, in her study, attentive to the emergence of the economy as an object (or an effect), her research on the emergence of the discipline of economics in America is so comprehensive that it has formed a useful starting point for much of my own research, as she has identified many of the important texts and arguments in the formation of the discipline.

For example, Ross identified the 1886 special edition of *Science Magazine* as an important moment in the delineation of academic economics, but because her object (the influence of American exceptionalism in the formation of the social sciences as distinct disciplines) is so different from mine, she did not pay much attention to one particular article in the issue that may be very useful to our inquiry.

²¹ The reader may well have noted that the story I am telling about the emergence (or production) of the economy effect is substantially different from the one Foucault tells about the emergence of the economy in his 1977-78 lectures. The reason for this lies, I think, in a difference in the ways in which Foucault and I conceive of the economy. For Foucault, the economy (which he claims emerges in the 18th century) exists primarily as a challenge to *raison d'état* (2007, p.348). That is, at the moment at which it becomes possible to challenge a particular characterization of *raison d'état* through reference to the demands or requirements of economic mechanisms, Foucault pronounces the economy to have been born (despite an absence of direct references to individuals in the era he describes using the term itself). While he provides a convincing case, then, that economic considerations serve as a significant challenge to the conception of *raison d'état* as a purely political phenomenon, or as simply the will of the sovereign, he does not provide evidence of the kind I am looking for; that is, he does not provide evidence that individual thinkers in the 18th century understood, or discussed, an object (or effect) to which they referred as "the economy," and which had the characteristics I have enumerated above.

In his contribution to the special edition, Edwin Seligman made the following assertion:

The mercantile system, even in its crudest form, showed that statesmen and authors began to form some conception of a **national economy**. Practical economic systems can never be entirely divorced from political considerations; and it is these political considerations alone which enable us to understand some of the fundamental mercantilistic notions, such as the desire for increased population or the 'balance of power' argument. The mercantile system formed a fitting pendant to the political attempts of the absolute monarchy, which the new political science has taught us to regard not only as a necessary, but as a most salutary, step in the advance from mediaeval feudalism to modern constitutionalism. (Seligman 1886) (my emphasis)

Seligman seems here to refer to an economy that we might understand in the contemporary sense. If we understand the mercantile system as an example of a kind of national economy, then we can interpret this passage as a suggestion that this type of economy was consistent with the particular form of government it accompanied. It is clear, however, that Seligman understands this economy as an accessory to the political system in question ("a fitting pendant") rather than as a causative or explanatory factor. The implication is that statesmen may select an economy that compliments their politics, a sentiment that would appear to undermine the contextualism of the Historical school with which Seligman is aligned.

Seligman studied economics in Germany, and we know that he was heavily influenced by Roscher and other members of the Historical school. Economy, for Roscher, *is* the interaction between the state and household management of private individuals. So, for him, to discuss the idea of the economy in the abstract, and specifically to exclude the state from such a discussion, is "probably entirely impossible."

This makes it seem likely that “national economy”, for Seligman, meant not some kind of distinct realm, as in contemporary usage, but rather some kind of coherent national policy regarding the “economy of private persons.” The above quotation can certainly be read in that way, suggesting that mercantilism provides evidence that statesmen and authors of the period were engaged in discussions regarding the type of national policy that would affect individual economy in the desired way.

In 1897, Henry George published “The Science of Political Economy,” one of the projects of which was to spell out precisely what was meant by “The Economy Called Political Economy.” This is a clear example of an early instance of the term being used in a way that approximates the contemporary usage, and it also affords us the rare opportunity to have such an early use lucidly explained from the perspective of the user. Like Schumpeter and others, George points to the origin of the term in economy in *oikos* and *nomos*, stressing that the term has come to have both a narrower meaning denoting “the avoidance of waste” and a wider meaning denoting “a system or arrangement or adaptation of means to ends or of parts to a whole. Thus we speak of... the economy of anything which involves or suggests the adaptation of means to ends, the coordination of parts in a whole.”

These two meanings, George suggests, come together to denote a system of adapting means to ends with a focus on the diminution or elimination of waste and the maximization of efficiency. It’s worth noting that throughout this discussion, George continues to assume that this elimination of waste and maximization of efficiency must be considered with regard to the particular ends desired by the

system in question. “An economy... of the societies in which civilized men live”, George goes on to argue, would thus have “a special relation to the adaptation or system by which material wants are satisfied, or to the production and distribution of wealth.” While this is clearly getting close to the contemporary economy, it’s worth noting that for George any economy must always be “the economy of x” or “an economy of y,” never simple “the economy.”

By 1905 Seligman was using “economy” in a way that seems very close to modern usage. In *Principles of Economics*, he argues that economic history can be profitably divided into three stages, “...known respectively as the self-sufficing economy, the trade or commercial economy, and the capitalist or industrial economy” (73). He goes on to say of the last of these stages that:

An important result of the capitalist stage is the supplanting of the local unit by the nation. Production and consumption no longer take place within the local boundaries, but what is produced in one district is often consumed in another. The local economy broadens into the national economy. (81)²²

This economy seems to be an object on its own, susceptible to classification and investigation, but also subject to its own laws of development and operation.

The ability to classify the economy by historical stage was clearly a boon for the historicist project being championed by Seligman and his academic allies. If the classical political economists were right, one would be able to find a universal set of principles underlying all economic activity, at any time and in any place. On the other hand, the historicist view that any analysis of economic activity needed to be rooted in the specific historical context in which it was found suggested that any

²² A similar usage can be found as early as 1900 in “The End of Villainage in England” by Thomas Walker Page.

principles one might find would be dependent upon specific historical factors. The economy, in Seligman's 1905 formulation noted above, is quite helpful to the Historicists' project as it is able to act simultaneously as the continuous object of a coherent investigation (economics) and as a historically contingent arrangement of specific relations.

The historicists, however, were not the only economists in search of a way to understand and articulate the dynamics governing economic phenomena at the turn of the century. As Dorothy Ross points out, this was a period during which the liberal-historicist school (Seligman *et al*) was vying with the marginalists (led by Alfred Marshall) for dominance of the field of economics²³ (172). While the marginalists were the clear victors in this struggle (at least in America and Britain), a bit of attention to the contours of this debate may shed some light on what was at stake. As noted above, the Historicist position was that economic issues could only ever be understood as part of a particular historical context; as such, any search for universal economic laws was bound to be futile. This view had emerged in opposition to the classical school of economics, but by the turn of the century it found a much greater challenge in the marginalist school of thought.

The marginalists presented themselves as neo-classical thinkers, in that they adopted many of the principles and concerns that were commonly associated with classical economics, but with some important revisions. Perhaps most importantly, marginalists rejected the labor theory of value (an idea common to Smith and

²³ Ross also notes that Veblen's socialist historico-evolutionary school was a party in this struggle, but that Veblen's ideas did not really have much impact until much later in the 20th century (172).

Ricardo, but also to Marx and Henry George), instead positing marginal utility as the source of value.²⁴ Unlike the labor theory of value, the concept of marginal utility did not seem to be susceptible to a radical subversion pointing the way to a workers' revolution, nor did it suggest that in the absence of such a revolution workers' only hope for improved wages could be found in population reduction.

Additionally, as Ross notes, the turn of the century was not the first time that the idea of marginalism had been raised. Its success during the period can be accounted for, she suggests, not by the novelty and promise of a genuinely new idea, but rather by the compatibility of this idea with the particular standards by which academic ideas were judged in America at the turn of the 20th century. Specifically:

Marginalism won its success in England and America not just because it embodied a sophisticated economic theory but because it met the standards of sophistication operative in those cultures. Marginalism can be understood as an extension of the process begun by Ricardo, of abstraction from and reification of the liberal capitalist world on the positivist model of science. (177)

Marginalism offered a way of understanding economic phenomena that, in contrast to the Historicist view, suggested that it was possible to determine the underlying rules governing these phenomena in all situations, and then to work from these

²⁴ Rhoads (2008) provides the following example of how marginalism can explain the fact that, despite water being much more useful, diamonds are much more expensive: "The total utility or satisfaction of water exceeds that of diamonds. We would all rather do without diamonds than without water. But almost all of us would prefer to win a prize of a diamond rather than an additional bucket of water. To make this last choice, we ask ourselves not whether diamonds or water give more satisfaction in total, but whether one more diamond gives greater additional satisfaction than one more bucket of water. For this marginal utility question, our answer will depend on how much of each we already have. Though the first units of water we consume every month are of enormous value to us, the last units are not. The utility of additional (or marginal) units continues to decrease as we consume more and more."

abstract principles to their expression in empirical reality. Without such a conception, it is difficult to imagine how the economy effect could have come to be.

The project of producing an object that could be the focus of such a scientific inquiry would continue to preoccupy the marginalists for at least the next decade. In a response to an article published in 1901 regarding “The Next Decade of Economic Theory” (Fetter), E. A. Ross made the following assertion:

It is necessary that physical distinctions between goods or factors of production should be ignored and more attention paid to abstract economic distinctions based on utility or value... Another thing that has disturbed the development of our science has been the premature discussion of ethical questions. The economist not only tries to explain interest, he tries to justify it by making it compensation for a particular sacrifice, namely, abstinence... Now, such preoccupations delay the development of economics into a genuine science. I think that the ethical aspects of our economic system should come after a rational, cold-blooded explanation of what is. (1901)

E. A. Ross suggests that economics must become more abstract in order to grasp the true underlying principles of its science. Moreover, it must divorce itself from the ethical concerns of socialists like Seligman and Veblen (see below), dealing first with “what is.” Of course, an explicit acceptance of “what is” as the proper starting point for study is both an acceptance of the object of economy as a real and existing entity and an endorsement of the status quo; in short, this is a normative affirmation of the liberal economic order that prevailed in the United States at the turn of the century. Here we see the beginning construction of the abstracted economy that is distinct from ethical concerns and subject only to its own internal principles. If we are looking for the point at which we began to separate the economy from society, as well as for the moment at which we started positing this separate space as one characterized by concrete laws rather than by subjective ethics, we must view this

passage as a turning point.

D. Adam Smith as the Father of Economics

In Chapter 3, I will make the claim that, despite predating “the economy” by at least a century, Adam Smith is frequently read as though “the economy” is his object, and in fact, as though he “discovered” the economy as an object of study. That chapter contains an analysis of some of the ways in which the economy effect serves to constrain our reading of historical texts. For the purposes of the current chapter, however, I will ask the reader to accept the more humble proposition that, given the historical data I’ve presented which suggests that Smith predated the economy in its contemporary usage, an examination of the changes in the ways in which Smith was read at different stages of the development of the discipline of economics might lend us valuable insight regarding the ways in which “the economy” was constructed.

Interestingly, while Seligman does treat Adam Smith in *Principles of Economics* (1905), he does not assign him the now-familiar role of discoverer of the modern economy. Instead, he treats Smith as an important theorist of “cosmopolitanism” and “distribution” (118). Smith is given shared billing with the Physiocrats, and Seligman devotes barely three pages to them in combination.

Thorstein Veblen actually takes economists of his day to task for assuming that what they are talking about it is the same as what Smith was talking about:

It has been the habit of economists and others to speak of “capital” as a stock of the material means by which industry is carried on – industrial equipment, raw materials, and means of subsistence. This view is carried over from the situation in which business and industry stood at the time of Adam Smith and of the generation before Adam Smith, from whose scheme of life and of thought he drew the commonplace materials and conceptions with which his speculation were occupied... [T]he received theoretical formulations regarding

business capital and its relations to industry proceed on the circumstances that prevailed in the days of the “money economy,” before credit and the modern corporation methods became of first-class consequence in economic affairs. (1904, 133-134)

In this passage, Veblen is clearly reading the economy back onto Smith, arguing that Smith’s view characterizes the state of economic issues within a “money economy”, in contrast to the modern “credit” economy. However, Veblen is not suggesting that Smith was talking about the same thing modern economists are concerned about (as I claim contemporary economists and economic historians tend to do); instead, he is castigating his contemporaries for continuing to concern themselves with the dynamics of Smith’s time instead of the changing dynamics of their own.

Given their self-characterization as neo-classicists, it is perhaps not surprising that it was the marginalists who named Smith’s work as the direct origin of their own project:

He [Smith] led us to see how below the surface of a great part of human action there are motives which can be measured; and therefore can be analyzed and subjected to the processes of scientific reasoning. He thus pointed the way to applying powerful and exact methods of study to an important part of social phenomena. (Marshall 1890, 57)

For marginalists such as Marshall, the lesson to be taken from Smith was less the content than the form of his work – economics could be arranged as a science, and this meant that, somewhere below the surface of appearances, the abstract principles of operation demanded by science must exist in the economic activity of society.

It is, however, interesting to note that while by the turn of the 20th century economists were beginning to formulate the economy as an object distinct from

society and free from ethical considerations, they were not yet ascribing this actual formulation (or later “discovery”) to Smith. In a 1926 publication celebrating the sesquicentennial of the publication of the *Wealth of Nations*, Jacob Hollander quotes Dr. James Bonar as saying of Smith “In all the phenomena for which economists try to account in theory... he tried to show there was one element at the basis of all the rest in society as he then found it, viz. Competition” (Hollander in Clark, ed., 20). Hollander, however, goes on to make very clear that, while he does not dispute Smith’s importance, it lies more in the nature of his project than its direct outcome:

Adam Smith's "laws" were often unverified theories; his "theories," sometimes fanciful hypotheses. Limpid style, picturesque detail, vehement advocacy, emotional warmth, and constructive proposal mask lapses of thought and defects of logic. But withal the *Wealth of Nations* constituted a definite base line for succeeding economic thinkers. (20-21)

In short, what Smith should be lauded for, Hollander seems to agree with Marshall, is the suggestion of the project (the scientificization of the study of economic phenomena) rather than its enactment. It is the economists of the (then) present who are responsible for the actual execution of this project, who are actually applying scientific principles to the study of economic phenomena, and who are, in the process, producing (or, as they were more likely to understand it, uncovering) an object to which they are coming to refer as “the economy.”

In fact, it’s clear that as late as 1938, the content of Smith’s work was understood by some conservative economists as having contributed not to the basic tradition of capitalist, free-market economics, but rather to the tradition of socialism. Consider, for example, the following lines from Frank H. Knight’s review of a new edition of *Wealth of Nations* with an introduction by Max Lerner:

It certainly was not by living in the world and observing it that either Adam Smith or Mr. Lerner's prophet, Karl Marx, got the idea that economic value bears any particular relation to "labor." And it was not by critical reflection on the world, and human nature and its wishes and ideals, that anybody ever got the notion that this either could or should be the case. But the classical economists long "believed" this, and their most radical antagonists still "believe" it, "religiously." (853)

Knight, one of the founders of the Chicago School of economics, clearly sees Smith's theory of value as erroneous and dangerous to the capitalist order. Even as he identifies Smith's relationship to contemporary radicals as one of "antagonists," he nonetheless places them in the same ideological tradition of those subscribing to a labor theory of value. Certainly this is a far cry from the beatification of Smith as the father of capitalism that one might expect based upon contemporary views.

By the bicentennial of the publication of *Wealth of Nations*, however, the picture had begun to look very different. In his contribution to a special issue of *The Journal of Law and Economics* entitled "1776: The Revolution in Social Thought," Terrence Hutchison made the following claim:

What might be called Smith's micro-economics and international economics are concerned with how free competitive markets allow the division of labour to contribute with its full force to economic progress; while his macro-economics shows how, under his simple system of natural liberty, individual frugality can be fully implemented in the progress of the economy. (1976, 518)

And Hutchison was not alone in this claim. In the same special edition, Bernard Bailyn suggested that:

What Adam Smith attacked was an intricate protective mesh that had originally been woven around a small commercial plant; these regulations had become more and more elaborate, more and more complex as the plant had grown this way and that, and they had finally been torn through completely by the explosive force of the eighteenth-century economy. (462)

Both Hutchison and Bailyn, by 1976, not only see Smith as a theorist of the economy, but understand this identity as so unproblematic an assertion that it does not even require substantial textual or theoretical support. Moreover, they understand his most valuable contribution to economic thought to lie not in (or at least, not only in) his structural organization, or in his suggestion of a valuable project that will be taken up by later generations, but rather in his argument against excessive state regulation in the domain of the economy.

What, then, changed so substantially between 1926 and 1976 that economists came to understand Smith's work so differently? Certainly, there were changes in the study of economics, but it would be difficult to characterize these changes as a "return to Smith" in any substantive way. Economists did not move back towards Smith's categories of productive and unproductive labor during this period; nor did they tend to re-adopt Smith's labor theory of value or his arguments about price. Instead, I argue, much of this change can be attributed to the changing ways in which we came to understand the economy, and its relationship to the important political struggles of the day, during this period.

By the 1930's the project of abstracting "the economy" as the object of which economics was the study had become sufficiently mature that it is easy to find references to the economy in academic texts, particularly those contrasting capitalism to communism (e.g. Commons, 1935; Davis, 1931; and Bukharin, 1936). In fact, it is in this period that we may begin to find explicit references to Smith as a theorist of the economy. For example in his discussion of Smith's reception by English entrepreneurs during the Industrial Revolution, Eli Ginzberg writes that

“The successful bourgeoisie were certain that the wise men of the past foretold their conquests when they prophesied that England would be blessed with a great capitalistic economy” (1934 [reprinted 2002], 8). Despite this usage by Ginzberg, however, the view of Smith as primarily a theorist of the previously undiscovered free-market economy was far from widespread during this period.

By the late 1940s, however, one may fairly easily begin to find references to Smith as a theorist of the economy. For example, in 1947 Joseph Spengler wrote an article entitled “The Role of the State: The Role of the State in Shaping Things Economic” in which he made the following claim:

In the eighteenth century, however, after state and community had re-established a measure of mercantile order, the Physiocrats and others gave various expression to several principles which were subsequently integrated by Adam Smith: an economy can function most effectively when state action is at a minimum; the interests of society (usually the sum of the interests of individuals) are best served when each individual is allowed to pursue his own interest in his own way. (127)

The tripartite division of the social totality into state, economy, and society seems so obvious, so given, to Spengler, that he writes as though it must have been obvious to Smith and the Physiocrats as well, despite the evidence we’ve seen to the contrary.

Nor was Spengler alone in this. In 1948, William D. Grampp argued that:

If he [Smith] was at all optimistic, it was only in thinking that the economic man – as frail as he was in understanding and frailer still in execution – still knew his interests better than his governors could know them, and in thinking that the economy would be better off if each individual looked after his own interests in his own way. (334)

In 1949, Ben Lewis joined the chorus, suggesting that:

Smith’s heresy consisted in the proposition that if the king really wanted to rule over an economically strong nation he should take up badminton and let the economy run itself. (370)

I don't believe that it is a coincidence that each of these quotes focus on the degree to which Smith believed, (or rather, did not believe) that the government should attempt to control the economy.

The Google Ngram²⁵ viewer reveals that the usage level of the gram "the economy" was fairly low between 1850 and 1930; in fact, it even declined a bit in frequency over this period. In 1850, "the economy" accounted for roughly one in every 285,000 pairs of words (or bi-grams). By 1930, this rate had fallen to about 1 in 500,000 bi-grams. This decline might be attributed to the decline of the usage of economy both as a synonym for thrift and as a general term for a complex system during this period. This trend reversed dramatically between 1930 and 1980, however; by 1950 the rate had risen to greater than 1 in 125,000 bi-grams, and by 1980 the term had become so ubiquitous that it accounted for greater than 1 in 40,000 bi-grams (Google Ngram viewer).

Meanwhile, in 1915, the word "communist" accounted for only about one in every 5 million words on the Ngram sample. By 1930 the frequency of its usage had risen by more than a factor of 10, to roughly one in 400,000. By 1950, it had reached a rate of about 1 in 125,000 grams (interestingly, almost exactly the same frequency as "the economy").

²⁵ While it is clearly a fairly blunt instrument, Google's Ngram viewer is a useful way to track the increase in the use of the term "the economy" over time. Ngram viewer works by analyzing the text of over 5 million books published between 1500 and the present and digitized by the Google Books project. This set of texts is broken down into individual words (or grams); the entire corpus contains over 500 billion grams, of which 361 billion are in English. The data set is most meaningful for books published since 1800. The Ngram viewer maps the frequency of any particular gram, or group of grams, as compared to all other grams for any given year (Michel, et al 2011).

When the focus of economic debate in academia centered on the question of what type of project the study of economics was to be, Smith was mobilized as the proponent of a particular kind of project (that of scientific inquiry and systematization). However, in the post-war period, when the focus of economics shifted (as did most of academic social sciences) to the question of the relative merits of planning versus market-based decision making, Smith began to be mobilized as a proponent of the market. In order to use Smith effectively in this debate, it was necessary to allow him to speak the language in which the debate was being conducted, and in this case that was the language of “the economy.”

In either case, we can see that the construction of a canon for a given discipline is as much an inventive or productive exercise as a scholarly one. There is a substantial process of selection, interpretation and conceptual innovation involved not only in the decision to include or exclude a given work from the canon, but also in the determination of the role that work will play in the constellation of other works into which it is placed. Thus we can see that when economics was a nascent science, Smith was included in the canon as the originator of the idea of economics *as a science*. Once placed into this founding position, Smith’s duties may be seen to have developed along with the science he was credited with founding. As such, when the battleground shifted from the nature and validity of economics as science to the question of the relative importance of markets and planning in economics, Smith was transformed from an advocate of the systematization of economics as a science to a proponent of limited government and a hands-off approach to the economy.

One interesting visual example of canon construction can be found in Paul Samuelson's foundational textbook *Economics*, originally published in 1948. As Mark Skousen notes:

Paul Samuelson's *Economics* ranks with the most successful text books ever published in the field, including the works of Adam Smith, David Ricardo, John Stuart Mill and Alfred Marshall. His 15 editions have sold over four million copies and have been translated into 41 languages... Its legacy goes beyond sales figures; in fact, the textbook may no longer be in the top 10 sellers in the U.S. market. However, most of the existing popular textbooks borrow heavily from Samuelson's pedagogy, both in matters of tone and in the use and exposition of diagrams, like supply and demand, cost curves, the multiplier and the Keynesian cross. (1997)

The significant and extended influence of Samuelson's text makes the following chart (from the inside back cover of the 1985 edition of Samuelson's text, as quoted in Balabkins 1993) quite useful in thinking about the ways in which the canon of "scientific economics" has been constructed around Smith (Figure 1). On first viewing, several things jump out at the chart's viewer. First, Adam Smith is given obvious pride of place. His position on the chart is central; in Smith, the prior strands of economic thinking come together, and from Smith all later threads of economic thought emanate. Second, despite its demonstrated importance to the development of the academic discipline of economics, the Historical school is nowhere to be found in Samuelson's family tree. By 1985, the marginalist victory is so complete that the Historicists have begun to be expunged from the history of economics. Finally, while all of the post-Smith schools of economic thought on the chart find their basis in Smith, Samuelson has taken great pains to distance "mainstream" economics from the Marxist cluster on the chart. Perhaps the most difficult line to follow on this chart is the one that demonstrates that Marx and

Marshall have a common intellectual ancestor in David Ricardo.

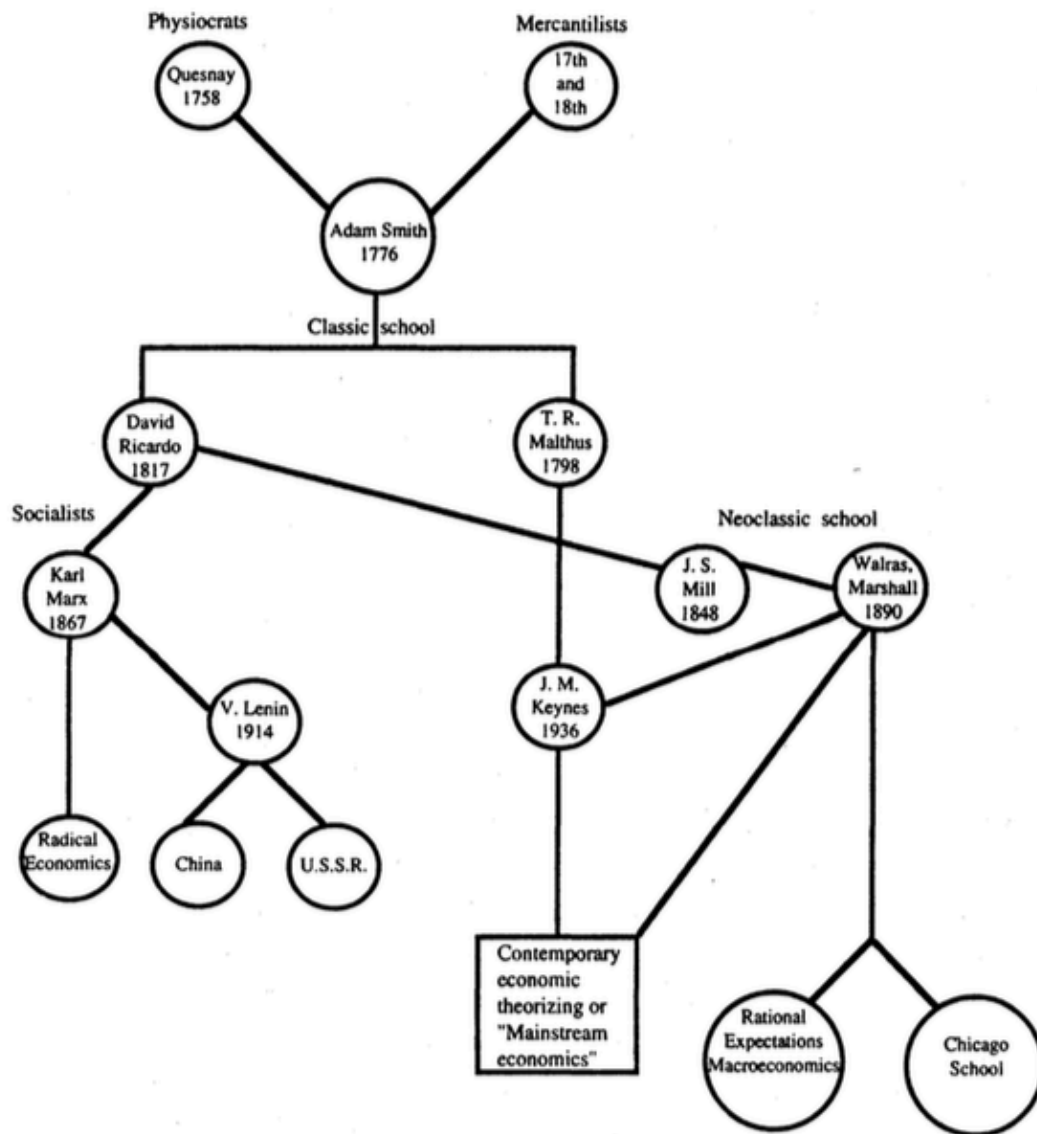


Figure 1: Paul Samuelson's Family Tree of Economic Science

The repurposing of Smith by the mainstream of post-war economists had the effect of making the argument about government intervention in the economy appear to have been ongoing since 1776. The theoretical narrative constructed on this basis caused the modern United States to appear to be the result of an experiment in the application of Smith's principles of minimal intervention, and

conversely, any questioning of this principle began to appear as a challenge to the greatness of the United States. By mobilizing Smith to make a political decision (to privilege markets over planning in the context of the understanding of the economy as a distinct realm of human activity) being made in mid-twentieth century appear to have been determined in, and largely unchallenged since, the late 18th century, post-war economists were able to bolster their own credibility substantially. We'll take a closer look at the effects and implications of this usage of Smith in Chapter 3.

E. Development Economics and An Alternate View of the Economy

Of course, no discourse is singular and uniquely dominant; instead, discourse is always plural, and there is always competition over usage. The concepts that have the most profound impact on our perception of the horizon of possibility, however, are those that are central not only to one of a few discourses among many, but rather those that are shared between multiple, competing discourses. It is these concepts that are treated as the ground on which any convincing argument must be made to stand.

At the same time that the marginalists and the historicists were fighting for dominance in American academic economics, in India another important part of the story of the economy, though with some of the same players, was in the process of unfolding. The problems that India embodied for the British empire, and the efforts by various interested parties to solve these types of problems, both in India and elsewhere, lead to the development of a discourse that in some respects competed with the discourse of the marginalist revolution detailed above, but that also served to uphold and reinforce the economy effect.

Romesh Chunder Dutt begins his 1906 work *An Economic History of India in the Victorian Age* with an anecdote about Queen Victoria's diamond jubilee of 1897. Representatives from all colonies of the British Empire were in attendance, he relates, giving rise to heady thoughts of colonial unity. The presence of India in this group of colonies, however, served as something of a fly in the ointment, because India was so much less affluent than the other colonies. In fact, its extreme poverty coupled with its massive size meant that it in many respects eclipsed the wealth of the rest of the empire. Dutt goes on to report that at the most recent meeting of the British Association, economist Robert Giffin [sic] suggested that India "...was 'a permanent and formidable difficulty in the British Empire, to which more thought must be given by our public men, the more the idea of Imperial Unity become a working force.'" (vi)

The economic problem with India, in short, was that it was a huge country, and in many respects rich in important resources, and yet its people were desperately poor. In 1906, according to Dutt, the per capita annual income in British colonies other than India was £48, and in Britain itself £42. India, however, had an annual per capita income of only £2 (vi). Additionally, because India was a colony, the British had a strong interest in improving its economic output in order to extract more wealth from it. This wealth extraction, however, was clearly one of the causes of India's extreme poverty. Thus, the largely British (or British-trained) economists and administrators who were charged with finding solutions to the "India problem" were in reality faced with a double problem: how can India be made more

productive, or be better managed, in a way that both reduces poverty in India and maintains or increases the massive flows of capital from India to England?

Similarly, even after India gained independence from the British in 1947, economists working on India (and other “poor” countries) were largely focused not on the question of whether a planned or free market system was best for an industrialized “economy,” but rather, how best to industrialize “economies” that came to be understood as “international depressed areas.”

Many point to Paul Rosenstein-Rodan’s 1943 article “Problems of Industrialisation in Eastern and South-Eastern Europe” as one of the first examples of the emerging school of development economics.²⁶ While Rosenstein-Rodan was not himself focused on India, his work certainly informed much of the work on India that was to follow. The problem Rosenstein-Rodan took on was that the area between Germany, Russia, and Italy (which included Poland, Slovakia, Yugoslavia, Hungary, and Romania), though geographically large and relatively heavily populated, was not producing as much as he believed that it could. He claimed that the total (presumably annual) income of this area amounted to only £2 billion, or about 40% of the income of Great Britain. (203)

There were, Rosenstein-Rodan argued, two main ways in which one might think about potential solutions to this problem. First, there was the “Russian model,” by which he was quick to note he did not mean communism. Rather, this model consisted of an attempt to develop a discrete economic area, capable of producing

²⁶ While Rosenstein-Rodan never uses the term “development economics” in this article, he does refer to both “development investment” and projects of “national development” (208).

everything its population needed or wanted, and largely free of the need to trade with other areas; as Rosenstein-Rodan put it, "...a national economy built like a vertical industrial concern." (203) This was not, however, his preferred path, both because this particular type of industrialization would be doomed to progress slowly and at the expense of the quality of life of the population (as all necessary capital would have to be amassed internally), and because such a path to industrialization would not take advantage of the possible efficiencies of division of labor on a global scale.

The better path, he argued, was for this area to industrialize in a way that was complimentary to the industrialization that had already taken place in Western Europe and the United States, and for it do so largely through foreign capital investment. The advantages to this alternative were that no substantial sacrifices would be necessary on the part of the local population; the process could occur relatively quickly (as the availability of foreign capital far exceeded that of internal capital); and it would take advantage of the efficiencies of the international division of labor by utilizing, rather than replicating, the industrial capacity of the US and Western Europe.

In advocating this second avenue of industrialization, Rosenstein-Rodan saw the state as a vitally important actor. "Complementarity of different industries provides the most important set of arguments in favour of a large-scale planned industrialization." (205) In the effort to aid this "depressed" area, Rosenstein-Rodan comes down clearly on the side of planning, though he is careful to moderate his position:

...[W]hile in the highly developed and rich countries with their more variegated needs it is difficult to assess the prospective demand of the population, it is not as difficult to foresee on what the formerly unemployed workers would spend their wages in regions where a low standard of living obtains. (206)

Planning might make sense for Poland, where wants are simple, but certainly not for the US or Britain.

One of the big problems with allowing the market to rule in an economy in which “a low standard of living obtains,” he argues, is that there is not necessarily an identity between the perceived potential profitability of a given venture from the perspective of an individual and the perceived potential profitability of the same venture from the perspective of society as a whole (or its proxy, the planner). This is true for two reasons: first, the individual investor will never have as much information regarding the market as a whole as the planner, leading to a greater perception of risk on the part of the individual investor; second, there may be individual projects which are in actual fact not profitable from the perspective of the individual investor, but which are useful enough to those other projects that do have the potential for profitability that they may be worth undertaking in the long run, if your goal is an overall increase in economic activity in a given political unit. For Rosenstein-Rodan, planning provides the opportunity to ensure that an “economic structure” can be constructed in which the parts compliment one another, and in which even those projects such as infrastructure and transportation are undertaken. (207)

For our purposes, perhaps the most interesting aspect of Rosenstein-Rodan’s argument is that the state interacts with the economy in the same way that an investor interacts with a business concern. The goal of the state is not simply to

provide a minimal legal infrastructure within which the economy may be allowed to regulate itself, but rather actively to participate in the construction of a particular kind of economy that is structured not around the profit of a few investors, but rather the needs of society as a whole. All of this is to be done within the context of the market, however; Rosenstein-Rodan is clear that he is not advocating communism. Rather, he is suggesting that the line between the state and the economy may not be so stark (at least for “depressed” or unindustrialized countries) as the economists we examined earlier in the chapter suggested it was, and that a reliance on private interest alone may not be the best way to encourage economic growth.

In order really to get at the roots of this argument, and to explain why we are doing so, we have to go back to a time far before Rosenstein-Rodan and his colleagues began talking about development economics (or “industrialization”) in the contemporary sense, and when instead the main question of the day was whether one could possibly make a profit by transporting gold and silver out of one’s own country.

William Barber (1975) makes the convincing assertion that, even though no one talked about “development economics” as such until the middle of the 20th century, the idea has a much longer history, going back at least to the era of the British East India Company. Fascinatingly, while Barber makes a compelling case that there was, in a sense, an attempt at a systematic understanding of the development of economic forces being undertaken at this time, this case suggests

that the economic unit on which this attempt was focused was not India at all, but instead England.

By 1600, when the British East India Company was first granted a charter to engage in trade east of the Cape of Good Hope, England was lagging behind Holland, Spain, and Portugal in forging economic bonds with the world outside of Europe. Despite the relative success of these three great European powers in engaging in inter-continental trade, the actions of the British East India Company were a source of consternation for many influential Englishmen of the time. The problem, as they understood it, was that trade with far-off countries (like, for example, India) necessarily meant transportation of money from England to these countries in order to trade for their goods. At the time, the India trade consisted chiefly of spices, pepper from Indonesia, and fabric. Opponents of the East India Company argued that by trading the country's stock of gold and silver for pepper and cotton, England could only become poorer in the long run. This position was supported by the fact that, in general, private concerns were not given access to the royal treasure (composed of precious metals) for the purposes of trade. For the East India Company, however, an exception was made; strict limits were imposed at first, but these limits were gradually relaxed. In 1600, for example, the Company was allowed to ship no more than £30,000 of silver abroad per year, and this was required to be in the form of coinage from other countries. By 1629, the Company had gained the right to export as much as £120,000 per year in gold and silver, up to one quarter of which could be in the form of English coins (Barber, 9). Following Barber's convincing assertion, I have examined the primary literature around which the

debate over the exportation of currency revolved, with a particular eye toward language that suggests the development of the economy as an effect.

In 1615 Robert Kayll published a pamphlet entitled *The Trade's Increase* that took the Company to task for working to impoverish, rather than to enrich, the people of England. He argued, first, that the excessive amount of ship building and repairing required by the India trade was driving up the price of wood and limiting the supply available to Englishmen in professions other than shipping (17). Similarly, he claimed that the huge demand for sailors created by the India trade weakened England's potential naval strength by drawing able seamen from naval service into commerce (22). Finally he suggested that the correct response to the India trade, as well as that with other far-off countries, was to:

...Let the whole land murmur at the transport of treasure, and bring Charles the fifth his opinion, speaking to the Portugals of their trade to the East Indies, who said that they were the enemies of Christendome, for they carried away the treasure of Europe to enrich the heathen...
(32)

The answer to all of these problems, Kayll suggested, was the promotion of the fishing industry in and around English waters, rather than the promotion of international trade. Indeed, Kayll seems to have been oddly preoccupied with herring, suggesting more than once in his pamphlet that in this humble fish lay the answer to all of England's economic woes.

The important theme in Kayll's work, for our purposes, is that it focuses almost exclusively on what the India trade draws *out* of England, with very little attention to the reciprocal effect of incoming trade from India and Indonesia. Caught up in the idea that wealth is a literal stockpile of goods (wood, gold, etc.), it is

difficult for Kayll and his contemporaries to conceive of a system of value in which it might make sense to send these things abroad. Not only will such action deplete England's stores of resources; any goods that come from India are goods not being produced by English workers in England. The only people who benefit from this trade, Kayll argues, are those who make a direct profit from the shipping industry.

It is left, unsurprisingly, to a representative of this industry to make the counter-argument that the shipping industry in fact benefits England as a whole. Thomas Mun, who became a director of the Company in 1615 (the year in which Kayll's pamphlet was published), wrote three major pieces regarding the economics of the India trade: *A Discourse of Trade from England unto the East Indies* (1621), *The Petition and Remonstrance of the Governor and the Company of Merchants of London, Trading to the East Indies* (1628), and *England's Treasure by Forraign Trade* (1664). In these three texts he made an argument that will sound quite familiar to contemporary readers.

In the first of these publications (1621), Mun broke the objections of critics of the India trade such as Kayll down into four main groups, to each of which he then responded. The first objection he identified, and the way in which he answered it, may help us get at a particular conception of the relationship between the state and economic issues (or to put it another way, at a particular manifestation of what will come to be the relationship between the economy effect and the state effect), as Mun asked his reader to shift the ways in which he thought about wealth, while at the same time holding onto much of what makes the classical conception of wealth distinct from the modern one.

The objection itself is quite predictable:

It were a happie thing for Christendome (say many men) that the Navigation to the East-Indies, by way of the Cape of Good hope, had never bene found out; For in the fleetes of shippes, which are sent thither yearely out of England, Portingall, and the Low countries; The gold, silver, and Coyne of Christendome, and particularly of this Kingdome, is exhausted, to buy unecessarie wares. (4-5)

In short, according to this line of reasoning, the goods that English ships were carrying back from India were largely useless, while the gold and silver they shipped out were useful insofar as they are what make up actual wealth. Mun had several arguments in response to this. First, he suggested that the goods that came from the East-Indies were not unnecessary, as evidenced both by the fact that many people wanted them enough to buy them, and by the fact that these goods were already imported prior to navigation of the Cape of Good Hope, but were simply bought from Turkish merchants at higher prices.

Second, Mun noted that, at the time in question, the Company was allowed only to use silver coined in other kingdoms for the India trade, and thus could not be said in any way to be depleting the coin of England. More importantly, though, Mun endeavored to show that the India trade actually brought in more precious metal than it sent out. Using an example in which the Company uses £100,000 sterling to buy quantities of pepper, cloves, nutmeg, mace, indigo, silk, and calico which have a value of £494,223 in England, Mun showed that these imports must either replace English products, thus freeing those products for export, or must be intended for export themselves. In fact, Mun suggested that while the value of the goods brought to England from India on the basis of the original £100,000 sterling was close to £500,000 sterling, the value of the portion of those goods actually consumed in

England was only about £120,000 sterling. Thus, he argued, the value of the goods brought into England only to be exported again must have been around £380,000 sterling. This led to his formation of a doctrine based around the idea of balance of trade:

...[W]hen the value of our commodityes exported doth over-balance the worth of all those forraigne wares which are imported and consumed in this kingdome, then the remainder of our stock which is sent forth, must of necessitie returne to us in Treasure. (27)

It might well seem to the modern reader that there are important questions left unasked by Kayll and unanswered by Mun, including “Whose money got sent out, and to whom does the profit from that money accrue?” and “What happens to the prices of the goods the people of England were already buying as shipping shifts from the land route (through Turkey) to the sea route?” The fact, however, that these questions do not seem obvious either to Kayll or to Mun suggests that they are both working with a somewhat different concept of wealth than we are.

While Mun clearly demonstrates a more sophisticated conception of wealth in his reply than Kayll did in his initial critique, there remains the idea that the wealth of England is a literal stockpile of goods, and that the wealth of the Kingdom of England is largely indistinguishable from the wealth of its inhabitants. Also, importantly for our purposes, there is no suggestion that there are any forces in play other than the simple choice to increase wealth; the assumption is that the choices are to engage in the India trade, in which case the benefits enumerated by Mun will accrue, or to refrain from engaging in such trade, in which the status quo will be maintained. There is no temptation to cast economic incentives as irresistible forces in their own right, because they are obviously subservient to political power in a

state where the King's permission is required to engage in trade.

The idea of the balance of trade serves for Mun not as an explanation of economic necessity, but rather as a particular tool to be used in the strategic effort to increase the wealth of the kingdom. Moreover, we must remember that Mun is an employee of the company. Balance of trade serves as a solution, for his employers, of the particular political problem with which they are faced: how can they present an argument which will allow them to continue to enrich themselves through the India trade while not appearing to impoverish their country in the process? Its service of this function does not, it is important to remember, make it less true; however, we would do well to remember that in any given situation there are likely many true statements that may be made, only some of which also serve the strategic interests of the speaker. Mun's casting of the India trade in the language of an overall balance of imports and exports is an example of a statement which, while true, serves to frame the question in a way that renders inevitable the answer he seeks.

I am convinced by Barber's (1975) argument that Mun's most historically significant contribution is the claim that England stood to gain from foreign trade, despite its lack of products which might be exported profitably, due to its ability to "trade with its money." (17) That is, Barber argues, in the 17th century there was substantial profit to be made through commercial, rather than industrial, endeavors – the simple act of moving products from one place to another could result in substantial increases in wealth. England was particularly well situated to engage in this commercial activity precisely because it had a relatively large supply of precious metals for which it had no direct domestic use. By using this possession of

precious metals as a comparative advantage, or to put it another way, by exporting money, England stood to gain substantially. It is in the service of justifying and explaining the potential for such a gain that Mun undertakes a task of conceptual innovation with respect to what we will come to call the economy effect.

What, then, is the relationship between the argument Mun makes in 1621, the argument Rosenstein-Rodan makes in 1943, and “the economy” as produced by the American economists discussed earlier in this chapter? Mun and Rosenstein-Rodan, despite their differences, come together to form one pole of a discursive conflict on the other side of which we can find the marginalists described above.

Clearly, one huge difference between the argument that Mun made, and the kind of argument put forth later by “development economists” like Rosenstein-Rodan, is that most of the parties in the debate surrounding the India trade in the 17th century weren’t particularly interested in India at all, except insofar as it served to enrich or impoverish England. The destination of all of these ships and sailors tends to be treated more like a resource to be exploited than like a potential partner in trade. On the other hand, there are some fascinating similarities between these two arguments, separated by 300 years. Both Mun and Rosenstein-Rodan make the argument that states should not focus simply on what they can produce for themselves within their own borders when they think about how to increase their prosperity. Both authors also suggest that some level of state involvement in economic decisions is desirable during the period in which a given industry or sector is establishing itself.

What we can see in the confluence between Mun and Rosenstein-Rodan is

the outline of a conception of human activity in society that offers a different set of divisions between “the economy” and its surrounding spheres than that developed by post-war economists such as Spengler, Grampp, and Lewis discussed above. The conception shared by Rosenstein-Rodan and Mun is one that leans toward the idea that the state must be an active participant in economic activity in order to ensure that the economy meets the goals of the state, rather than the idea that the state must bend to the realities of the economy. There is, to be sure, an interplay of both these ideas in each of these traditions, but the trajectory of development economics is such that the role of the state in encouraging the right type of economic development and growth supersedes the role of the economy in constraining and defining the appropriate actions of the state.

In our examination of the development of the academic discipline of economics in America, we were primarily concerned with the ways in which a group of men who were attempting to define and describe a new academic discipline helped to develop a conception of the economy that suited their purposes admirably, first by helping to ensure that their discipline had an object with the requisite independence from that of other disciplines, and second by securing that object to the dominant political and ideological conflict of the day. First they built the economy, and then they put it to work in the fight between capitalism and communism. The case of development economics, however, tells a different story: that of another set of men who saw the economy as solution to a very different set of political problems, and used it as a tool to aid in both the mitigation and justification of global economic inequality. Not only did the proponents of development

economics seek to construct a different set of linguistic practices regarding the economy²⁷ than did marginalist economists; they sought to do so at least in part through the outright rejection of the kind of formal modeling that was the bread of butter of these other schools (see Krugman 1994).

One of the ideas proposed by this new group of “development economists” was the “big push” advocated by Rosenstein-Rodan and others (including Arthur Lewis and Ragnar Nurkse). This was the idea that underdeveloped or “backward” economies could be kick-started and transformed into modern economies by the strategic use of massive, simultaneous investment in multiple industries. As noted above, this conception rested upon the conviction that if supply and demand could be elevated simultaneously (the former by a massive increase in production, and the latter by the corresponding increase in employment), a new cycle of production and consumption could be substituted for the older, less dynamic one.

One interesting aspect of this conception of the economy is that it is, when one really gets down to it, at least two different conceptions of the economy rolled into one. On one side, we find the underdeveloped (or “unindustrialized”) economy, which is characterized not only as poor (relative, of course, to developed or modern economies), but also as largely static and incapable of growth. Ragnar Nurkse, for example, suggests that:

The circular constellation of the stationary system [of national poverty] is real enough, but fortunately the circle is not unbreakable. And once it is broken at any point, the very fact that the relation is circular tends to make for cumulative advance. We should perhaps hesitate to call the circle vicious; it can become beneficent. (11)

²⁷ We’ll take a closer look at this idea in Chapter 3.

We can see here, of course, Nurkse's advocacy for the big push, or as he would prefer, the theory of balanced growth. However, we can also find a suggestion that the economy may take on at least two forms. The first is this static circle of poverty which is characterized by low levels of both supply and demand, and which cannot hope to break out of this cycle by virtue of incremental progress because, Nurkse argues, the incentive to create the kind of infrastructure required for regular investment is simply not sufficient. He asks us to imagine a Robinson Crusoe character, stranded on an island. If this character has a few hundred nails and wishes to drive them into trees in order to support fishing nets, Nurkse suggests, then it is probably worth it to him to build a hammer. However, if he has only a few such nails, he will likely simply pick up a rock. The same principle holds true for investment, according to this argument. If the market is not of a sufficient size to justify the formation of modern industrial techniques (and their accompanying levels of investment) then growth will always be severely limited. Without some kind of outside stimulation (or, in the language of economics, some external economy), the poor economy will remain poor, always lacking the incentive structure to generate regular growth.

If we can break this vicious circle, however, we may hope to transform it into the second type of economy, which Nurkse implies we might think of as a beneficent circle, but which is probably better described as a beneficent spiral. This spiral of growth is the modern economy, which has achieved the necessary scale to implement modern industrial techniques in virtually all spheres of production.

Leaving aside for the moment the question of how exactly this modern

economy functions to produce this consistent growth, one of the more interesting aspects of Nurkse's argument is that he seems to regard the static, poor economy as the more natural of our two choices. "[T]he theory of stagnation," he writes, "must be succeeded by a theory of development explaining the forces that are required, or that were observed in the past, to lift the economy out of the stationary state in which it would otherwise tend to settle" (11). The mystery, for Nurkse, isn't that some economies fail to exhibit consistent growth; rather, it's that some economies do manage to exhibit such growth, despite what he sees as a tendency toward stagnation. It's not, in other words, a question of how to account for the deficiencies that lead to "backwardness," but rather a question of how to explain the presence of those activities that lead to "progress."

The idea that the natural state of the economy is one of stagnation carries with it a whole set of political possibilities that Nurkse himself does not pursue. If, for example, growth does not happen without some kind of exceptional destruction of the circle of stagnation, we might legitimately ask whether we are better or worse off in an economy that grows than we would be in one that does not. Similarly, we might ask if the same kind of exceptional breakage of the circle of stagnation might be applied to the spiral of growth; could we choose to get off at a level of our choosing, returning to a circle of stagnation at a higher level of material well-being? In short, if growth is the result not of the natural existence of this sphere we call the economy, if it is not a command from the world over which we have no control, but is instead only ever the result of intentional human activity (whether that intention is directed at growth, per se, or simply at personal material gain), then we might

legitimately suggest that when some other political priority comes up against growth, it should not always be growth that wins. This is, in many ways, an idea of growth that runs counter to the most obvious metaphors. We tend to think of growth as the result of natural processes in autonomous entities; children, seeds, and shadows grow, but they do so inevitably, and without the possibility that they might exist indefinitely in a state of not-growth before such growth is instigated. In contrast, Nurkse's idea of growth seems to describe an exceptional state, one in which some economies may never find themselves, and one that does not appear to be natural or inevitable for any economy.

Moreover, this conception of growth has important implications for the ways in which development economics asks us to understand the relationship between the state and the economy in general. While Nurkse's conception certainly calls upon (and contributes to) the larger discourse of the economy as a discrete realm of human activity, it also suggests that the laws of this realm may be in some ways mutable, and certainly amenable to concerted human activity. Indeed, if the laws that govern the economy will tend, on their own, to a sort of low-level stagnation, and if it is only by the direct and intentional intervention of government that this steady-state can be disrupted and transformed into a cycle of growth, then reality must fall between the poles of these two conceptions of the economy. That is, for development economists the truth must lie somewhere between the idea that constant government intervention is required in order to sustain economic growth, in which case the supposition that the economy forms a sphere of activity distinct from the state is clearly faulty, and the idea that the economy can be shocked out of

a cycle of stagnation and into a new, and perpetually self-maintaining cycle of growth, in which case we must assume that the laws of the economy, far from being immutable, are subject to perpetual change on the basis of direct human action. In either case, we are left with a vision of the economy that allows us to believe that, far from being a constant with which we must cope, it is an object for direct government which we must, if we are to get anywhere at all, focus upon bending to our will.

In this context, it's interesting to note that, along with the German Historical school, development economists are entirely absent from Samuelson's family tree of economic science (see above). Their omission helps to cement the view that the economy as envisioned by the marginalists and their intellectual descendants is the one true economy, and that all other visions are in some way marginal.²⁸ However, for our purposes, the competing vision of development economics may be useful, as it demonstrates not only that there is discursive conflict in the production of the economy, but that some of these existing strains of discourse can be mobilized to make the case that the economy effect can be bent to will of political actors. The development economists' view of the economy is in some respects incompatible with the ideas that the economy is a protected realm, free from ethical concerns, and that the economy is an agent, capable of acting on its own. As such it might serve as a model (admittedly, with some flaws to be worked out) for those of us in search of a concept of the economy that can aid, rather than inhibit, efforts to diminish material inequality.

²⁸ Pun intended.

F. How Presidents Have Talked About the Economy

If the economy is (potentially) an object that may be bent to our will through intentional acts of government, then the understanding of the economy on the part of state actors is another important aspect of this story. While an exhaustive exploration of the usages of the economy by state actors is beyond the scope of this project, one set of data gives a particularly stark example of the sudden manner in which the economy burst onto the stage of national politics. The American Presidency Project at the University of California Santa Barbara maintains an archive of 104,406 documents “related to the study of the presidency.” Among these documents are virtually all presidential speeches, transcripts of news conferences, and other public papers from 1789 through 2013²⁹. One of the Project’s chief accomplishments is the digitization and indexing of these documents, resulting in a searchable database.

At first, a search of this database for the term “economy” did not appear to demonstrate any remarkable trends; the term is used by every president from Washington to Obama, though with varying frequency. A second perusal of the data shows, not terribly surprisingly, that there is a significant increase in the frequency with which the term appears beginning with Hoover’s presidency in 1929. From 1901 to 1909, the term appears in Teddy Roosevelt’s papers only nine times. Taft

²⁹ It is worth noting that this collection contains substantially more detail for the period 1929-2013 than for the period 1789-1928, though it does contain a large number of documents from the earlier period. In order to bolster the results herein, I have also consulted James Richardson’s *Compilation of the Messages and Papers of the Presidents*, which is a highly detailed collection of presidential documents from 1789 to 1902. I have not found a similarly detailed source for 1903-1928, so it’s possible that the change I discuss occurred a decade or two earlier than I claim, though the trend in usage I observed makes this seem unlikely.

used it six times between 1909 and 1912, Wilson 11 between 1913 and 1920. Harding used it four times in 1921 and 1922. The uptick begins with Coolidge, who despite his characteristic taciturnity, used the word in 26 of these documents between 1923 and 1929. The trend begins in earnest, though, with Hoover's 93 uses between 1929 and 1933, and continues with FDR's 150 uses between 1933 and 1945.

As we know, however, simply counting the number of times the term "economy" is used doesn't tell us much about what it's being used to signify. In this case, a third look at the data shows a sharp division in the uses to which the term is being put. Almost every instance of Hoover's usage, for example, can be understood as a synonym for thrift (which makes the frequency of its use unsurprising given his politics). On the other hand, FDR regularly refers to a "national economy" that clearly shares some important traits with the object of our investigation. So, Hoover talks about economy in the following way in February 1933:

If your conference can help to make a scientific division of tax sources amongst the various governmental authorities, you will have made a distinct contribution to the efficiency as well as to the economy of our whole governmental system. I warmly hope that your deliberations may produce fruitful results in this most important field. (Remarks to the Interstate Conference of Legislators, 2/3/1933)

Twenty-nine days later, Roosevelt talks about it this way in his first inaugural address:

Through this program of action we address ourselves to putting our own national house in order and making income balance outgo. Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy. I favor as a practical policy the putting of first things first. I shall spare no effort to restore world trade by international economic readjustment, but the emergency at home cannot wait on that

accomplishment. (Inaugural Address, 3/4/1933)

In fact, an even clearer trend can be seen if we focus on the use of economy as “national economy.” A search for this term yields 811 results across the entire presidency. Of these, only 20 predate FDR’s presidency. One of these twenty is Woodrow Wilson’s Sixth Annual Message from 1918, in which he uses the term to mean national thriftiness. The remaining 19 are all from Hoover’s presidency, and they show a gradual intermixing of the two uses of the term in 1931 and 1932. For example, in 1931 Hoover told reporters at a news conference “Some of these [European] countries are feeling to a serious extent the drain of this depression on national economy” (President’s News Conference, 6/20/1931). In this same vein, in February 1932 he assured the National Education Association that “however, the national economy may vary or whatever fiscal adjustments may need be made, the very first obligation upon the National resources is the undiminished financial support of the public schools” (Message to the National Education Association, 2/25/1932). As late as 1932, however, he was still using the term in its older sense in reference to the “National Economy measure” he supported, which would have cut government spending by 80% (Address in St. Paul, Minnesota, 11/5/1932).

The remaining 791 uses show a remarkable consistency. They all treat the “national economy” as an object or sphere of activity. They begin to participate in the metaphors through which we construct the economy as a sphere with its own autonomous functions:

When this Administration came to Washington on the fourth of March, 1933, the machine of our national economy had completely broken down. For twelve long years it had been neglected by those who believed that machines did not need tending. We tried to rebuild that

machine, to modernize it and to turn on the purchasing power. (FDR, Address at Providence, R. I., 10/21/1936)

But perhaps more interesting than these usages, which we have discussed already in other contexts, is the consistency with which the term, which does not appear at all in the Presidents' Public Papers prior to Wilson's use in 1918, shows up in the documents of the Presidents who follow FDR. Every single President since FDR has used the term "national economy" at least once (and most times many more) in every year of his presidency. The term, which showed up once in 1918, then disappeared, went on to be used in each year from 1931 to the present. The following chart shows the general shape of the term's usage from 1789 through today.

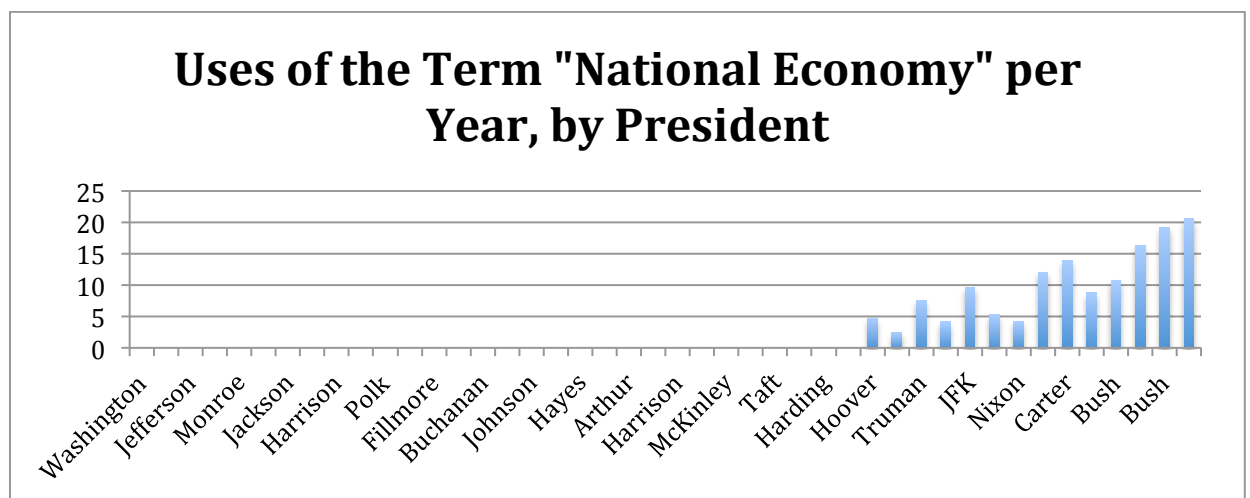


Figure 2: Uses of the Term "National Economy" per Year, by President (All)

And here's another version of the same chart that focuses on the period from Hoover through the present.

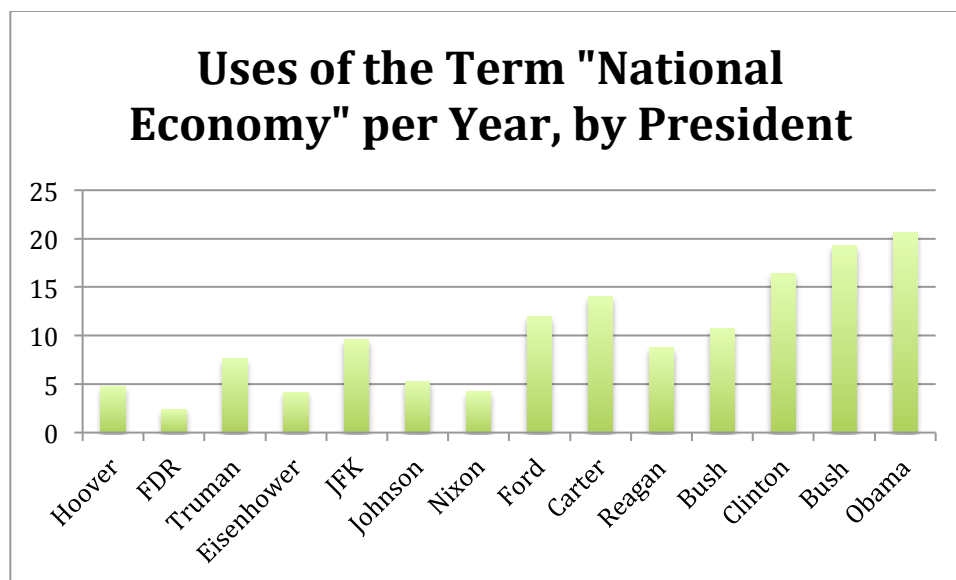


Figure 3: Uses of the Term "National Economy" per Year, by President (Hoover through Obama)

The goal here is not a rigorous quantitative study, so I don't want to overstate the statistical significance of this trend, but it is certainly an interesting piece of data, and it is consistent with the stories of the economy we have already detailed above. The economy, which began to come into use as an object of academic study in the late 19th century, had by the early 1930s gained enough ground to become an object of popular political discussion, and once it attained this status it never again receded from public conversation. The ubiquity of the term's use in the post-1930's era is likely not a surprise to us, as we live in a world in which the importance of the economy is taken for granted. What is perhaps more surprising, and equally important to the story we are telling, is the economy's complete absence from presidential discourse prior to the early 1930s. In this respect, this data set can be treated as one more piece of evidence regarding the relative newness of the economy effect. That complete absence, when put next to the strong and consistent presence of the economy in this discourse following its introduction, may help us to

visualize the reasons for which it seems such an inevitable and important object; once it was introduced, it quickly became omnipresent in a way that makes it hard to imagine how we ever lived without it.

G. Conclusion

As we have seen, the story of the production of the economy as an effect is not a simple one. At the very least, it involves the intertwining histories of the discipline of economics, the understanding of the role of trade on the part of 17th century merchants and 19th and 20th century colonial governors, the efforts to industrialize poor countries in the postwar era, the conflict between capitalism and communism in the second half of the twentieth century, and the language of presidential speeches. What is clear from our examination of these histories, however, is that the economy is neither as old, nor as stable and uncontested, as we might be tempted to think of it as being. Instead, it is a relatively new invention, and one for which much history had to be rewritten or ignored in order to generate the appearance of naturalness and inevitability. Moreover, as we have seen, there are significant threads of economic thought that provide discursive ammunition for the idea that, in addition to being neither natural nor inevitable, the economy should not be thought of as an agent, nor as free from ethical considerations. In short, this etymological history of the economy effect demonstrates both the degree to which this effect is pervasive, and also the ways in which even the most pervasive phenomenon is open to contestation.

In the next chapter, we will begin our examination of the ways which the economy effect serves to constrain the possibilities for political action by taking a

closer look at the tendency to read the economy back onto the work of Adam Smith. If, as we have seen in this chapter, the economy did not come to have anything resembling its contemporary meaning among academics until the turn of the century, and if it did not become a commonplace term in the speech of political actors until the 1930s, what meaning should we take from our tendency to discuss a theorist like Smith (who published the *Wealth of Nations* in 1776) as though he was talking about the economy? Specifically, how does such a reading constrain the possibility for other readings that might prove useful to us in the present?

CHAPTER 3

Adam Smith and the Inevitability of the Economy

A. Introduction

In the previous chapter we investigated the historical development of the economy effect. In this chapter, we'll look more closely at one of the ways in which the economy effect might serve to constrain the possibilities for political action by examining the practice of reading the economy back onto the work of Adam Smith.

As noted above, "the economy" plays a unique role in our lives. We all know and agree that it exists, and that it has real consequences, yet we are frequently unable to agree upon its state of wellbeing, and are rarely able to come to a consensus regarding the actions we should take in order to get it to do what we want. We have experts on the subject who are, at almost all universities, among the highest paid social scientists (American Sociological Association, 2011). Despite this, there is no real professional agreement regarding the nature or dynamics of the object (or effect) in question. Economic policies proposed by these experts seem as likely to fail as to succeed, and even determining which of these outcomes has occurred is often difficult. How did an object³⁰ that we cannot see, touch, describe, or predict with any real consistency and accuracy come to function as such a significant constraint on political action? One part of the answer, I propose, is that we have lent this object a good deal of authority by associating it with foundational

³⁰ While I have suggested that we may better understand the economy as an effect, this does not change the fact that, in both scholarly discourse and every day language, it is typically treated as an object (or a place).

political thinkers whose work long predates the idea of the economy in the contemporary sense.

By reading the economy back onto thinkers like Adam Smith, we engage in a set of linguistic practices that contribute to the process by which the economy as we understand it today is made to appear to be the inevitable outcome of hundreds of years of “discovery” in the science of economics. As Michel Callon puts it, there can be “no economy without economics” (as cited in Caliskan and Callon, 2009, p. 370). The discipline of economics is instrumental in the construction of the economy, and so the way in which we articulate the story of the development of this discipline will necessarily affect our conception of the economy itself. Similarly, Foucault suggests that “[t]he constitution of a knowledge of government is absolutely inseparable from a knowledge of... what we now call ‘the economy.’” We must, that is, be capable of understanding the world in the ways in which a government does, in order to conceive of a sphere of activity that fits our current understanding of “the economy.” In particular, Foucault notes that it is through “continuous reference to this continuous and multiple network of relationships between the population, territory, and wealth...” that “intervention in the field of the economy and population...” is made possible (2007, 106). This triad of population, territory, and wealth, he argues, allows us to conceive of large groups of people as having a largely statistical significance, a conception into which “the economy” fits nicely.

Of course, as with any interesting question, there is no single answer, and no single portion of the answer functions in only one manner. In this case, while the reading back of the economy onto thinkers like Smith, whose work predates its

development, contributes to the production and maintenance of the economy of the economy effect in the present, it may also be seen as one outcome of the economy effect that is thus produced and maintained. That is, we cannot (easily) conceive of Smith without thinking his work through the lens of the economy effect, and this reinforces the appearance of the economy as a materialization.³¹

This chapter contributes to a body of work on the relative newness of contemporary views of the economy that has grown significantly in recent years by focusing on the ways in which our tendency to read this relatively new view onto historical texts (caused, perhaps, by our implicit understanding of the economy as both inevitable and natural) limits the ways in which we might interpret both those texts, and the political possibilities of the present. Some have noted the ways in which the our understanding of the relationship between the economy and the natural world have changed over the past 300 years (Gammon, 2010), while others have examined efforts to create the kinds of economic subjects required for the realization of the neo-liberal conception of the economy (Fridman, 2010). Timothy Mitchell has noted that the development of new energy sources in the 20th century played a significant role in the emergence of the contemporary economy because they allowed for the appearance of the potential for infinite economy growth (2009), and has more recently argued that the economy can usefully be viewed as an effect (2014). Others have commented on recent developments in the relationship

³¹ Gibson-Graham point out that: “[The] economy is not simply an ideological concept susceptible to intellectual debunking, but a materialization that participates in organizing the practices and processes that surround it, while at the same time being organized and maintained by them”(2006, xi). See Chapter 4 for a more thorough discussion of the term and its relationship to the economy effect.

between economy and morality (Shamir, 2008), on the changes in the physical operations of stock exchanges as they relate to new conceptions of the economy and market information (Pardo-Guerra, 2010), and on the role of the emergence of the modern corporation in the development of bio-power (Schrauwers, 2011). This chapter, by examining some of the ways in which our readings of classical political economy affect our current understanding of the economy, seeks to demonstrate the manner in which our tendency to read these thinkers as though they shared our concept of the economy encourages and reinforces linguistic practices that contribute to the production and maintenance of the economy effect.

If Adam Smith, for example, was really talking and writing about the economy, and moreover, if he discovered the economy as something that had always already been there, then the status of the economy as natural and inevitable is cemented. Moreover, if Smith can be understood not only to have discovered the economy, but to have discovered that it was an object fitting our six criteria, then credence is also lent to a conception of the economy as an ahistorical constant on and around which a successful society must be built. This serves not only to strengthen the particular character of the contemporary economy effect, but also to occlude the fact that it would be difficult to conceive of the production of the economy effect without the corresponding production of the state effect (Mitchell, 1991). This occlusion is important, because if the economy is produced, rather than discovered, and if this production is dependent upon the prior (or simultaneous) production of the state as an effect, then the claim that the economy is natural and inevitable (which undergirds its other functions) becomes difficult to maintain. Thus,

“reading back” is one of the central practices through which the economy effect is produced and maintained.

B. Contemporary Accounts of the History of the Economy

Contemporary accounts of “the economy” tend to portray it as a realm of human activity in which resources are produced, distributed, and consumed, distinct from all non-economic realms, including both “society” (where peoples’ private lives, and their non-productive public actions, take place), and from the “state” (which is the site of political representation and activity, and may or may not intervene in the realm of the economy). This sectioning off of the economy can be identified by at least six discrete criteria, as I suggested above. In short form, the economy is (1) independent and unique; (2) impersonal; (3) a protected realm of inequality; (4) potentially infinite; (5) natural and inevitable; and (6) agential.

As we saw in the previous chapter, this contemporary view³² of the economy emerged over a number of decades, and as the result of discrete solutions to a number of specific political problems on the part of a diverse array of actors. In that discussion, however, we left two important and related issues undiscussed: the distinction, if any, between “the economy” and “the market;” and the role of neoliberalism in this story of the economy effect. I would like to address both of these issues before we move on.

Several persuasive critics of earlier drafts have pointed out that it is not immediately clear why the focus of this project is “the economy” rather

³² While this view is often associated with liberal capitalism, anticapitalists (e.g. Polanyi or Wolin) seem to be as likely to adopt this view of the economy as their opponents.

than “the market.” While the relationship between these two concepts is not a simple one, there are several reasons for which I have focused on the economy. The first is that we often talk about the market as though it is one component of the economy (as in “the market has recovered more quickly than the economy as a whole”) or one type of economy (as in “the market economy”). As such, the economy appears to be a more inclusive term, insofar as there are aspects of the economy that are not simply the market, and/or there are types of economy that are not market economies. So, it’s not clear that we miss much by focusing on the economy rather than the market, while it does seem as though we would miss some aspects of the economy (for example, the GDP) were we to focus solely on the market.

Additionally, while the market seems to fit many of the criteria that I have suggested for the contemporary economy (specifically, it may also be seen as a realm protected from ethical concerns, subject to laws of its own, and capable of making demands), it is difficult to argue that the market is natural or inevitable. Instead, the market is an obviously constructed contrivance that allows us to buy and sell goods and services within the economy. One may intelligibly talk about entering and leaving the market, for example, but one may not do so with the economy, which acts on us whether or not we wish to interact with it.

This discussion of the market leads to the question of whether or not the claims I make about the economy can be extended into the era of neoliberalism. “Neoliberalism,” David Harvey writes:

is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. (2005, 2)

As suggested above, this focus on markets does not necessarily represent a departure from, or a diminution of, the economy effect. Instead, it suggests that during the era of neoliberalism (the roots of which Harvey traces back to the early 1940s, but the predominance of which he suggests begins in or around 1978), the economy effect takes on a particular inflection that involves a heavy focus on markets (specifically on free markets). This inflection does not, however, go so far as to replace the concept of the economy with the concept of the market. If it had, James Carville's sign in Clinton campaign headquarters reminding staffers and volunteers to focus on: "1) Change vs. more of the same; 2) The economy, stupid; and 3) Don't forget the healthcare law" would at best have appeared anachronistic, and at worst would have been largely unintelligible.³³ Neoliberalism is not a theory that suggests that there is nothing but the state and the market; instead, it suggests that the most important aspect of the economy is the (free) market, and that the focus of the state should be firmly upon the maintenance and preservation of these markets, even when such maintenance appears in the short term to run counter to the demands of the economy. It may, for this reason, constitute a shift in position with respect to how and when we should respond to the demands of the economy, but it is not a rejection or dissolution of the economy effect itself.

³³ Imagine a sign that exhorted campaign staffers to keep an eye toward "increasing the economy with which we exercise the science of the legislator."

In the previous chapter, as well as in the immediately foregoing discussion, we focused primarily on the ways in which historical actors discussed, or came to discuss, the economy as it related to their own present tense. Another important aspect of this story, relates to the ways in which we discuss the economy as an element of the past. As Michel-Rolph Trouillot points out:

...[H]istory means both the facts of the matter and a narrative of those facts, both 'what happened' and 'that which is said to have happened.' This first meaning places the emphasis on the sociohistorical process, the second on our knowledge about that process or on a story about that process (1995, 2).

What stories do we tell about the economy? How do these stories shape our understanding of its present form? Can we shed light on real political possibilities in the present by examining the ways in which these stories have changed over time? How does our history of the economy constrain the political possibilities of the present? More specifically, how does this history produce the economy as an obstacle for political claims regarding the production and reduction of material inequality?

One feature of the story by which the modern economy gains and maintains the appearance of naturalness that contributes to its capacity to obstruct demands for greater equality is clear and nearly universal: Adam Smith plays a formative role in our modern understanding of the economy, and is also a foundational thinker for the political tradition that informs our democracy. The association of Smith with "the economy" creates a relationship between the economy and liberal ideals of freedom and democracy that makes it difficult to challenge the authority of one

without taking on the others. This is a problem for those who wish to pursue a politics that calls for reduced inequality in the service of democracy and freedom. Reading the economy back onto foundational thinkers like Smith helps to reinforce a narrative wherein the economy is a central feature of a free, democratic society, and also wherein the main problem of autocratic, nominally socialist or communist regimes is their inability or unwillingness to cede control of material resources to the economy. As such, this process of reading back allows opponents of political programs that call for government action to reduce inequality to suggest that these programs are in reality threats to freedom and democracy.

Consider, for example, the account of Adam Smith provided by Mark Skousen in *The Big Three in Economics*, a pop-scholarly (and very nicely written) book about Smith, Marx, and Keynes. Skousen describes Smith's achievements in terms worthy of any founding myth. After noting that the Declaration of Independence was signed in 1776, he goes on to say that:

Four months earlier, an equally monumental work had been published across the Atlantic in England. On March 9, 1776, the London printers William Strahan and Thomas Cadell released a 1,000-page, two-volume work entitled *An Inquiry in the Nature and Causes of the Wealth of Nations*. It was a fat book with a long title destined to have gargantuan global impact. (2007, 4)

He calls *The Wealth of Nations* a "declaration of economic independence," and then finally remarks "[i]t was no accident that the modern economy began in earnest shortly after 1776" (2007, 5). In support of this claim, Skousen makes reference to a line graph of the "Income of England" showing a relatively flat line from 1100 to the middle of the 18th century, followed by a sharp upturn indicating that this income increased by at least a factor of 8 between 1800 and 1995. This seems to suggest

that the “modern economy” is characterized by this rapid growth in GDP, and that this growth was made possible by Smith’s theories.

It’s worth noting that Skousen does not claim that Smith created the economy in general; instead he merely suggests that Smith was responsible for the inception of its modern phase (characterized by rapid growth). In fact, Skousen seems to contribute to the idea that the economy itself is a natural object, simply taking on different characters in different eras. For example, he suggests that “[o]ne of Smith’s major objectives in writing *The Wealth of Nations* was to smash the conventional view of the economy” (2007, 7). Rather than suggesting the Smith discovered or created the economy, Skousen instead implies that Smith enhanced our understanding of this naturally occurring object. We might understand Smith, from this perspective, as a sort of Copernicus of economics; he did not discover the solar system, but instead he moved our understanding of it much closer to its true nature, “smash[ing]” the older, wrong-headed conception. Moreover, Skousen’s narrative leaves the reader with no doubt whatsoever that Smith undertook this task of smashing in full knowledge of what he was doing, claiming it was indeed one of his “major objectives.” All of this results in the distinct impression on the part of the reader that political economists in the late eighteenth century spent their time engaged in heated debates over the nature of “the economy.”

Skousen is not alone in this narrative; in fact, I picked on him because I found his particular phrasing to be exemplary of a general trend in contemporary writing on the history of economic thought. Consider, in this light, the following lines from *Politics and Vision*:

The new domain of economy theorized by Adam Smith and the classical and neo-classical economists recognized that power relationships flourished in the economy, e.g., between owners and workers, yet it emerged as a domain that, unlike religion during the Reformation or politics during the seventeenth and eighteenth centuries, was never seriously exposed to democratization. (Wolin, 2004, 400)

Leaving aside, for the moment, the question of whether or not Smith had anything at all to say about “the economy,” Wolin doesn’t seem to make the assumption that it is a naturally occurring realm. However, when we look more closely at his language, it becomes clear that he is discussing not the construction of a historical object, but rather the uncovering of an already existing realm. That is, in order for Smith to “*recognize* that power relationships flourished in the economy” (my emphasis), the economy itself had to exist. Smith’s theorization, then, looks more like an uncovering or a discovery than an act of discursive production, and the economy looks more like an eternal truth or an *a priori* given than a product of human activity (Wolin, 2004; see also Hirschman, 1986, p.44; Bowles, 1986, p.109; and Kalyvas and Katznelson, 2001, 550).

Karl Polanyi, who in 1944 made the case that the “market economy” was a fairly recent development, and that it was not at all a natural occurrence, also participates in this discourse. He claims that:

[n]o society could, naturally, live for any length of time unless it is possessed of an economy of some sort; but previously to our time no economy has ever existed that, even in principle, was controlled by markets. (1944, 43)

Clearly, for Polanyi, the economy itself is naturally occurring, though obviously there is some variation in how it functions. That is, from Polanyi’s perspective, the dividing line between the economy and other aspects of the totality of human

existence (what we are calling the economy effect) is itself natural; it is only the particular character of this economy that is contingent. Thus, what is important to Polanyi in *The Great Transformation* is that the naturally occurring economy is currently “controlled by markets,” suggesting that it has the kind of existence independent of direct human control that I have suggested characterizes contemporary views of the economy. Similarly, even while downplaying the correctness of Smith’s direct observations on human nature, Polanyi pinpoints the publication of *Wealth of Nations* as the point at which the contemporary view of the economy began to take hold.

The prevalence of narratives like this is important for at least two reasons. First, the presumption that the economy is a naturally occurring object frees it from moral or ethical constraints. If the economy is inevitable, it makes no sense to spend any time at all considering whether we would be better off if it were fundamentally different, or even if it is useful to us at all. A naturally occurring economy is an object to be explored and experimented upon, but it is also an object the basic nature of which is fixed. It is possible, as we will discuss in detail in the next chapter, to apply modifying terms to the economy (such as “green”, “sharing” or “growth”), but these modifications cannot alter the basic character of the economy as a space free from the constraints of (and in many cases capable of acting as a constrain on) both politics and ethics. We might bring ethical concerns to bear on questions of how we should interact with the economy, but we cannot do so with questions of how the

economy should interact with us.³⁴

Secondly, the association of the discovery of the economy with Adam Smith strengthens the economy effect insofar as it generates the appearance not only that the economy is natural and inevitable, but also that even if it were possible to change the economy, we would not wish to do so as such change would threaten the maintenance of democracy and freedom. Again, Skousen provides exemplary language in regard to common perceptions of Smith:

Certain dates are turning points in the history of mankind. The year 1776 is one of them. In that prophetic year, two vital freedoms were proclaimed – political liberty and free enterprise – and the two worked together to set in motion the industrial revolution. (2007, 5)

In this narrative, the economy is securely attached to other Smithian ideas including the division of labor, free trade, and class mobility. Indeed, one is left with the view that, in the absence of “the economy,” Smith never would have been able to come up with these other ideas. This is, of course, absurd, because Smith actually did articulate ideas regarding division of labor, free trade, and class mobility, and he did so without any reference whatsoever to “the economy.” By attaching the economy to Smith, and Smith to large-scale increases in wealth, writers like Skousen strengthen the story in which Smith’s discovery of the economy allowed European society to act

³⁴ Of course, we ask all the time whether or not a given economic outcome is fair. However, such questions and objections typically treat the economy itself as a given, asking instead how or whether governments should act in order to mitigate or alleviate the unfair outcomes produced (inevitably) by the economy. While there are certainly some attempts to push back against this (as in the Institute for New Economic Thinking’s call for a “new economics”), in general organizations like Occupy Wallstreet instead call for minimum wages and tax schemes that rely on “extra-economic” transfers that rely upon direct state activity to remedy the inequality generated by the black box of the economy. While this may serve the function of diminishing material inequality, it fails to address the perceived division between the economy and the state that helps to maintain both effects.

upon it in newly scientific ways, leading to the expansion of wealth. The result is the view that the economy has always existed as a natural object, and that once it was uncovered and described by Smith, it became possible to shape society to meet the economy's requirements, thus allowing for the intentional production and maintenance of wealthy, free, democratic states, all resting on the natural, immutable, and inevitable characteristics of this newly discovered object.

Again, to be clear, I do not intend to suggest that Smith is the only author for whom such an examination could be conducted; instead, this analysis should be understood as a single example of a larger phenomenon. Smith is particularly interesting because his work has come to be so closely aligned with discourses that support and reify the economy effect, but he is certainly not alone. As mentioned in the previous chapter, for example, Marx might be an interesting possibility for a similar analysis, as would other members of the Scottish enlightenment. However, because the link between Smith and the economy (first as a distinct realm of human activity subject to laws and rules of its own, and later as a realm characterized specifically by market-based interaction) seems to be one important aspect of the process by which the economy achieves and maintains the appearance of naturalness, I would like to continue my analysis of his work by directly addressing the validity of this link. I will argue that, consistent with the timeline laid out in Chapter 2, Smith's writings do not suggest that he conceived of an object fitting the six criteria for the modern economy laid out above, nor indeed that he ever made reference to "the economy" at all, but that such an object is frequently "read back" on Smith.

I have, of course, had to pick and choose in providing evidence of the “modern” conception of the economy. Where given a choice, I have chosen to use popular authors as examples of this modern conception, as I am trying to get at the most common conception(s) of what we understand the economy to be. These popular authors, by necessity, call upon an implicit, shared understanding of the economy in order to make their statements sensible, and it is this implicit understanding that is the target of my analysis in this chapter. It is certainly not my intention to argue that this modern conception is a fixed object that is no longer subject to contestation. Instead, I suggest that while such contestation is certainly ongoing (as this project and others like it demonstrate), it tends to go on within a particular set of confines that form the boundaries of the discourse. If you go too far outside of these boundaries, you’re no longer taken to be talking about the economy at all³⁵, but instead about politics or society. These boundaries are, to be sure, constantly being shifted and reconstructed, but through an examination of popular discourse regarding the economy, we might at least get an idea about their general shape and location.

Such an inquiry has at least three potential uses. First, as a historical exercise it can help to clarify the meaning of an important and oft-quoted theorist. However, as my goal in relation to Smith is to some degree negative (that is, to show simply that he did not conceive of an object that fits the contemporary understanding of the economy, let alone use the phrase), this chapter does less to clarify meaning than to

³⁵ File sharing, for example, or potluck dinners, are both activities that involve the distribution and consumption of goods, but that are rarely considered to be part of the economy in its contemporary form.

debunk what I argue is an erroneous assumption about Smith's theoretical position. Such a debunking is worthwhile because, as I have suggested above, the claim that Smith wrote about the economy is one piece of the intellectual apparatus through which the appearance of the economy's naturalness and inevitability is maintained; as such, debunking this claim makes it easier to dispute this appearance. This leads directly into the second potential use: as a demonstration of the contingency of the emergence of the economy effect, it can serve to illustrate not only that things could have been otherwise, but that things were previously otherwise. Such a demonstration is crucial to the opening of a field of political action because it makes evident not only that the economy is itself the product of specific decisions and actions by particular individuals, but that even in an era in which we tend to assume that the economy was already being produced, and had already achieved a central role in human activity, it was in fact being done without. In short, debunking the idea that Adam Smith was a theorist of the economy serves to demonstrate that the economy can be done without in a context in which we tend to assume it was necessary. If we can show that the economy could have been otherwise, and in fact was at one time done without entirely, the logical questions that follows are "How might it be made otherwise in the present or the future?" and "Does it improve our world, or might we be better off trying to do without it again?"

At the very least, a demonstration of the economy effect as contingent upon (and contributing to) a particular construction of narratives of the past might shed some light on the specific ways in which it constrains our readings of both historical and contemporary texts. Even better, it might help us to resist or reconfigure this

effect, through the construction of alternative narratives of the past, in ways that seek to overcome the constraints the economy effect places on political action directed towards increased material equality.

Finally, as Quentin Skinner points out, such an inquiry is integral to the effort to understand the constraints and limits the economy places on political action in the present. A rigorous approach to the history of ideas is necessary for such an enterprise because:

...it is remarkably difficult to avoid falling under the spell of our own intellectual heritage. As we analyse and reflect on our normative concepts, it is easy to become bewitched into believing that the ways of thinking about them bequeathed to us by the mainstream of our intellectual traditions must be the ways of thinking about them... The history of philosophy, and perhaps especially of moral, social and political philosophy, is there to prevent us from becoming too readily bewitched. The intellectual historian can help us to appreciate how far the values embodied in our present way of life, and our present ways of thinking about those values, reflect a series of choices made at different times between different possible worlds. This awareness can help to liberate us from the grip of any one hegemonal account of those values and how they should be interpreted and understood.
(1998, 116-117)

If the political possibilities of the present are in some respects constrained by the economy effect, and if the way in which the economy effect is produced and maintained depends in part upon an understanding of Smith as a theorist of the economy, then a clear account of the route by which we arrived at such an understanding, and of the choices made along the way, can help to “liberate” us from the grip of the “hegemonal account” that suggests not only that the economy must be this way in particular, but even that the economy must be at all.

Importantly, as Skinner notes, an understanding of the historical use of concepts is vital to such a project because:

...what it is possible to do in politics is generally limited by what it is possible to legitimise . What you can hope to legitimise, however, depends on what courses of action you can plausibly range under existing normative principles. But this implies that, even if your professed principles never operate as your motives, but only as rationalisations of your behaviour, they will nevertheless help to shape and limit what lines of action you can successfully pursue. So we cannot avoid invoking the presence of such principles if we wish to explain why certain policies are chosen at particular times and are then articulated and pursued in particular ways. (1998, 105-106)

The “normative principles” established by the production and maintenance of the economy effect form, in a very real sense, the bounds of “what it is possible to do in politics,” and many of these normative principles (including the idea that the economy is natural, inevitable, subject to its own laws, and free from ethical concerns) are secured by a version of the history of political thought that suggests that Smith discovered the economy in general as an object for science, and that in so doing he initiated the modern stage of the economy. If we can, through this process of debunking, destabilize this version of history, and offer our own in its place, we may be able to call into question some of the normative principles, thereby allowing us to reconfigure some of the constraints governing “what it is possible to do in politics.”

One might very reasonably ask, at this, point, why I might expect this project to have such potential, when, as I have pointed out, many others have already called into question the naturalness of the economy. One answer is that I hope this project will allow me to join forces (and my voice) with those others who have questioned the economy, and that eventually the sheer accretion of critical voices will lend strength to the effort to lift some of the these constraints. In addition, I hope that this text will be accessible to a larger audience than many of the scholarly, academic

sources I have cited. My project is not merely one of critique, but of a call to critique as political action. I hope that one result of this critique will be that the reader will go on “high alert” whenever he or she hears “the economy” offered as a justification for political activity, and that the analysis offered herein will allow this hypothetical reader to respond by calling into question the legitimacy of this justification. To return to the example from the introduction, had I had access to this critique when I found myself at the bargaining table arguing over healthcare³⁶, it might have enabled me to respond by saying: “We do not agree with your assessment of ‘this economy’ or the constraints it places on our negotiations. Despite the fact that you talk about it as though it has always been there, and has always served to constrain politics, we understand ‘this economy’ as a relatively recent invention that in this context serves a specific political purpose of removing negotiations over material conditions from the realm of ethics and politics, and we refuse to concede that ground. The question is not whether or not we should pay more for health insurance due to the constraints imposed by ‘this economy;’ the question is whether our paying more for health insurance represents a politically just and ethically fair outcome, and we say it does not.” While such a response would not, of course, have won the fight for us, it might have put the fight on a ground that gave us a better chance of winning.

³⁶ Where I was told that the graduate student union I represented would have to take on a larger portion of its own healthcare costs because “in this economy” there was no way the University could do so.

C. Smith and the Œconomy

In order to examine Smith's relationship to the modern economy, we must first discover the ways in which he uses the term himself. He tends to use the term "œconomy" in one of two ways. The first way is described in the following quotation:

Political œconomy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the publick services. It proposes to enrich both the people and the sovereign. (1981, 347)

"Œconomy" follows "political," and the term is used to designate a particular aspect of the science of the legislator that is dedicated to providing a "plentiful revenue" to both the people and the sovereign. The second usage is to denote thrift or parsimony, as in the following passage:

In an extensive corn country, between all the different parts of which there is a free commerce and communication, the scarcity occasioned by the most unfavourable seasons can never be so great as to produce a famine; and the scantiest crop, if managed with frugality and œconomy, will maintain, through the year, the same number of people that are commonly fed in a more affluent manner by one of moderate plenty. (1981, 416)

As this second usage is both less common in Smith's writing, and less closely related to the object at hand, than the first, it is to the former that we will direct the bulk of our attention. It would, however, be a mistake completely to disregard the association between œconomy and thrift, as it may help us to understand the use of the term "political œconomy" more completely. To a modern reader, the term political economy may seem to suggest an examination of the economy from the

perspective of politics, and vice versa. For example, a recent job posting for an Assistant Professor with a concentration in international political economy describes the field as “the interplay between economic and political forces at the international level” (C. Carpenter, personal communication, October 19, 2010). However, from Smith’s perspective, it was much more likely to evoke an idea of thrifty or efficient application of the “science of a statesman” regarding the material wellbeing of the state (Mitchell, 2005). Rather than an examination of the interplay between economic and political forces, political *œ*economy was an economic (efficient or thrifty) application of political principles. The “political” in “political economy” served to differentiate the activity from “household” or “personal” economy, rather than from apolitical economy. That is, in this formulation, “political” designates the sphere of activity in which “economy” is being exercised.

One important distinction, then, between Smith’s vision of *œ*economy and the modern conception of economy is that *œ*economy always describes actions or activities, and never a specific thing or group of things; it is not a space or arena of activity but a kind or type of activity. A particular practice or policy may be *œ*economical or not, politics or agriculture may be practiced with or without *œ*economy, but *œ*economy is always a characteristic of these activities rather than a thing in itself. Smith’s object is not “the economy;” instead, it is the manner in which the “science of the legislator” may be applied in order to encourage the accumulation of national wealth. Contrast that view with the following passage from the *Atlantic*:

Even if the economy were to immediately begin producing 600,000 jobs a month—more than double the pace of the mid-to-late 1990s,

when job growth was strong—it would take roughly two years to dig ourselves out of the hole we’re in. The economy could add jobs that fast, or even faster—job growth is theoretically limited only by labor supply, and a lot more labor is sitting idle today than usual. (Peck, March 2010)

The contemporary economy is an actor in and of itself. The economy has agency and is capable of adding jobs or losing jobs, preventing or abetting justice, and imposing undesirable solutions to political problems; moreover, it is limited in this capacity only by the theoretical laws that govern its activity. Œconomy is merely a descriptor of discrete actions undertaken by individuals or states.

One might quite reasonably argue that I have created a red herring by focusing so intently on Smith’s use of Œconomy in comparison to the modern economy. After all, such an argument might go, aren’t we really generally talking about the gross domestic product when we discuss the economy? If so, don’t passages such as the following suggest that while Smith might not have shared our term, he certainly shared our concept?

The gross revenue of all the inhabitants of a great country, comprehends the whole annual produce of their land and labour; the neat revenue, what remains free to them after deducting the expence of maintaining; first, their fixed; and, secondly, their circulating capital; or what, without encroaching upon their capital, they can place in their stock reserved for immediate consumption, or spend upon their subsistence, conveniencies, and amusements. Their real wealth too is in proportion, not to their gross, but to their neat revenue. (1981, 255)

Certainly such an argument has some merit. One can easily find such uses of economy in popular culture. A quick perusal of CNN.com, for instance, yields the following:

China's economic growth slowed for the second quarter in a row, cooling fears that its economy is growing at an unsustainable pace.

China's gross domestic product, the broadest measure of economic output, grew at an annual rate of 9.6% during the third quarter of 2010, according to figures from the National Bureau of Statistics released Thursday. (Censky, October 21, 2010)

This usage seems to suggest that the economy is simply a shorthand term for the GDP, and that growth in the latter translates directly to growth in the former. The fact that such usage is commonplace suggests that there is certainly a relationship between Smith's understanding of the general stock of society and the contemporary economy.

However, the fact that the usage found in the *Atlantic* is also commonplace suggests that the economy has characteristics that go far beyond Smith's general stock, which he never suggests has the ability to create employment, or take any other action at all. This distinction is important to my argument; I am not suggesting that there is no relationship between Smith's ideas and the contemporary concept of the economy. Instead, I am suggesting that Smith would not have understood our contemporary understanding as being the same as what he was talking about, and that the tendency of contemporary critics to read him as though he would have has substantial effects not only upon our reading of Smith, but upon our understanding of the relationship between the past and the present.

One such effect is that when we read Smith as though he had the same object in mind as we do when we discuss the contemporary economy, we lend credence to the idea that the characteristics of the economy are fixed and ahistorical. If, on the other hand, Smith had a different object in mind, then we must accept the idea that the economy is historically produced, in which case ceases to function simply as a constraint on the future, and becomes instead one element of the change we must

imagine when we imagine a future that is different from the present. Additionally, when we treat Smith as though his object is the same as ours, despite the fact that, as we have shown, our contemporary understanding of the economy includes many things that Smith did not deal with at all (such as the idea of the economy as agent), we then tend to assume that the arguments Smith made (for example, his famous argument about the “invisible hand”) can be appropriately applied to all aspects of the contemporary economy.

The result is that Smith’s relatively small claim (which is simply that, insofar as individual interests in supporting domestic products over foreign ones and in maximizing individual profits align with collective interests, we will act for the public good without intending to do so) is expanded to form the whole basis of the idea that we must allow the economy free reign to dictate the limits of policy in order to avoid conflict with the invisible hand. Such an assumption is not merely historically problematic; it limits our ability to comprehend Smith’s argument, because he makes the claim about the invisible hand (Book IV, Chapter 2) in the context of assumptions about how individual producers will respond to questions about how to employ their capital. As he makes clear elsewhere (see below), Smith certainly doesn’t think that the invisible hand (rather than, as he puts it, the “advantage” or “inconveniency” of society) should be allowed to dictate wages for laborers. This is not a problem for Smith, because as he understands it, wages for workers and employment of capital for small producers are two separate questions; however, when we lump them under the label “the economy,” we begin to run into problems which cause us to assume that one or the other of the conflicting

principles is the “right” interpretation.

We may further differentiate Smith’s understanding from the economy by examining the question of the limits of growth. Smith believes that the amount of wealth that a given society may attain is limited:

In a country which had acquired that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries allowed it to acquire; which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of stock would probably be very low. (1981, 128)

Once a country has exhausted the potential of its soil and its climate, as well as its comparative advantages in comparison with its neighbors, it can become no wealthier. This belief that soil and climate function as inherent limits on the wealth of a country suggests that Smith doesn’t understand innovation or invention as fundamental sources of national wealth, and puts his understanding of the “general stock” of society at substantial odds with the contemporary understanding of the economy. For example, in a paper hosted by the Organization of Economic Co-operation and Development, Stanford Professor of Economics Emeritus Nathan Rosenberg notes offhandedly in his introductory paragraph that “[i]t is taken as axiomatic that innovative activity has been the single, most important component of long-term economic growth....” (2004). Our understanding of the contemporary economy requires, as noted above, that it be capable of infinite growth without regard for physical limitations; Smith, on the other hand, is clear that there are real, physical limits to growth. He cannot, therefore, possibly be discussing an object that, name aside, shares a concept with “the economy.”

Another way to get at this distinction is through an examination of Smith's concepts of productive and unproductive labor, which lead him to an understanding of the relationship between price and value that is at odds with the dominant current (marginalist-influenced) understanding:

There is one sort of labour which adds to the value of the subject upon which it is bestowed: There is another which has no such effect. The former, as it produces a value, may be called productive; the latter, unproductive labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. (1981, 287)

The sovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers... In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, &c. The labour of the meanest of these has a certain value, regulated by the very same principles which regulate that of every other sort of labour; and that of the noblest and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. (1981, 287)

According to Smith's categories of productive and unproductive labor, the only thing that can lead to an increase in wealth is material labor. While certainly, as emphasized in the first quotation above, not all material labor is productive, the second quotation seems to make clear that all labor that does not involve the manufacture or direct improvement of a material good is unproductive. Notably, included in the category of unproductive laborers are physicians and men of letters of all kinds. Smith, by arguing that "the noblest and most useful" of these unproductive laborers "produces nothing which could afterwards purchase or procure an equal quantity of labour," demonstrates a peculiar fixation on the

material forms which make up wealth, particularly for someone who subscribes to a labor-based theory of value. Below, for example, we see Smith's statement of exactly such a theory of value, which appears to contradict his distinction between the two types of labor:

The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money or with goods is purchased by labour as much as what we acquire by the toil of our own body. (1981, 84)

If labor is the ultimate source of all value, then it seems as though the material components of most commodities (excepting those that must be imported) should be largely irrelevant to their value. While certainly possession of certain raw materials will give one person a comparative advantage in terms of the amount of labor required to acquire a given commodity, the fact remains that the value of that commodity is, for Smith, defined by this quantity of labor represented by the commodity from the perspective of the buyer.³⁷

If this is the case, one might legitimately wonder why Smith is so adamant that labor that does not result in the direct creation of material goods is “unproductive.” To take a particularly obvious case, the labor of the physician is understood as having a relatively high price, and the reason for this may be easily comprehended using only Smith's labor theory of value. Illness may be seen to

³⁷The modern economy, because of its association with Marginalism (see Chapter 2), rests not on such a labor theory of value, but instead on one that focuses on price as a result of marginal utility.

constitute a substantial inconvenience for the suffering individual – indeed, one might say that, in the best-case scenario, illness requires some substantial labor to overcome, in the form of energy devoted to recovery rather than any other activities. For this reason, one might quite reasonably be willing to pay a physician for a remedy that will decrease this recovery time, and one might understand the value of such a service as being equivalent to the value of the labor that might be performed in the time that would otherwise have been spent in recovery.

Smith, however, understands the physician's labor in this case as unproductive, because at the end of his task, no additional material wealth has been created; instead, wealth is simply transferred from the sick laborer to the doctor. The same analysis holds true for teachers, lawyers, and all other workers who provide services rather than producing goods. One reason Smith might not understand this as a contradiction within his work is that he doesn't understand an identity between price and value (or wealth) in the way that we tend to today. Labor may dictate the price of the services provided by these various unproductive laborers, and still do nothing to contribute to the wealth of the nation.

This distinction in Smith's work has two main implications for our current discussion: first, there is in fact a substantial difference between Smith's concept of the "general stock" and the contemporary idea of gross domestic product; and second, Smith's preoccupation with material production provides evidence that he does not understand the production of wealth to be the product of a complex network of human interaction in the way that we currently understand the economy.

The United States Department of Commerce defines GDP as "[t]he market

value of goods and services produced by labor and property in the United States, regardless of nationality” (Bureau of Economy Analysis Online Glossary, <http://www.bea.gov>). The mere inclusion of “services” in this definition suggests a departure from Smith’s “general stock.” In fact, according to the Bureau of Economic Analysis (BEA), this departure is significant in magnitude. In 2009, total US GDP was just over \$14.1 trillion dollars. Personal expenditures on services accounted for nearly \$6.8 trillion, or about 48 percent, of this \$14.1 trillion (BEA, 2011).

This is more than just a technical difference or the natural evolution of the economy. For example, according to the BEA, the US GDP increased by over 4700 percent between 1951 and 2009. However, if we remove the category of personal expenditures on services from the calculation, we see less than a 3300 percent increase. To put it another way, the GDP increased nearly 30 percent more than the “general stock” over this period. Using the more detailed data available for more recent years, we can see this distinction in even starker terms. According to the BEA, US GDP grew by a very modest 1.92 percent between 2005 and 2009. However, if we remove all of the categories that Smith would deem “unproductive,”³⁸ the numbers tell a very different story. Instead of growing slowly, the “general stock” decreased by 4.86 percent over the same period (BEA Table 1.5.6). During this four-year period, the economy grew while the “general stock” shrank.

The designation of these services as “productive” has not been uncontested in the contemporary era, despite the fact that the GDP is often treated not as a

³⁸ I removed the following categories: Personal expenditures on services, imports and exports of services, and consumption rather than investment expenditures by the government.

political artifact, but rather as a concrete, objective indicator of economic output. In fact, an analysis of the ways in which we calculate GDP demonstrates that all such decisions are politically fraught. As Brett Christophers notes, the question of how to calculate the economic contribution made by the financial sector has been politically fraught since the inception of national accounts. In fact, while we tend to treat GDP as an indicator well suited to comparing the economic output of multiple countries, there has been significant variation regarding its calculation over its history. Much of this variation has been the result of differing answers to the “banking problem” specifically, and to the problem of distinguishing income (or value added) from simple transfers of wealth from one member of society to another more generally. A general consensus has been reached, however, that income from interest, for example, should be counted as value added, while the cost of interest to consumers will generally be written off as losses to a fictional sector of the economy created for this purpose. While this has the same effect on the calculation of the overall GDP that simply writing this income off as a transfer of wealth would have, it has the advantage (for proponents of the financial services sector) that it greatly increases the share of the GDP for which financial services are responsible (2011, 133). This contestation is worth noting for our purposes insofar as it demonstrates one of the ways in which understanding of the economy that at first seem merely technical may be shown to include a political dimension as well. Indeed, I would suggest that it is impossible to make a meaningful distinction between the “merely technical” and the “political” because technical decisions of this sort always have political implications.

In contrast to the tortured history of the calculation of the GDP, Smith's preoccupation with the material nature of the wealth is even more pronounced. His focus on wealth created by productive labor suggests that he understands the general stock as a sort of literal material stockpile that exists separate from the individuals who use it. Because of this literal materiality, the general stock behaves very differently than the economy, particularly in the context of crisis. In fact, were Smith truly a theorist of the economy in the modern sense, it would be quite startling that the word "crisis" does not appear even once in *The Wealth of Nations* (Glahe, 1993).

Consider, for example, the following passage from the New York Times: "Banks' profits have plunged, and the government is spending hundreds of billions of dollars to shore up the industry and prevent its problems from dragging down the economy" (White, 2008). The sentiment is so commonplace as to appear banal, and yet the basic analysis necessary to make sense of the apparently simple statement would have been entirely alien to Smith. A decline in banking profits would, for Smith, be very likely to lead to a diminution of the quantity of money in circulation. However, as these bankers were not, to begin with, productive workers, it should have little effect on the general stock:

When we compute the quantity of industry which the circulating capital of any society can employ, we must always have regard to those parts of it only, which consist in provisions, materials, and finished work: the other, which consists in money, and which serves only to circulate those three, must always be deducted. In order to put industry into motion, three things are requisite; materials to work upon, tools to work with, and the wages or recompence for the sake of which the work is done. Money is neither a material to work upon, nor a tool to work with; and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other

men, consists, not in the money, but in the money's worth; not in the metal pieces, but in what can be got for them. (1981, 262)

An event that affects the quantity of money would certainly affect the value of money, and would thus influence what could be bought for a given quantity of money, but it would not affect the actual material wealth that makes up the general stock. This is not to say that the quantity of money, or the banking industry, is unimportant to the various processes of productive labor. As Smith puts it:

That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money for answering occasional demands, is so much dead stock, which, so long as it remains in this situation, produces nothing either to him or to his country. The judicious operations of banking enable him to convert this dead stock into active and productive stock; into materials to work upon, into tools to work with, and into provisions and subsistence to work for; into stock which produces something both to himself and to his country. (1981, 280)

The banking industry can help those who are engaged in productive labor to produce more, for Smith, but a crisis in the banking industry could not diminish the general stock itself; it could only inconvenience those engaged in that productive labor, requiring those dealers to maintain more of their capital in liquid form in order to meet "occasional demands." Unlike contemporary accounts, in which a banking crisis is understood to affect everyone, and in which we expect it to impact the poor and the working class as much as or more than the wealthy because of the perceived relationship between banks and the economy, Smith would expect a banking crisis primarily to affect merchants and direct producers. A banking crisis could not, in Smith's understanding, have the result of reducing the actual amount of wealth in a given nation (as we tend to understand the 2008 financial crisis to have done), nor of reducing effective demand for goods and services. Unlike Smith's

general stock, the economy allows the cost of failures incurred by financial elites to be passed onto the poor and the general public.

The flipside of this coin is that activity that leads to substantial profits for the financial industries, as noted above, does nothing to contribute to the general stock, except insofar as it makes it easier for productive laborers to gain access to credit. One might, then, imagine a country with a very large GDP, but that it is not all that “wealthy” in the sense that Smith would understand. Another real world example might be instructive here: In 2007, according to the World Bank’s World Development Indicators, the United States had a GDP of \$13.742 trillion, while China had a GDP of \$3.382 trillion, making the U.S. GDP over four times larger than China’s. However, also according the World Bank, in that year services (or unproductive labor) accounted for 77.3 percent of U.S. GDP, but only 41.9 percent of China’s. So, if we remove these service sectors from our calculation, the U.S. is left with a productive GDP of \$3.119 trillion, while China is left with \$2.303. In other words, the material wealth (in terms of production) of the United States only exceeds China’s by a factor 1.35, instead of the factor of four noted above. Even this conception, it should be noted, wouldn’t be quite right by Smith’s account, as the general stock is properly understood not in terms of these dollars, but rather in terms of the goods they represent.

As such, the contemporary understanding of the economy, despite its appearance of naturalness and ethical neutrality, allows for the validation of the work of some (those in the financial services) who do not, in Smith’s understanding, produce anything at all. Moreover, because the sums with which they work are so

large, these same workers come to appear to contribute more than those who Smith would understand as productive. By reading the economy back onto Smith, we come to the erroneous conclusion that he would have been likely to understand Wall Street as a triumph of capitalism, when instead he might well have understood it as a massive sink of resources into unproductive labor. Moreover, by applying this erroneous understanding of Smith's view of productivity to the equally erroneous idea that he shared an object with contemporary economists, we get the picture that the history of economic thought over the last 250 years has been the story of a steady rise toward the pinnacle that is the modern American financial sector.

D. Smith and the Six Criteria of the Contemporary Economy

We might at this point return to the six criteria I have advanced for the modern economy, and compare them to Smith's conception of the general stock, or the gross revenue, or of political œconomy in general. First, for Smith, none of these terms describes a distinct realm of existence; the general stock is a literal material stockpile, while the gross revenue is a direct outcome of human activity, intimately related both to social and political life, and political œconomy (unlike the modern economy) describes not a space or realm of activity, but instead a way of doing things or a type of activity. There is no independent, unique realm of economy in Smith's writings.

It is tempting to say, however, that some aspects of Smith's writings may satisfy the second criterion of the economy – that of providing an impersonal realm of activity that is free from the moral code governing other social interactions. Certainly this famous passage seems to support that position:

It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. (1981, 72)

This doesn't actually, however, suggest the absence of a moral code in this transaction; instead, it simply suggests that there is no moral reason for which the butcher is obligated to give us meat. This becomes clear when we add the following passage from the *Theory of Moral Sentiments*³⁹:

There can be no proper motive for hurting our neighbour, there can be no incitement to do evil to another, which mankind will go along with, except just indignation for evil which that other has done to us... In the race for wealth, and honours, and preferments, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should justle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of. This man is to them, in every respect, as good as he: they do not enter into that self-love by which he prefers himself so much to this other, and cannot go along with the motive from which he hurt him. (Smith, 1982, 82)

³⁹ Many readers may be aware that one area of Smith scholarship focuses on what has become known as the "Adam Smith problem," or the "question of the relationship between the intensely moral focus of.. the *Theory of Moral Sentiments* and the moral indifference of the *Wealth of Nations*" (Heilbroner, 1982 [quoted in Shapiro, 1993]). For two reasons, I do not directly address this "problem." First, I am not at all convinced it is a real problem. See the discussion on wages below, for example, for evidence that the Smith of the *Wealth of Nations* is not entirely morally indifferent. Second, I am convinced by Michael Shapiro's argument that for analyses that are concerned not with "isolat[ing] the 'real' Adam Smith," but instead focusing on the kinds of problems and solutions Smith proposes, such a reconciliation is not necessary. Instead, using Shapiro's idea of the "Smith Effect," one may take any apparent contradictions in stride because "Adam Smith is important to traditionalists because he helped to shape the modern political condition (as if that 'condition' were quiescent, consistent, and unambiguous) (1993, xxvii)." Because I am attempting to demonstrate the ways in which Smith's ideas may be differentiated from the contemporary concept of the economy, unless I accept the idea of a "true" Adam Smith to be found underneath and through his writing (which I do not), contradictions and inconsistencies in his work are not a problem. Instead, they are evidence that Smith's own views were themselves ambiguous.

Smith does not suggest that whatever happens in the race for wealth is “just business,” immune from all other considerations. Instead, he suggests that we should not expect the butcher or the baker to give us anything solely out of the goodness of their own hearts, but that we should expect them to deal with us fairly and honestly. Their action on the basis of their self-love is mitigated by their allegiance to the rules of fair play. Smith would likely find more resonance in Google’s “Don’t be evil,” than in Gordon Gecko’s “Greed is good.” Finally, it’s worth noting that these transactions all occur, for Smith, on a very personal level – we appeal directly to the butcher or the baker, and he or she acts on the basis on self-love and a desire for esteem. There is no impersonal realm of economy in Smith’s writings.

The third criterion I identify for the contemporary economy is that it functions as a protected realm of inequality, serving to naturalize real inequalities that have a profound effect on issues generally understood as political or social. The economy serves to separate these inequalities from the functioning of our political and social institutions, allowing the illusion of formal equality to be maintained. A comparison between Smith’s discussion of rising wages for the working poor and Thomas Friedman’s discussion of low wages at Wal-Mart may serve to illuminate this discussion:

So the Wal-Mart shareholder and shopper in us wants Wal-Mart to be relentless about removing the fat and friction in its supply chain and in its employee benefits packages in order to fatten the companies profits – and to keep its prices low. But the Wal-Mart worker in us hates the limited benefits and low pay packages that Wal-Mart offers its starting employees. And the Wal-Mart citizen in us knows that because Wal-Mart, the biggest company in America, doesn’t cover all

its employees with health care, some of them will just to go the emergency ward of the local hospital and the taxpayers will end up picking up the tab. (2004, 251)

For Friedman, we must begin by examining the ways in which our fragmented identities, each of which occupies a different position, feel about Wal-Mart's wages. There is no undifferentiated society as it appears in Smith's writing. Instead, we first experience Wal-Mart's wage policy from our position as shareholders and shoppers. From these positions, located firmly in the realm of the economy, Wal-Mart's low wages look great, as they lead directly to high profits and low prices, maximizing our own economy benefit. Moreover, from the perspective of citizens (leaving aside the terrifying concept of the "Wal-Mart citizen") what we see are not the potential political and social inequalities that may be created by the maintenance of a poverty-level low wage work force with limited access to health care, but instead the potential taxpayer costs of the inevitable need of at least some of this underclass to access health care. It is only from the perspective of the workers themselves, for Friedman, that these low wages seem problematic in and of themselves.

In contrast, Smith offers a view of the question of rising wages that makes it clear that his view of the problem is fundamentally different than Friedman's:

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the society? The answer seems at first sight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, cloath and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, cloathed and lodged. (1981, 117)

Smith suggests that the rising wages of the poor should be considered not on the basis of their utility to some impersonal concept of economy, but rather on whether they are an “advantage” or an “inconveniency” to society. In addition, he determines that, despite their inevitable role in raising the cost of goods, they must overall be an advantage because “No society can... be flourishing and happy, of which the far greater part... are poor and miserable.” Moreover, he tells us, this is an issue not simply of efficiency, but also of equity. In all, the question of rising wages is, for Smith, entirely a question of the overall wellbeing of the individuals who make up society *as people*, and this calculus involves no distinction between people as social and political units and people as economic units. If Smith can serve as the foundation for a conception of the economy as a protected realm of inequality, there is no reason he shouldn’t also be able to serve as the foundation for a conception of the economy that suggests that such a realm does not exist. That is, because Smith has been erroneously deployed in favor of the view that the economy is (and implicitly, should be) such a protected realm of inequality, a demonstration that he did not, in fact, hold such a view can call the sanctity of the idea into question and remove some of its perceived ideological and historical support. Moreover, an effort to reimagine the economy that uses Smith’s support for equity as one of its own historical foundations might be able to take advantage of some of the prior work that has been done in establishing Smith as a historical authority regarding the economy. There is no protected realm of inequality in Smith’s writings.

My fourth claim regarding the contemporary economy is that it functions as a potentially infinite realm of growth, serving to release some of the tension that

might otherwise emerge as a result of capitalism's endless requirement of expansion. As Mitchell puts it, the economy can "be imagined to grow – without altering its physical limits" (Mitchell, 1998, 90). As noted above, Smith believes that there are limits to the increase of wealth in individual nations, and that these limits are based upon the physical characteristics of these nations' territory (Smith, 1981). This highlights a substantial distinction between Smith's understanding of wealth and the contemporary concept of the economy; for Smith, wealth is material. The only way in which a nation can increase its wealth beyond the limits set by the characteristics of its territory is to gain new territory. While this physical territory may, in the late 18th century, give the general appearance of being effectively limitless, it does not fulfill the same metaphysical role that a conceptually limitless, non-physical economy fulfills. One might imagine a limit to geographic expansion – indeed, any scholar in the 18th century would have conceded that, while there might have been enough land to make territory effectively limitless, there was in fact a limited amount of territory in the world. In contrast, few economists today would agree that there is a hard and fast limit to economic growth. Instead, we tend to understand limits to the rate of growth, with the implicit understanding that growth itself is the only real constant. There is no potentially infinite realm of economy in Smith's writings.

My fifth criterion for the economy is that it is natural and inevitable – its laws are presented as so inexorable, its imperatives so inescapable, that its demands override mere human concerns. We are powerless in the face of the economy; we must do as it dictates. Given the four foregoing points, it seems that while one might

make the case that Smith found certain aspects of the “tendency to truck and barter” to be inevitable, it would be difficult to make the case that this translates to an inevitable realm of the economy in the way in which we tend to talk about it today. If we are powerless in the face of anything, according to Smith, it is the individual tendency to attempt to make a profit. For example, in his discussion of laws prohibiting the export of gold and silver, Smith notes that while the arguments made against such laws were “partly solid and partly sophistical,” they were solid insofar as they asserted that “no prohibition could prevent their exportation, when private people found any advantage in exporting them” (1981, 350). People cannot be stopped from attempting to profit; however, because they are also subject to other motivations, they may be influenced in their activities. They may be stopped from a particular path that leads to profit, for example, if it contravenes the rules of “fair play” as enumerated above in the *Theory of Moral Sentiments*. Smith’s inevitability lies on the level of individual motivations, rather than large-scale societal forces; there is no separate, inevitable realm of the economy in Smith’s work.

Sixth, and finally, there is no agential economy present in Smith’s writing. Insofar as we focus on his use of the word “economy” itself, we see that it only describes other things, and therefore cannot aspire to agency. If, instead, we focus on Smith’s general stock, we find ourselves looking at a pile of material goods, which may be said to be important, but which cannot be thought to have agency.

E. Conclusion

So, if the contemporary economy (or the “economy effect,” as we have been

referring to it is different in dramatic ways from the object of Smith's inquiry, and if despite this difference we tend to write and talk about Smith's work as though its object was the contemporary economy, what importance might we find in this fact for our examination of the economy effect as a constraint on the possibilities for political action?

One important point, as noted above, is that the reading back of the economy onto thinkers like Smith contributes to its appearance of naturalness and inevitability. If the economy is understood not as a relatively new product of efforts to solve particular political and intellectual problems, but instead as an always-already existing sphere of human activity to be uncovered, discovered, examined, and analyzed, then the results of these analyses and examinations take on a sense of authority that is difficult to oppose. In its simplest form, the argument here is that the economy effect, by encouraging us to read the distinction between the economy and the rest of human activity onto a past that did not perceive it, constrains our capacity to understand economic activity as mutable and susceptible to intentional political and conceptual intervention.

This dynamic has the potential for a substantial impact on the possibilities for political action in the present. If, by contributing to such a sense of naturalness and inevitability, the reading back of the economy onto Smith and his contemporaries helps to make the rules of the economy appear as immutable discoveries of science (like gravity or relativity) rather than contingent, normative statements made by individuals with an interest in a particular outcome, then it will also tend to contribute to the difficulty of mobilizing any kind of significant political

activity which appears to oppose these immutable rules. After all, who would waste their time engaging in politics the goal of which was to encourage action on the basis of some alternate understanding of gravity? By the same token, resistance to such a sense of inevitability (through the construction of alternative narratives of the economy) might have the potential to loosen some of these constraints, making it less difficult to engage in political projects that are aimed at diminishing, or mitigating the effects of, material inequality.

This story is not a simple one of unidirectional cause and effect, though. At the same time as the reading back of the economy effect onto thinkers like Smith contributes to the sense of naturalness and inevitability that we attribute to the economy, the reverse is also taking place. That is, the sense of naturalness and inevitability that comes with the economy effect directly contributes to our tendency to read it back onto thinkers whose work precedes it. If the economy really is natural and inevitable, we might think, then Smith must have been talking about it, even if he did not yet have the language to do so using the same words we do.

When we think about this direction in the intercausal relationship we're describing, it becomes clear that the economy effect functions not only to constrain our sense of what is politically possible in the present, but also our construction of narratives of the past. We are, for example, constrained in our reading of Smith by our underlying belief in the givenness of the economy effect, such that we contort our readings of his work in order to fit it to what we understand to be true about the economy. The result is that we construct a narrative of the history of ideas about

economic activity in such a way that the evolution of these ideas seems to lead inevitably to the discovery and analysis of the economy.

Recognition of this intercausality suggests that one may loosen this knot from either end. That is, as noted above, combatting the tendency to read the economy back on thinkers like Smith helps to weaken the sense of inevitability and naturalness that inheres in the economy, but resistance to this sense of inevitability and naturalness itself also helps to remove some of the constraints on our readings of historical theorists. If the difference between these two approaches is difficult to parse, it is due to the fact that it is always difficult to distinguish between our understanding of a particular element of history and our implicit beliefs regarding those aspects of the human condition that are immutable and transhistorical. This may be part of why it is so hard to “get out of the box” that is formed by the economy effect; it forms such a part of the ways in which we tend to understand the world as given that it is easy not to notice when we project it onto historical objects (or future imaginaries). The result is that our own conceptions and imaginations of the past and future support the claim of the economy’s naturalness and inevitability.

If we attempt to work through this difficulty, however, we might begin to see that by giving up the idea of a necessary and natural distinction between the economy and everything else, we render it possible to view Smith not as an early discoverer of the laws of the economy, but instead (for example) as a theorist of the ways in which the mechanism of the market can aid human efforts to cooperate and undertake large scale projects. In such a reading, we would direct our primary attention not to those portions of Smith’s work that seem amenable to the picture

we already have in our minds of what the economy looks like, but instead to the types of government controls that Smith actually advocates in order to ensure that markets function in the way he suggests they might.

With such a goal in mind, we might look at Smith's treatment of the joint-stock company, which highlights these less-examined aspects of Smith's thought. Such a company, Smith suggests, differs in "several" ways from the other types of business units he identifies (regulated companies and private copartneries). First, it differs in that, unlike a private copartnery, owners of stock in joint-stock companies are free to transfer their stock to whomever they may choose at any time, but are not entitled to demand that the other owners of stock buy out their share if they want to get out of the venture. Second, the joint-stock company limits the liability of shareholders to the extent of their holdings in the company (Smith, 1904, V.1.104-106). In both these respects, as well as in the respect that such a structure can only be instigated with the consent of the state (which is itself also an effect), Smith's joint-stock company closely resembles the contemporary public corporation. As such, the following assertion has some interesting implications:

To establish a joint-stock company, however, for any undertaking, merely because such a company might be capable of managing it successfully; or to exempt a particular set of dealers from some of the general laws which take place with regard to all their neighbours, merely because they might be capable of thriving if they had such an exemption, would certainly not be reasonable. To render such an establishment perfectly reasonable, with the circumstance of being reducible to strict rule and method, two other circumstances ought to concur. First, it ought to appear with the clearest evidence that the undertaking is of greater and more general utility than the greater part of common trades; and secondly, that it requires a greater capital than can easily be collected into a private copartnery. (1904, V.1.125)

First, this passage suggests that Smith doesn't believe that the joint-stock company

should be nearly as common as it has become today, which casts some doubt on the idea that the system Smith was advocating had much to do with the contemporary economy. Second, and far more important for our purposes, it suggests that despite the first point, he did believe that the form was appropriate for undertakings that had great general utility and required exceptional treatment in order to come to fruition. In short, this is an assertion that the mechanism of the market should be manipulated by the state (through the granting of the privileges inhering in the joint-stock company) for the purpose of promoting the general welfare.

Like many other passages in Smith's work, if we work to think through this passage without assuming the economy effect, we can develop an understanding of his overall theory not as one of how the economy works, but instead of how the market (or markets, as for Smith these were almost always literal locations in which trading took place) might be constructed and manipulated as a tool for statecraft. In this context, the market is not necessarily different from the family or the school; it is simply one of many institutions available to the state for the purpose of undertaking activity that is generally beneficial to the populace.

By working to understand the history of the economy effect not simply as a set of facts regarding the discovery of specific aspects or truths about this realm of human activity, but also (or perhaps, even moreso) as a narrative about that process that imposes its own suppositions and inflections, we can begin to make sense of some of the ways in which the construction of alternative narratives of the past, such as the one hinted at above, might have the power literally to change history. If our understanding of the present is based on a conception of path-dependency,

wherein what is always depends upon what has been, then there can be no more important way to open or close the appearance of political possibility in the present than by affecting our narrative of the past that lead us to this point. In this regard, Smith is simply one example of the myriad opportunities with which we are confronted to challenge the narrative of the uncovering of the economy. One interesting option with which to oppose this narrative, as I have suggested, is that of the development of an understanding of markets as one tool among many available to the state and others for the purpose of solving political problems.

In the next chapter, we will turn our attention to some of the ways in which people are attempting, or talking about attempting, to change the ways in which we think about, and function within, the market and the economy in the present.

CHAPTER 4

CONCEPTUAL INNOVATION AND THE GREEN ECONOMY

A. Introduction

In the previous chapters, we examined some of the ways in which the economy effect has been produced and maintained in accordance with the six criteria I have laid out (see Chapter 1), and also how it both constrains and is constrained by our understanding of the history of the economy. In this chapter, we will take a look at some of the ways in which alternatives to “the economy” are constructed, with special attention to the manner in which the economy effect serves as a constraint on efforts to reconfigure our patterns of production, consumption, and distribution, even in the face of overwhelming political and practical forces calling for such a reconfiguration. We will focus in particular on the green economy.⁴⁰

“Alternative economies” are interesting for our purpose because, like many other claims regarding reconfigured patterns of economic activity, they start from the assumption that we already know what the unmodified economy is. Such assumptions form a fascinating starting point for an inquiry into the ways in which we think about the economy in general, and its relationship to proposed conceptual innovations like “sharing.”

While we tend to treat the economy as though it were axiomatic, an inevitable, always pre-given, and always already understood phenomenon, it proves to be much more slippery than this when we attempt to look directly at it, rather

⁴⁰ We'll examine the sharing economy in the next chapter.

than at its effects. For example, the best definition of the economy the Oxford English Dictionary can provide is “The organization or condition of a community or nation with respect to economic factors, esp. the production and consumption of goods and services and the supply of money (now freq. with *the*); (also) a particular economic system.” (OED) This definition can hardly account for uses such as “The economy added fifty thousand jobs last month” or “We won’t be able to fund healthcare in this bad economy.” We discuss it constantly, but define it only rarely and vaguely, in part because it is difficult to imagine a definition that could cover all of the myriad uses to which the economy can be put. There is widespread agreement that it is one of the most important determinants of the quality of life of (at the very least) most citizens of liberal (or neoliberal) democracies, but what little consensus there is about the relationship between its function and mechanics and the policies directed toward it seems to be derived from faith rather than evidence. The idea that the economy is important to political outcomes is, at this point, so obvious as to appear banal, and yet the economy is in many respects treated as external to politics, acting upon them, and reacting to them, but not subject to the whims of political decision-making.

We might, in this respect, think of the economy as being something like a particularly difficult international ally. Obviously, our relationship with this ally is important to political outcomes, and we expect our representatives to do as good a job as possible of moving toward our goals in their interactions with this ally, but we do not expect them to have complete control over these interactions, and we recognize that the parameters for possible action are always already set by the

inherent characteristics of the ally in question. This is not to say that we don't (as noted above) understand there to be some relationship between policy and economic outcomes, but rather that the perceived inevitability and naturalness of the economy heavily constrains the political choices that are available to any candidate for public office who wishes to be taken seriously, in much the same way that it constrains negotiations in the workplace. There may be differences in the economic policy of various candidates, but this difference is not, by and large, a difference that makes a difference with respect to our understanding of the nature of the economy. Instead, we speak as if the economy is a fixed object (the exact workings of which may be subject to debate) and the goal of policy is to arrive at a correct view of the nature of this constantly changing object in order to act in ways that are consistent with the constraints it imposes. It is for this reason that the following statement from an article in the New Republic is intelligible: "To judge Obama's economic policies based on the economy's actual performance ignores the limitations of the presidency" (Vinik, 2014).

One of the difficulties the economy presents for political thinkers interested in subverting the assumption that we must tailor our political decision making to the demands of this amorphous object is that its everyday use involves a great deal of slippage, which provides evidence of a substantial number of unspoken (and perhaps unconscious) assumptions about its nature. This is the reason for which the OED definition described above is so profoundly unsatisfying; we know from our own experience that the economy, in day-to-day speech, is more than this. We know that a straightforward definition like the OED's cannot account for the fact that we

can intelligibly say both that “Traditionally, the economy demands people in a ratio of 1 to 2 to 7...[o]ne person with a doctorate, two college graduates and seven tradespeople” (Piersol, 2015) and that “Global energy emissions stayed stable last year even though the economy grew...” (AP, 2015). An “organization or condition” can neither demand nor grow. Moreover, when we examine the evidence that “the economy grew” last year, we see that we’re talking about GDP (see our discussion in Chapter 3). As we know, this is only one of the senses in which “the economy” can be used, and it’s difficult to reconcile this sense, in which the economy is a sum total of goods and services, with the sense in which the economy might be an actor capable of making demands. Thus, while in the context of careful and critical thought about the nature of the economy we might attempt to deal with the degree to which its nature is difficult to pin down, in the context of day to day conversations about politics we can neither be sure that people are talking about the same thing when they talk about the economy, nor that they are making conscious decisions about the ways in which they talk about it.

However, by examining the discourses surrounding alternatives posed to the mainstream economy, such as the sharing or green economies, we might both gain a greater understanding of “the economy” and begin to develop the conceptual resources necessary to imagine concrete alternatives. These discourses have the potential to be useful in this way because, in order to pose an alternative to something like the economy, we must have in mind some idea of the borders of the original concept itself. That is, if I want to make the claim that the green economy is an alternative to the mainstream economy, this claim requires some conception

(conscious or otherwise) of the point at which a given set of practices and relationships ceases to qualify as part of the mainstream economy. In order to name something as an alternative, I require some concept of the way in which it differs from the original object. Through careful attention to the ways in which the discourses of “alternative” economies describe them as alternatives to the mainstream economy, we may be able to identify some of the borders we draw around the mainstream economy, outside of which we no longer recognize a set of practices or relationships as part of the economy (at least without a modifier). In addition, by looking not only at what aspects of the discourse change when we go from economy to alternative economy, but also at what aspects of the discourse seem to be fixed (or at least consistent) we can hope to determine what features are necessary in order for a given set of practices or relationships to be intelligible as part of any kind of economy (alternative or otherwise), rather than simply as non-economic.

B. Conceptual Innovation

Suppose we were trying to figure out what people mean when they talk about bicycles. Were we simply to ask people what a bicycle was, after they got done laughing at us for asking such an obvious question, they would be likely to tell us something like “It is a vehicle with two wheels that is powered by pedaling.” This is, of course, a set of characteristics that is common to most of the vehicles that we call bicycles, but it also not exhaustive. For instance, if we asked someone to describe a tricycle, they might reasonably tell us that it is a bicycle with three wheels. This would suggest that while the two wheels are something we expect of a bicycle, the

concept of the bicycle does not require two wheels in order to be sensible. The tricycle is an alternative type of bicycle, in that it differs from what we expect to find in a bicycle, but is not so different that it is not recognizable as part of the broader category. We might have similar conversations with regard to electric bicycles, recumbent bicycles, or tandem bicycles. However, at some point (perhaps the moped or the motorcycle) we would reach an item that, despite sharing many traits in common with bicycles and the various types of alternative bicycles we've identified, would not be identified by most respondents as a type of bicycle, but instead as something other than a bicycle. In this example, what we might discover is that while many kinds of deviations from the common ideal of the bicycle (number of wheels, angle of seating, number of riders) will not keep an object from being intelligible as a kind of bicycle, other types of deviations (like the inclusion of an internal combustion engine or an enclosed passenger cabin) are absolutely beyond the pale with respect to the original object in question. Once the vehicle has an engine, it is no longer a bicycle.⁴¹

Such a determination would have a couple of interesting implications, not only for the study of bicycles, but also for the study of the broader context of transportation. That is, on the one hand, knowing that if the vehicle has an engine and/or an enclosed passenger cabin people will not tend to recognize it as any kind of bicycle allows us to refine our understanding of what people mean when they talk about bicycles. On the other hand, suppose that our goal in such an undertaking is not simply a better understanding of the category "bicycle," but instead some

⁴¹ For foundational discussions of "the contestability of social concepts", and the relationship between language and politics, see MacIntyre 1973 and Taylor 1985.

concrete intervention in the processes by which people move from place to place, such as the reduction of car traffic. It is the case that there are active movements to reduce car traffic based around the idea that the best way to do so is to increase the number of people who travel by bicycle.

When we look at the reasoning behind such movements, we would be likely to find that the goals have to do with two main factors: the amount of space required by cars (both to drive and to park) and the amount of fossil fuel consumed by cars (relative to the number of people they move). Moreover, we might also find that these movements are not as successful as they might hope to be, in part because people don't view a transition to travel by bicycle as realistic for them, due to the absence of an engine and a closed cabin, or the distance they must travel and the dangerous roads. The point of this somewhat tortured metaphor, as I think should now be clear, is that one way to make an intervention in such a case would be through an attempt at innovation with regard to the concept of the bicycle. If, either by revising the concept of a bicycle, or by replacing it for the purposes of debates over traffic patterns with something like "small, efficient vehicles" we could arrive at a solution that centered on the use of small, enclosed, fuel-efficient vehicles, we would be looking at a solution made possible by conceptual innovation. Moreover, the way for such conceptual innovation would have been paved by the investigation of the borders of the category "bicycle" and their relationship to movements to alter traffic patterns.

We can see an example of such a conceptual innovation in the Renault Twizy 45 (Figure 4 below). The Twizy 45 is an electric vehicle that Renault describes as a

“quadricycle” (McGlaun, 2015). It is not, according to most of the criteria established above, a bicycle of any kind, and yet it is a small, efficient vehicle that takes up much less space on the road than a car, is much safer than a bicycle, and consumes very little energy (on par with an electric bicycle or scooter). Moreover, the Twizy has taken advantage of the letter of the law in France (which dictates that vehicles with engines making less than 4kW are not subject to many of the regulations to which cars are subject) to create a vehicle that requires a revision of our conceptual categories. It is not a car, insofar as it is not powerful enough to be subject to the regulations that govern cars⁴²; but neither is it a bicycle, insofar as it provides four wheels, an enclosed space for passengers or cargo, and safety features like airbags and anti-lock brakes. There is very little technological innovation in the Twizy; instead, it is an example of the ways in which new combinations or arrangements of existing components can demand revision of our concepts. It is able to do this because, while different from each, it is not so far from either a car or a bicycle that it loses intelligibility as a member of either category.

⁴² For example, 14 year olds can legally drive one on the roads.



Figure 4: Renault Twizy

This example, of course, deals with a set of concepts that are, on many levels, much simpler to manipulate and discuss than the concepts involved in questions of the economy, but I think the general dynamic is similar. If we want to find ways to allow the economy to perform functions that it does not currently perform, or to perform the functions it currently performs differently, or even to cease to exist entirely, or to stand in some different relation to politics, we must first get some idea of the borders of the object in question, and of the ways in which it might be modified while still appearing to maintain its essential characteristics.

Such an undertaking will allow us to gain a better understanding of our object, to be sure, but it might also allow us to find solutions or tactics for achieving our concrete goals that would not otherwise be immediately apparent. Perhaps, that is, some of our answers might lie in practices, relationships, and institutions that are not immediately recognizable as part of the economy in the absence of some conceptual innovation.

Alternative economies, like the “green economy” or the “sharing economy”,

offer an interesting site to search for practices with this kind of potential for innovation. However, we must have a clearer idea of what it is that we mean by conceptual innovation before we can begin such a search. The first step in such a clarification requires that we pay particular attention to an important distinction in the ways in which adjectival modifiers (like “green” or “sharing”) may be applied. These modifiers can operate in at least two different ways with respect to the noun they modify (in this case, “economy”). One of these ways is to specify something that is like the unmodified form of the noun, but different in some crucial respect, as in the case of a *vampire bunny*. We do not expect the bunny to be a vampire, but we do expect it to be a fluffy, hopping, floppy eared creature with big front teeth and a twitchy nose. If we encounter a creature with all of these characteristics that is also a vampire, we would be likely to call it a vampire bunny (before we ran away screaming), and the modifier “vampire” would serve to describe the way in which this creature is different from an unmodified bunny.

This is not, however, the only way an adjectival modifier can work. These words can also serve to specify a particular sub-group of the noun in question that doesn’t require us to alter our understanding at all. For example, I might describe my neighbor’s pet as a *long-haired bunny*. In this case, the modifier “long-haired” doesn’t serve to distinguish the bunny from normal bunnies, but instead to identify it as part of the sub-group of long-haired (as opposed to short-haired) bunnies.

This distinction is important because, over time, modifications of the first sort might have the potential to lead to conceptual innovation with respect to the noun in question, while modifications of the second sort lack such potential. To

continue our admittedly silly example, were the trait of vampirism to spread among an increasingly large proportion of all bunnies, we might eventually cease to use the modifier at all, and instead begin to understand bunnies in general as fluffy, hopping, floppy eared creatures with big front teeth and twitchy noses that live on the blood of others, can't go outside during the day, and can only be killed by a stake through the heart. Moreover, were this expansion of vampirism to go along with the loss of all their fur, we might begin understand bunnies as hairless, hopping, floppy eared creatures with big front teeth and twitchy noses that live on the blood of others, can't go outside during the day, and can only be killed by a stake through the heart. The result would be a modification of our concept "bunny" to include the traits represented by the dropped modifier and exclude the traits that no longer apply. It is easy to see, I think, why *long-haired bunny* does not carry the same potential.

Vampirism, of course, is a biological(?) rather than a constructed trait, and as such it's hard to justify talking about the resulting change in the concept represented by the term "bunny" as conceptual *innovation* (which carries a connotation of intentional activity). However, as described above, the practices related to the maintenance of the economy are each the result of a particular choice on the part of a given individual or group of individuals (though, of course, these choices are made within a pre-given set of constraints). As such, a similar change in the concept of the economy could be construed as conceptual innovation.

The process, even so described, is not a simple one. Reinhart Koselleck (2002, 30) suggests that Saussure's concepts of synchrony and diachrony might be useful to us here. In conceiving of the ways in which might think about linguistic analysis,

Saussure asks us to imagine a sort of cross shape (1966, 80):

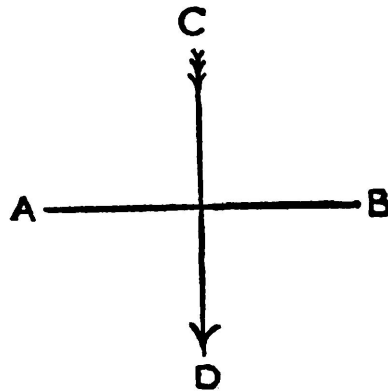


Figure 5: Axes of Simultaneities and Successions

This diagram represents two axes on which Saussure suggests we might think about language, and in particular about the relationships between linguistic concepts. For the purposes of such analyses we can distinguish between:

- (1) *the axis of simultaneities* (AB), which stands for the relations of coexisting things and from which the intervention of time is excluded;
- and (2) the *axis of successions* (CD), on which only one thing can be considered at a time but upon which are located all the things on the first axis together with their changes. (80)

The AB axis, and the simultaneous interactions of coexisting terms that it represents, constitute the subject matter of what Saussure refers to as *synchronic linguistics*.

Similarly, the CD axis, along with the temporal changes within a given term that it represents, constitute the subject matter of *diachronic linguistics*. “Everything that relates to the static side of our science is synchronic; everything that has to do with evolution is diachronic” (81).

In order to get at Koselleck’s argument⁴³ about the usefulness of these

⁴³ Despite the assertions of some scholars that, in thinking about conceptual history, one must choose or take a position between the methods of Skinner and Koselleck (see, for example, Palonen 1999 or the initial claims referenced in Valkhoff 2006), I

categories for thinking about conceptual innovation, I must quote at length:

It is the link between synchronic events and diachronic structures that can be investigated historically. An analogous connection exists between spoken speech, synchronically, and the diachronically pregiven language that always takes effect in a conceptual-historical way. What happens is always unique and new, but never so new that social conditions, which are pregiven over the long term, will not have made possible each unique event. A new concept may be coined to articulate experiences or expectations that never existed before. But it can never be too new not to have existed virtually as a seed in the pregiven language and not to have received meaning from its inherited linguistic context. (2002, 30-31)

In order to explain further, he gives the example of the various ways in which a historian might examine marriage. Someone who was interested in the conceptual history of marriage, he suggests, would be best served by an examination of the “kinds of texts, of various social classifications, in which particular marriages have been conceptualized” (34). Such texts would be interesting and useful to a historian of the concept of marriage because “In all cases, language-bound traditions diachronically establish the life-sphere of a possible marriage. And when changes become apparent, they do so only when the notion of marriage has been conceptualized anew” (34).

Using such a method, he suggests, we would find that the concept of marriage underwent a transformation in two stages between the early 18th century and the

prefer the position that the two have complimentary, though admittedly distinct, focuses. As Skinner himself puts it, “Koselleck is interested in nothing less than the entire process of conceptual change; I am chiefly interested in one of the means by which it takes place. But the two programmes do not strike me as necessarily incompatible, and I hope that both of them will continue to flourish as they deserve” (Skinner, 1999). As such, I intend the discussion of Koselleck here to be taken as consistent with the discussion of Skinner in Chapter 1, rather than as an alternative to Skinner’s approach.

beginning of the 19th century. Starting out as an “indissoluble institution ordained by God,” marriage first transformed into an institution based on the principles of common law and contracts, and then finally in the early 19th century “Theological justification is replaced by anthropological self-justification; the institution of marriage is divested of its legal framework so as to give space to the moral self-realization of loving people” (35). While one might very reasonably quibble with Koselleck’s contention that marriage has been divested of its contractual character, the underlying point remains that, with respect to the three conceptual stages he identifies:

...each has structured the inherited normative economy of argumentation in different ways and innovatively altered its decisive points. Seen in terms of linguistic history, common law and romantic-liberal conceptual formations both had the character of an event. They affected the entire linguistic structure on whose basis marriages could be conceived. It was not that diachronically pregiven language as a whole had changed, but its semantics and a new linguistic pragmatics had been set free. (35)

Conceptual innovation, in this framework, serves as a sort of bridge between novel experience and the diachronic weight of conceptual history. It is limited, however, insofar as the revised concept cannot differ so greatly from the original concept that it ceases to function within the diachronically pregiven language.

It’s worth noting an important consonance here between Koselleck’s argument about conceptual history and Butler’s argument about identity and signification (discussed in Chapter 1). For Butler, one of the key features of signification is repetition, and her strategy for subversion of identities constructed through processes of signification is to find ways in which these repeated practices can be varied such that they at once remain intelligible as practices of signification

related to a particular identity and simultaneously challenge the rules by which such an identity is presumed to operate. For Koselleck:

What, in each case, takes place as unique in history as it occurs is possible only because presupposed conditions repeat themselves with a longer-term regularity... When a concept, for instance that of “marriage,” is used, experiences of marriage, which have a long-term effect and which have entered into the concept at and as its foundation, are linguistically stored in it... With any topical use of the word *marriage*, the linguistically determined pregiven data that structure its sense and its understanding repeat themselves. Here too, linguistic structures of repetition are set free, yet also delimit the scope of speech. And any conceptual change that becomes a linguistic event occurs in the act of semantic and pragmatic innovation, which makes it possible to comprehend what is old in a different way, and to comprehend in any way what is new. (36-37)

One gets the sense, reading each of these discussions about the relationship between repetition and change, that there is a sort of rhythmic element to conceptual change. To engage in the practices that contribute to conceptual change, it seems, is to learn the steps of a dance, to insert oneself into the rhythm, and then to seek to change those steps, little by little, until by almost imperceptible stages the first dance has been transformed into a new set of steps

James Farr takes up many of the ideas proposed by both Koselleck and Skinner in his description of the particular nature of conceptual change in politics. “Conceptual change,” he suggests, “might be understood as one rather strikingly imaginative outcome of the process of political actors attempting to solve the problems they encounter as they try to understand and change the world around them” (1989, 33). Moreover, in constructing a political theory of conceptual change, we must:

...acknowledge that in acting politically actors do things for strategic and partisan purposes in and through language; and that they can do

such things because the concepts in language partly constitute political beliefs, actions, and practices. Consequently, political change and conceptual change must be understood as one complex and interrelated process. (32)

This is important for Farr because it suggests both that conceptual changes can be identified through changes in the use of language, and that these changes can be deemed at least partly successful when proposed changes in language are taken up by “a community of speakers and theorists, however grand or humble” (34).

Additionally, his formulation allows us to see that, because conceptual innovation represents actors’ efforts to solve their problems, and because these problems themselves can only be understood as problems through the use of concepts represented by language, the problems themselves are susceptible to conceptual change. That is, conceptual innovations intended to solve concrete political problems are likely to give rise to new political problems requiring new conceptual innovations, and so on *ad infinitum*; for Farr, conceptual innovation is a dialectical process.

Such an insight is useful to our inquiry because it helps to highlight one aspect of dialectical thought that is particularly important to conceptual innovation: the contradiction. As Farr points out, there are many types of problems, but contradictions are particularly acute problems for conceptual apparatuses, and are particularly difficult to ignore. Concepts do not exist in a vacuum; instead, they must function in a universe, or system, of other concepts. When changes in other concepts result in changes to the system as a whole that bring a given concept into contradiction with the system, conceptual innovation is necessary in order to remedy this contradiction. For example, as we’ll discuss below, when the concept of

the economy as capable of infinite growth begins to contradict our evolving concept of the environment as finite and threatened, one possible avenue for conceptual innovation is the “green economy,” though such an innovation, as we’ll see, is by no means guaranteed, or without pitfalls of its own.

This perspective allows us to distinguish between conceptual innovation and mere argumentation or political theorizing. While the act of engaging in political critique is not identical with conceptual innovation, it is necessary for conceptual innovation. The reason for this is both that contradictions in conceptual systems are seldom immediately obvious and that we do not respond to all contradictions with conceptual innovation. Critique thus has two essential roles in conceptual innovation: first, it is through critique that we identify contradictions as contradictions; second, it is through critique that we contend that a given contradiction is sufficiently important to warrant the labor of conceptual innovation. When I make the claim, then, that conceptual innovation with respect to the economy is necessary in order to overcome the contradiction between our contemporary concept of the economy and the concept, for instance, of democratic self-determination, I am really making two claims, neither of which is itself an example of the conceptual innovation for which I am calling. First, I am making the claim that these two concepts are, in fact, in contradiction with one another, and second, I am making the claim that this contradiction is not one with which we should or can live. Such a critique can pave the way for conceptual innovation, but the innovation itself must involve a transformation of one or both of the concepts in question in order to resolve the contradiction, and such a transformation can be

identified through changes in the ways in which the words attached to the concepts are used, not only by me, but by a “community of speakers and theorists, however grand or humble.”⁴⁴

It is with these ideas in mind that I turn to the examination of the green economy. Does this alternative have the potential to stretch or alter our understanding of the economy or any of its underlying concepts? Does it do so in a way that challenges our understanding of the rules that govern the economy’s operation? Does it allow us, as Koselleck puts it, to “comprehend what is old in a different way” or to “comprehend in any way what is new”? Does it highlight a contradiction that might be resolved through such an innovation?

C. The Green Economy

Prior to 1980, there were few or no uses of the term “green economy” in the works indexed by Google’s N-gram viewer. While it is clearly a fairly blunt

⁴⁴ It is worth noting, I think that there is an important strain of contemporary thought regarding conceptual innovation that I have not directly addressed in the passage above. Collier and Levitsky (1997) claim that, in thinking about conceptual innovation, we should focus on the particular linguistic or logical “moves” that such innovation involve. Such moves (or, as they call them, “strategies”), they suggest, come in relatively few varieties. The first type, “differentiation,” involves a move up or down Sartori’s ladder of generalization. In addition to differentiation, Collier and Levitsky suggest that strategies of developing “diminished subtypes” and of “precising definition” are also often used in contemporary work on democracy. While the strategies that Collier and Levitsky identify are not necessarily at odds with the discussion of conceptual innovation above, their work is less useful to the project at hand than that of others because they seem to assume that conceptual innovation is largely a question of how we think about (rather than how we practice) politics, and because (perhaps as a result of the first point) such innovation takes place in a relatively static world in which the change is the result merely of an effort to put a given concept to work in a particular scholarly program or argument. Thus, while Collier and Levitsky’s argument may be useful to those who are primarily concerned with how terms are used in the study of a concept, it does not add much to our inquiry.

instrument, the N-gram viewer is a useful way to track the increase in the use of a term like “green economy” over time. The viewer works by analyzing the text of over 5 million books published between 1500 and the present and digitized by the Google Books project. This set of texts is broken down into individual words (or grams); the entire corpus contains over 500 billion grams, of which 361 billion are in English. The data set is most meaningful for books published since 1800. The N-gram viewer maps the frequency of any particular gram, or group of grams, as compared to all other grams for any given year (Michel, et al 2011).

In 1980, the term appeared with a frequency of only .0000000055% in the indexed texts. By 1985, the term’s usage frequency had increased to .0000000819%; in other words, usage of the term had become nearly 15 times as common. By 1990, the term was nearly 63 times as common as it had been in 1980, and by 2000 “green economy” was being used more than 188 times as often as it had been in 1980.⁴⁵ Clearly, the modifier “green” gained substantial salience in relation to “economy” in English language texts over this 20-year period.

We can also identify some other terms in relation to which green has become an increasingly common modifier. The most striking of these is “energy,” which experienced an interesting pattern of usage in the twentieth century.⁴⁶ The two-

⁴⁵ While these numbers seem (and in many respects are) vanishingly small, it’s worth remembering that we’re talking about only one term out of all of the words and phrases that one might use to talk about anything at all in a published text. In 1979, no one was talking about “green economy” at all, but in 1980, if you were to select a two-word phrase (“gram”) at random from all published sources, you would have roughly a one in 20 billion chance of selecting “green economy.” By 2000, these odds would have increased to about one in 100 million.

⁴⁶ Other such terms include “green jobs” and “green housing” but they both experienced much more minor growth during the period in question, and their

word gram “green energy” was more or less non-existent in English language publications until 1928, when it’s frequency in indexed texts increased from 0 (at 10 decimal places) to 0.0000000805%. The term experienced a brief spike in frequency of use, rising as high as 0.0000001783% of all two-word grams in indexed texts in 1934 before dropping back off to an effective frequency of 0 from 1944-1947. Beginning in 1948, “green energy” then experienced a steady increase in frequency that put it at 0.0000000561% in 1960, 0.0000000607% in 1970, 0.0000003016% in 1980, .0000004410% in 1990, and 0.0000011285% by 2000. Leaving aside, for the moment, the brief spike in the 1930s, we can see that by 2000 “green energy” had become 20 times more common than it was in 1960, and 132 times more common than it was in 1948.

In absolute terms, “green energy” was used much more frequently than “green economy” throughout the 60s, the 70s, and most of the 80s. As discussed above, “green economy” was virtually non-existent until 1980, and even as late as 1988 “green energy” was used nearly three times as often as “green economy.” By 1992, though, the two grams had achieved virtual parity in usage, and maintained this parity (with small fluctuations) until 2000.

It is clear, I think, that there is a link between green energy and green economy. There is, in fact, a whole literature in the study of economics dedicated to examining and modeling the link between the production and sourcing of energy and the operation of the economy (e.g. Jacobsen 2000 or Rivers and Jaccard 2005).

dynamics of growth match up quite well with those of “green economy.” This suggests, I think, that they are derivative of the general trend I’ve already described with respect to “green economy.”

For our purposes, however, I want to suggest that green economy is a more interesting focus than green energy, and that in fact green energy should lead us to be cautious in our optimism about green economy's potential to contribute to conceptual innovation.

The problem with green energy, for the purposes of this project, is that it is a clear example of an adjectival modifier that functions similarly to the modifier "long-haired" in the phrase *long-haired bunny*. The green in green energy does not stretch or alter our conception of what we might be referring to when we talk about energy; it simply serves to designate a particular subset of the larger set of things to which we might be referring. Its use does nothing to challenge or complicate the concept of energy. If, as the n-gram data seem to suggest might the case, the rise in the usage of green economy is related to the rise in the usage of green energy, then we should be cautious about assuming that green economy differs from green energy in this respect.

What are we doing, we must ask, when we apply the modifier "green" to "economy," and how might such an economy be differentiated from "the economy" writ large? Does the modifier "green" serve to stretch or alter our understanding of those practices that might be intelligible as part of the economy, or does it simply serve to designate a particular subset of practices among those that are already intelligible in this way? There are, of course, multiple answers available to such a question, and it is in the competition, collision, and interaction of the multiple resulting discourses that we can begin to find a shape to the "green economy." Each of these discourses will also necessarily make reference to the economy against

which their own conception can be understood as different by virtue of its greenness, and by paying careful attention to these distinction we can investigate the particular ways in which the adjectival modifier “green” may or may not serve to contribute to conceptual innovation with respect to the economy.

One way in which “green economy” can be conceived is as an expansion of the economy to include additional cost variables for which it has not traditionally accounted. A prime example of such an approach is the Stern Review on the Economics of Climate Change, produced and published by economist Nicholas Stern at the behest of the British government in 2006, and cited more than 5000 times since its release. In this review, Stern takes the approach of using economic forecasting models to predict the cost of failing to change our behavior to account for human-caused climate change, and comparing this to the cost of action designed to limit the effects of climate change. If we did nothing, the cost to the global economy would be somewhere between 5% and 11% (compared to potential output without climate change) were we to allow global temperatures to rise by 2°C.⁴⁷ Importantly, Stern notes that such a projection requires one to include “direct impacts on the environment and human health,” and that such inclusion involves “difficult analytical and ethical issues of measurement” (Stern, x).

On one level, the inclusion of such “costs” is clear evidence of resistance in the formation of a “green economy” to the constraints imposed by the pre-existing (diachronic) uses of “economy”. By introducing factors of which existing economic measurements do not take account, Stern is able to suggest that the “real” costs of

⁴⁷ He refers to scenarios in which no action is taken to mitigate the effects of climate change as “business-as-usual” or BAU.

BAU are in fact much higher than the 0%-3% reductions in global economic output predicted by more traditional models examining the effects of a similar global temperature increase. This claim to greater access to the real costs may be viewed as a move with the potential for innovation with respect to our concept of the economy. Because this move leaves intact the assumption that the economy is a naturally occurring object, rather than a made thing, it is able to function as a suggestion that the prior accounting is incomplete as a result of its failure to take account of factors that have, of course, always been real. In this respect, Stern's resistance to the diachronic constraints of the economy takes the form of a claim to have uncovered previously ignored or undiscovered aspects of the object, and to have arrived at a truer picture of costs and benefits as a result.

While such a move may have the potential for conceptual innovation with respect to the specific aspects of human existence that are encompassed in the economy, it does not at first appear to require any fundamental reshaping of the materialization of the economy itself. By framing the inclusion of "direct impacts on the environment and human health" as an expansion of that set of factors for which we already know how to account when we do economic projections, Stern is implicitly endorsing the existing conceptual apparatus of "the economy." In this sense, "green economy" is not a new kind of economy, but instead the same economy that we have already been measuring and describing, but with a few additional factors uncovered and incorporated.⁴⁸ Thus, Stern is able to arrive at the

⁴⁸ Importantly, this doesn't necessarily mean that these revisions won't have significant effects on the actions of individuals or groups. If we are able to operationalize negative effects on lives or shared resources and incorporate these

conclusion that “The policy tools exist to create the incentives required to change investment patterns and move the global economy onto a low-carbon path” (Stern, xxvii).

The use of the term “path” is potentially interesting because it suggests a set of assumptions about the ways in which the economy grows and changes over time. In order for the economy to be amenable to being moved onto a low-carbon path, two things must be true. First, the economy as it currently stands must be on some path other than a low-carbon one; second, the economy must be in large part subject to its own laws of motion, but in some ways simultaneously susceptible to human action (government). BAU Functions, in Stern’s argument, as a stand-in for the status quo path on which the economy is set. This path, we may infer from his argument, leads toward increased carbon consumption, with the accompanying deleterious effects to the global climate. However, this path is the result not of some conscious goal on the part of the economy, but rather of the functioning of its inexorable calculative laws within a particular climate. We might, Stern suggests, alter this climate by intentionally incentivizing some behaviors and disincentivizing others, such that the economy would move onto a different path.

In this construction, it seems as though the number of possible paths is likely to be finite, and the tools we have with which to influence the path the economy takes equally limited; hence, the need for the suggestion that in this case we do have

into models for economic projections, we might reach very different conclusions about how we should act and what is or is not a worthwhile investment. However, the basic logic informing our decision making process will have remained the same, as it continues to depend upon cost-benefit analyses produced under the assumption that the operations of the economy, properly understood, are discernible, regular, and inevitable.

the tools required to set the economy on a particular path. One is given to imagine a sort of mechanical juggernaut too large to pick up and move outright, lacking any direct steering mechanism, and moving forward (and sometimes backward) at varying and to some degree unpredictable speeds. In such a metaphor, public policy in relation to the economy might be imagined as the efforts of thousands of workers, tiny in relation to the juggernaut, to shape the landscape ahead of it such that the slopes and valleys will encourage it to travel in a particular direction. Not all directions will be possible because the landscape already has some features (many of which are not apparent until they are reached, or are in a constant process of shifting on their own) and because the size and type of change that the workers can make in the landscape is limited. Within the context of these limitations, however, we might be able to shape a path that meets at least some of our goals.

Thus, according to the model we find in the Stern Review, a move toward a green economy would mean two things. First, we would incorporate impacts on “the environment and human health” in the cost benefit analyses on which the current economy runs. Stern admits that there is some difficulty inherent in such an addition, as these “costs” do not easily translate into money quantities, which are the basis of decision making in cost-benefit analyses. However, he suggests that government might help to translate them into money quantities by introducing taxes and fees for actions that incur high levels of environmental or health costs. This seems to be the connection to the second aspect of a move to a green economy; the state (and other governmental entities) would adopt a policy of attempting to direct economic activity toward those possible paths that do the least harm to the

environment and human health, presumably by making other paths relatively more expensive. The justification for the introduction of such externalities, which conventional economics tells us should result in an overall reduction of total output, is that the resulting reduction in output would not be as great as it would be under BAU, given the rise in temperature that would accompany a failure to engage in concerted activity to direct the economy.

It is this assumption, that a failure to engage in concerted activity to direct the economy toward a “low-carbon path” would be likely to result in decreased output relative to a successful direction onto such a path by means of intentionally constructed externalities, which carries the greatest potential for conceptual innovation with respect to the economy in Stern’s model. In order to bear this assumption, one must conceive of the economy not merely as a realm of human activity subject to its own laws, but amenable to some limited direction by state policy, but instead as an entity (or realm of activity) that is not only incapable of self-direction, but also subject to changing rules as a result of changes to the environment in which it operates. A “green economy,” in this context, becomes an economy managed by people who recognize the inability of the market to compensate for future costs resulting from environmental degradation, and thus depend upon direction by scientists and policy makers who can predict such costs outside of the market context. A shift of this kind could meet the definition of conceptual innovation outlined above. By maintaining much of the structure of prior conceptualizations of the economy, this shift has the potential to serve as a bridge between older understandings and the new one Stern implicitly proposes.

Additionally, it does seem to have the potential to expand or alter, rather than simply specifying a subset of, these pre-existing diachronic structures. It is, in these respects, a variation in the repeated practices of signification that produce and maintain the economy effect, and it poses a challenge to the rules by which the materialization that results from this effect had been assumed to operate.

Specifically, Stern's assertion that the economy may require management and the introduction of externalities in order to achieve the greatest possible rate of growth poses a challenge to the idea that the economy can "be imagined to grow – without altering its physical limits" (Mitchell, 1998, 90). Instead, under this conception, the growth of the economy must be understood to be intrinsically linked to the physical limits of the world within which it exists. If allowed to grow unchecked, Stern suggests, the result will be a degradation of this physical world that will result in reduced, or even negative, growth in the economy.⁴⁹ The problem that Stern's analysis implies is that the economy has difficulty incorporating the costs of this degradation of the physical world into its (market) mechanisms of decision making (perhaps because of this assumption that its growth is not directly coupled to the limits of the physical world). As a result, the solution seems to be an

⁴⁹ This is not to say, of course, that the "green economy" is generally construed as incompatible with growth (see, for example, Pollin 2008, for an argument that the green economy could be an engine for growth). For the most part, however, in order to make the argument that the green economy is compatible with growth (as, indeed, Stern does), it is necessary to articulate the need for the imposition of legal externalities. Pollin suggests, along these lines, that we should "combine government-mandated increases in oil, gas, and coal prices with aggressive public support for renewable energy and conservation" (99). The point here is that degradation of natural resources is not a problem with which "the economy" is construed as being able to deal on its own, absent the introduction of such externalities.

introduction of externalities that require for their intelligibility as practices related to the economy a reconceptualization of the relationship between the economy and the physical world.

At this point, a brief diversion regarding the relationship between words and practices may be useful, as I am asserting that the language and arguments used by Stern may be thought of as practices with respect to the production and maintenance of the economy effect. This assertion begins with the idea of the “speech act,” as described by J.L. Austin, who points out that there exist:

some utterances which can fall into no hitherto recognized grammatical category save that of 'statement', which are not nonsense, and which contain none of those verbal danger signals which philosophers have by now detected or think they have detected (curious words like 'good' or 'all', suspect auxiliaries like 'ought' or 'can', and dubious constructions like the hypothetical): all will have, as it happens, humdrum verbs in the first person singular present indicative active. Utterances can be found, satisfying these conditions, yet such that

- A. they do not 'describe' or 'report' or constate anything at all, are not 'true or false'; and
- B. the uttering of the sentence is, or is a part of, the doing of an action, which again would not normally be described as, or as 'just', saying something. (1975, 4-5)

As examples of such utterances, Austin suggests “I do” (in the context of a marriage), or “I name this ship the Queen Elizabeth,” or “I bet you sixpence it will rain tomorrow” (5). Each of these statements has the effect, as Austin points out, not of describing any already existing state of affairs, but instead of taking some action (like becoming married, or providing a ship with a name, or arranging the terms of a bet).

Austin’s examples of speech acts are, one might note, fairly limited. They hinge on the use of verbs in the first person singular present active tense (Pitkin,

1972, 39). However, as Hannah Pitkin points out:

...the existence of these verbs is relatively uninteresting compared to the far greater discovery implicit in Austin but made explicit by Wittgenstein: that much or perhaps all of language is performative in a looser sense, is what we might call quasi-performative. Though speaking may not always be performing the action named in the speech, it is always performing an action, for whose consequences the speaker is responsible. (39)

If speaking is always performing an action, then patterns of speech may reasonably be thought of as practices, and these practices may well be subject to the same dynamics of repetition and subversion as any of the other types of practices we have discussed. Moreover, Pitkin remarks that:

It is a fact of the utmost importance that we do not constantly say all that could be said. We do not talk all the time, do not utter everything that happens to be true, or everything we know, or everything we think. As a consequence, when we do speak, that action itself has significance; the context in which we speak and our act of speaking have implications for meaning and sense of what is said. Saying something is an action with implications going beyond the implications of what is literally said, of the abstract meaning the utterance would have if no one said it. (83)

In this light, Stern's speech about the relationship between the economy and the environment can be understood to carry at least the potential for conceptual innovation with respect to the economy not merely because of the content of the report, but also because of the simple fact that this report, and not some other, was commissioned. By suggesting that the economy is not capable of planning for the long term consequences of environmental degradation, Stern is not saying that the concept in question is in need of revision with respect to any of its other characteristics, but only with respect to the ways in which we think about the relationship between the economy and the natural world. Moreover, in the context

of a report commissioned by, and issued in the name of, a neoliberal government such as the Blair administration in power in the UK in 2006, any claim for the need for state intervention in the economy stands out against the backdrop of claims that such intervention should be avoided where possible and minimized everywhere else.

The argument that a change in the ways in which we talk and write about a given object can be thought of as a change in the practices that relate to that object is particularly strong with respect to an object that, like the economy, is a materialization. As discussed above, if we understand the economy as a materialization (by which we mean the object given appearance by the structural effect to which we have referred as the “economy effect”), then we must understand it as having its basis in “the powerful, metaphysical effect of practices that make such structures appear to exist” (Mitchell 1991, 94). It is difficult to imagine a scenario in which a materialization such as the economy could be made to appear to exist without the use of speech acts to describe and invoke it.

It’s certainly worth noting that a shift in the understanding of appropriate externalities such as the one discussed above would not be in any way unprecedented. In fact, one might understand the history of “the economy” in part as a story of the addition of logics justifying new externalities. For example, according to the National Labor Relations Board:

Congress enacted the National Labor Relations Act (“NLRA”) in 1935 to protect the rights of employees and employers, to encourage collective bargaining, and to curtail certain private sector labor and management practices, which can harm the general welfare of workers, businesses and the U.S. economy. (National Labor Relations Board)

The history of the passage of the NLRA is, of course, much more complex than this blurb would suggest. It's certainly not the case that Congress came into session in 1935, looked across the land and saw an imbalance of power between workers and owners threatening the economy, and decided boldly to take action to protect the economy. In fact, one might even note that while the preamble to the Act does follow a logic similar to the blurb above, it does not make reference to "the economy" at all. Instead, it makes repeated reference to "the flow of commerce," suggesting for example that:

The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries. (NLRA, Sec. 1).

While the "flow of commerce" is probably not identical to "the economy," insofar as the flow of commerce more clearly refers to a set of dynamics subject to human control, for our purposes it is sufficient to note that both sets of language assume a relationship between economic and state activity that bears a strong resemblance to that suggested by Stern. If BAU were allowed to continue, we may infer from either of the passages above regarding the NLRA, the result would have been decreased economic output, even though presumably all of the actors in question (owners seeking to maximize profit by reducing labor costs and workers seeking to maximize personal gain and fight off reductions by use of the strike weapon) were acting according to the inexorable laws of the economy. In order to avoid such a

reduction in output, it was necessary to introduce additional externalities (in this case, laws formalizing the rights of workers to join unions and prohibiting certain acts on the part of employers). The presumption was, just as in Stern's argument regarding the green economy, that the additional cost of such externalities would be outweighed by the avoidance of larger reductions in output in the future.

One of the fascinating things about looking at the evolution of the economy from this perspective is that it allows us to observe the fact that, while many such externalities become naturalized as simply part of the economy over time, things very rarely move in the opposite direction. If we return to the language from the preamble of the Act, for example, we see that Wagner (the Act's author) contrasted the bargaining power of employees, "who do not possess full freedom of association or actual liberty of contract" with that of employers, "who are organized in the corporate or other forms of ownership association." At no point, however, did Wagner or any of the other supporters of the Act suggest that the answer might be to eliminate the corporate form, thereby leveling the playing field between workers and employers. Instead, the justification for the Act seems to start from the position that "corporate or other forms of ownership association" are natural to the flow of commerce, and that the only option is thus to use state power to influence the formation of corresponding combinations of worker power.

In addition, we can see evidence in the language of a more recent change to US labor law that the addition of these new externalities can have the result, over even a relatively short period of time, of naturalizing the resulting changes in economic activity. In 1947, 12 years after the passage of the National Labor

Relations Act, Congress passed the Taft-Hartley Act, which significantly amended the NLRA. According to Section 1(b) of Taft-Hartley:

It is the purpose and policy of this Act [chapter], in order to promote the full flow of commerce, to prescribe the legitimate rights of both employees and employers in their relations affecting commerce, to provide orderly and peaceful procedures for preventing the interference by either with the legitimate rights of the other, to protect the rights of individual employees in their relations with labor organizations whose activities affect commerce, to define and proscribe practices on the part of labor and management which affect commerce and are inimical to the general welfare, and to protect the rights of the public in connection with labor disputes affecting commerce.

As one contemporary observer noted, “the crux of the new Act is announced by statement of a new policy which sets forth the need for restricting the powers of labor” (Wohlmuth and Krupka, 1948, 1-2). Despite the fact that only 12 years had passed since the passage of the NLRA, it did not seem to appear to Congress or its observers that an appropriate response to the perceived problem of excessive power on the part of organized labor was to withdraw some of the protections granted in the NLRA. Instead, Taft-Hartley introduces yet another set of externalities (in the form of unfair labor practices on the part of labor unions) in an effort to re-level the playing field.⁵⁰

⁵⁰ Despite the fact that “the economy” is not mentioned in either of the laws quoted above, there is strong evidence that the “flow of commerce” to which both laws refer had a significant role in the production of the economy effect. The idea that labor relations form an integral part of the economy is certainly commonplace today, and we might understand the “flow of commerce” as a sort of bridge term between a conception of labor as simply a private, contractual arrangement affecting only those who are party to the contract (that, as simply part of commerce), and a conception of labor as part of some larger, universally relevant phenomenon (the economy). The concept of commerce as a flow is one that would be intelligible from both perspectives, and might itself be an example of conceptual innovation.

Conceptions of the green economy, however, are not limited to models that assume that we must find ways to make growth compatible with a finite natural world. In fact, some advocates of steady-state economics suggest that there is a fundamental flaw in the argument put forward by those who favor a policy based in the introduction of externalities designed to manage growth. The problem, they suggest, is that such a policy fails to take account of the source of the money that would be used to pay for the rising cost of goods under such a regime. Money, suggests Brian Czech, is ultimately the product of surplus production (beyond the basic needs required for the sustenance of life). He grounds this argument in Adam Smith, noting that Smith believed that it was the division of labor, leading to a production of agricultural surplus, which allowed the development of a money economy in the first place. As such, the creation of money cannot occur through government fiat (by the introduction of externalities like a carbon market), but instead can happen only through increased exploitation and extraction of natural resources. If a carbon tax increases the cost of production, while the assumption that continuous growth is the goal of the economy remains intact, producers will have no choice but to increase the rate of such extraction in order to meet the costs of the additional externalities. Czech gives the example of an effort in which he participated to rehabilitate and improve the habitat for elk on Apache tribal land. In order to finance this effort, the tribe allowed the rights to hunt a very limited number of elk (which was otherwise prohibited) to be sold to people outside the tribe. One year, Czech notes, three such tags were sold for \$43,000 each; two of them went to the owner of a large timber operation in the Northwest United States.

The irony, he notes, is that this means that the money used to finance the habitat rehabilitation effort was produced by activities that degrade a similar habitat in another place (Czech, 183).

Gowdy and Erikson expand on this critique by suggesting that one of the major shortcomings of neoclassical economics is its dependence on “value monism,” or the implication that “all objects of utility have some common characteristic that allows them to be compared” (212). This value monism is the basis for cost-benefit analysis, because once we assume that the values of all things can be reduced to a single, comparable characteristic, we are freed to compare anything we want, coming to a quantitative conclusion about the best course of action (within the limits, of course, set by uncertainty about the future). However, suggest Gowdy and Erikson, there is substantial evidence that such an understanding is fundamentally at odds with the ways in which people actually make choices. For example, they note a number of anomalies in consumer choice theory, including:

[T]he existence of endowment effects (people place higher values on things they already possess), hyperbolic discounting (people discount the near future at a higher rate than the distant future), loss aversion (people are significantly more averse to taking a loss than failing to receive an equal gain), [and] the part-whole problem (people consistently place higher values on the sum of individual components of an object of utility than on the whole thing itself). (212)

The upshot of these shortcomings is that we cannot assume an unbroken chain between preferences as expressed in the formation of market prices and actual preferences held by people.

Without such a chain, the logic by which we can hope to incentivize “green” economic activity through the intentional erection of externalities without any

substantive or structural change to the processes by which we produce and distribute goods begins to erode. If we cannot rely on prices as an accurate representation of preferences, then it seems as though it is also dangerous to assume the inverse: that we can influence preferences by adjusting prices. It may be the case, for example, that endowment effects will make it more difficult to influence people to give up existing (but environmentally damaging) technologies to which they have become accustomed than simple consumer choice theory would suggest, because in fact people will tend to value these existing technologies more highly than they value the prospective benefits of a change.

This problem is compounded by the phenomenon of hyperbolic discounting: people tend to assign greater value to benefits accrued in the near term than they do to benefits accrued in the long term. As such, while the strategic deployment of externalities might hope to increase the short-term cost of non-green economic activity relative to green activity, it will have to do so at a rate that overcomes the tendency to devalue the long-term economic benefits of green economic activity described by Stern, et al.

One possible solution to such a problem, proposed by theorists like Czech and Gowdy and Erikson, is that our focus should cease to be on growth in the economy. That is not to say that we would be forced simply to accept the current state of technology and standard of living as the zenith of what is possible, but rather that we should begin to ask whether we need to produce more in order to produce better. In fact, a persuasive argument can be made that the opposite should in fact be true. If we are careful in our applications of new technology, and focused not on

growth but on improvement, we might be able to construct an economy that has as its main purpose not continual growth, but rather the maintenance of a steady state of sustainable production.

Such an economy would engender a whole different set of questions, a new kind of cost-benefit analysis, because in order for anything new to be produced, the production of something else would have to be reduced or discontinued. This sounds far-fetched, and in many ways it is the stuff of science fiction. How, one might very reasonably ask, could we hope to control production to such a tight degree that we could ensure a steady-state output without centralizing all production and instituting a massively inefficient bureaucracy? On the other hand, we already do a great many things as a society engaged in production that seem far-fetched before they are implemented. This is one of the ways in which we can begin to get at the incredibly difficult job of *imagination* that is the construction of the economy.

Imagine, for example, a virtual space in which every variety of good or service is not only sold, but also in which the prices at which those goods and services will be sold is the subject of betting, the value of which vastly exceeds the value of the things that are being bought or sold. Imagine that this virtual marketplace operates at all times, in at least one or two places, and that vicissitudes of this virtual marketplace are, for all intents and purposes, indistinguishable from the vicissitudes of the real wealth of people all over the globe. Imagine, even, that this connection goes so far and runs so deep that people who have never participated in the marketplace, and never will, cannot identify a factor that is more

important to the economic realities of their lives than what happens in this virtual space. As bizarre as such an imagined reality may be, it is also an accurate way of describing the stock market that has so much power over the politics of the present.

In fact, when we get down to the meat of their critiques of the economy, there is not that much difference between the positions of steady-state advocates and more moderate critics like Stern. In both cases, their critiques call into question (as noted above) the conceptualization of the economy as capable of infinite growth without regard for the limitations of the physical world. Both call for the introduction of externalities designed to curb the growth in practices that they believe will otherwise cause an irreparable degradation of this physical world that will inevitably harm the economy along with everything else.

Both sets of critiques serve to highlight the uneasiness with which the idea of growth fits into our competing concepts of the economy. Much of the time and energy we expend in politics is spent worrying about making policies that will allow or encourage unending growth. We understand this growth to be so central to the functioning of the economy that we often use words like “healthy” or “strong” to describe an economy that demonstrates growth year after year, and their opposites (“weak” or “unhealthy”) to describe one that fails to do so.⁵¹

The economy, in this formulation, exists simultaneously as a materialization that must grow, and also must be made to grow. On the other hand, steady-state economic theories appear unrealistic to many because it seems self-evident that the economy cannot be kept from growing. If we add in some of the perspective we get

⁵¹ E.g. Shultz and Hanushek, 2012; Fitzgerald, 2014; Marson 2014; and Antos, 2010, respectively.

from the Stern report, we can also see that an intelligible argument may be made that the economy must be managed specifically because it cannot account for the externalities of a changing environment in the future – that is, if we do nothing to change its “path”, the economy will grow less (or perhaps not at all) because the context in which it operates will change, and the inexorable mechanisms of the market will be unable to compensate for these changes.

The consonance between these two lines of critique, then, might help to illustrate one potential avenue for conceptual innovation with respect to the economy. We have identified a set of practices that are at once intelligible as practices related to the economy (as it is clear that these lines of critique are about the economy, and carry with them implications for policies and behaviors that are also related to the economy), but are also irreconcilable with the rules by which the economy is understood to operate (insofar as we are convinced by Mitchell’s claim that one of the criteria of the contemporary economy is that it provides space for infinite growth without regard to the limitations of the physical world). Moreover, we have reason to believe (based upon the brief examination of labor law above), that despite the apparent naturalness of the current materialization, additional externalities designed to curb growth that does not take into account the limitations of the physical world would be likely to be subsumed into this apparent naturalness relatively quickly.

The key here, if we follow the theoretical lines laid out by Butler, Koselleck, Mitchell, and Farr, seems to be finding a way to incorporate this variation (the claim that the operations of the economy must be limited by externalities designed to

compensate for the fact that the market is incapable of planning for future degradation of the physical world) into the repetition of practices of signification by which the economy effect is produced and maintained. Moreover, it's worth noting that the simple fact that this set of practices seems to carry the potential for conceptual innovation with respect to the economy does not mean that it will inevitably result in such innovation. There are, of course, multiple competing sets of claims being made with respect to the relationship between the economy and the physical world, and it is by no means a foregone conclusion that this particular set of claims will win out (insofar as any set of claims ever really wins out).

Attention must be paid as well to the fact that the six criteria I've attributed to the contemporary economy do not exist in isolation from one another. If, through critical practices arising from the concept of the green economy, we are able to innovate with respect to the claim that the economy can be imagined to grow indefinitely without taking into account the limitations of the physical world, we must expect challenges to the other criteria to arise and/or intensify. In particular, it seems to me that altering the appearance of the economy as potentially infinite significantly weakens the appearance that the economy is natural and inevitable. If, that is, we can alter our practices with respect to the economy, and thereby construct the economy differently, such that it no longer appears to have the potential for infinite growth, we have mounted a significant challenge to the appearance that the economy is natural and inevitable, and we may have opened the door to conceptual innovation with respect to this criterion as well.

It is not, of course, all sunshine and roses in the land of conceptual innovation.

Even if critical practices such as the ones described above do have the potential to lead to the kind of conceptual innovation we've been discussing, there is no guarantee that the innovations will be of the type environmental activists might prefer. As with any political issue, what I have described here is not a magical lever for social change, but rather a site for struggle, and hopefully a useful perspective from which to view the possibilities and pitfalls that might inhere in that struggle.

Finally, it's worth noting that I have in no way exhausted the potential discursive and critical practices falling under the label "green economy" that might have the potential to lead to conceptual innovation. I haven't looked at all, for example, at critical practices advocating reduced consumption and seeking negative growth, or at movements centered around the idea no additional externalities are required if technological innovation is sufficient to allow the economy to continue to grow without degrading the physical world. Instead, I have illustrated some of the ways in which we might evaluate such practices in terms of their potential for conceptual innovation, and pointed out some of the ways in which the discourses of the green economy might provide an opportunity for conceptual innovation that could reduce some of the barriers imposed by the economy effect on actions aimed at decreasing material inequality and environmental damage.

In the next chapter, we'll take a look at the ways in which the discourses of the sharing economy may or may not provide a similar opportunity. We'll pay particular attention in Chapter 5 to the question of how (or whether) conceptual innovation might be directed toward significant change in the economy effect, and to the circumstances under which such innovation is instead likely simply to be

incorporated and neutralized by the economy effect.

CHAPTER 5
THE SHARING ECONOMY AND CONCEPTUAL INNOVATION AS A CHALLENGE TO
THE ECONOMY EFFECT

A. Introduction

On a recent trip to two cities in the United States, I experimented with a number of businesses that are part of what is becoming known as the “sharing economy.” In Denver my partner and I, along with some friends, stayed in a farmhouse built in the 1880’s, secured through a service known as Air BnB, which allows individuals to make their homes (or other residential properties) available for rent on a night-by-night basis. In Chicago, we ate at a restaurant where guests are encouraged to bring gifts to the chefs, and an attempt is made to create an atmosphere of convivial sharing rather than fee-for-service. When it was time to go back to the hotel after dinner, we ordered a car from Uber, a sort of Air Bnb for taxis, because no yellow cabs patrolled the area where the restaurant is located. In each of these scenarios, I was struck by the uneasy way in which the concept of sharing comes into contact with the idea of the economy.

B. The Sharing Economy

I’m certainly not the only one interested in the possibilities raised by these new types of businesses. In March 2013, The Economist ran a cover story on the sharing economy, which contained the following claim:

The sharing economy is the latest example of the internet’s value to consumers... This emerging model is now big and disruptive enough for regulators and companies to have woken up to it. That is a sign of its immense potential. It is time to start caring about sharing.
(3/9/2013)

Along with mainstream media attention, the sharing economy has also given rise to a number of organizations and networks dedicated not to a single business (like lodging or transportation), but rather to promoting the model of “sharing.” At meshing.it, for example, one can find the Internet home of the Mesh, an organization that describes itself as “a world community and economy where access trumps ownership.” (Gansky, 2013) Peers.org is the home of a similar organization that describes itself as a “a member-driven organization that supports the sharing economy movement.” (Peers.org, 2013) This group makes the similar claim that “we [the proponents of the sharing economy] access the things we need rather than buying them.” The sharing economy differs from the green economy in that it does not present an alternative primarily in terms of how we incentivize what we produce and consume, but rather in terms of the ways in which we consume the things we produce. A typical description of an individual experience of the sharing economy looks something like this:

Joe starts the day by dropping his two kids off at the neighbors’ place (where they share the cost of a nanny), then biking from his Oakland apartment to his shared office space in Berkeley.⁵² When he arrives, he spends some time chatting with the other folks who work there, then after responding to some emails, he checks his car sharing service to find a vehicle he can use to get to an afternoon meeting in San Mateo. When he returns early that evening, he picks his kids up and takes them home in time to meet

⁵² The San Francisco Bay area seems to be ground zero for the sharing economy, or at least for articles about this. This probably has something to do with the confluence of high population density, good public transportation, a very high cost of living, weather conducive to biking and walking most of the year, and a reputation as a progressive region, which is likely to attract people interested in alternatives to conventional economic relationships.

up with friends who are there for a food swap – they’ve each cooked large portions of one dish, and by sharing it around, they each end up with five meals for the week. After everyone leaves, he and the kids sit down to watch a movie on Netflix over the wi-fi connection they share with the rest of the building, and then to bed.

The idea here is, clearly, that technology enables us to share in ways that were previously impractical or impossible, and that by leveraging these new sharing possibilities, we can simultaneously reduce our consumption and improve our standards of living. To continue in our analysis, the question here is, do the practices involved both in engaging in these new types of sharing, and in describing them to ourselves and others, carry the potential for conceptual innovation as described in Chapter 4? If so, in what way is such conceptual innovation likely to occur, and with respect to which of the criteria of the contemporary economy?

There are a couple of common threads in critical practices related to the sharing economy that may help us to shed some light on these questions. The first, as noted above, is that when proponents of the sharing economy seek to describe it, their descriptions typically begin in a relatively affluent, residential neighborhood near or in a large city. The kinds of sharing in which individuals featured in these descriptions are engaging require a combination of a relatively high resource concentration to begin with, coupled with a relationship of trust that works better if it is based on ties to the community rather than between individuals.

It is impossible to think about the practices described as “sharing” within the context of the sharing economy without also thinking about the actual goods and services that are being shared, and the consistency with which they appear from

description to description. For instance, one practice commonly referred to in such descriptions is “nanny sharing”. While it is unquestionable that many families could benefit from private, in-home child care if only they could afford it, it is also the case that the vast majority of such families would remain unable to afford such childcare even if they were able to split the cost down the middle with another family.

According to the ACS, in 2011 the median family income for all families with children was \$63,701. However, the median income for a family with a female householder and children (nearly 20% of all households in the US) was only \$30,052, and single parent households headed by males (a smaller proportion at just over 7% of all households) fared only slightly better, with a median income of \$41,763 (US Census Bureau).

One article on the sharing economy details the savings from a shared nanny, noting that instead of paying \$16/hour per child, by sharing a nanny with another family they are able to bring that cost down to \$10/hour per child. This, the article suggests, translates to a savings of \$10,800 year for “Neal,” the sharer in question (Leonard and Chamberlain, 2012). In order to save \$10,800 at a savings rate of \$6/hour, Neal needs to purchase a total of 1800 hours of childcare. At \$10/hour, these 1800 hours of child care still cost \$18,000. So, on one level we’re looking at a \$10,800 cost savings per child, but on another level he has to be able to spend \$18,000 annually on child care in order to access these savings. The potential of these sharing practices to save money for affluent exemplars like Neal is compelling, to be sure, but it’s important to recognize that examples like this do little for the vast majority of those who are most in need of childcare. These reduced childcare costs

would still be equal to nearly 60% of the total income of the median-earning female-headed single parent household, leaving practices like nanny-sharing firmly out of reach for many families. We must, then, as we continue to examine the sharing economy's potential for conceptual innovation, remain alert to the possibility that it may also have the potential to give rise to a bifurcated system in which only the affluent have access to its benefits. This would, of course, constitute a significant limit to the potential of the sharing economy to assist political actors who are interested in mitigating or eliminating material inequality.

The Sunset article highlights another potential shortcoming of the "sharing economy." When Neal first got into sharing, we're told, he tried sharing a car with a roommate. The roommate got the car towed, and it wasn't clear whose responsibility that was, so Neal was forced to eat the cost of recovering the car. Luckily, he was able to do so, and now, the article notes, "agreements on paper... exist." However, such an arrangement could have had much more severe consequences had Neal not been in a position to get the car out of impound. The sharing economy requires more than a high level of initial resource concentration in order to achieve benefits; it also requires participants who are affluent enough to shrug off lapses in the trust relationships that make it possible and ideologically committed enough to continue sharing despite these setbacks. For many, a mistake that led to the impounding of a car, which might well be necessary transportation to work, would be not a minor setback but a major life-problem.

Despite these shortcomings, the practices of the sharing economy allow us to get at some aspects of the standard, or non-sharing, economy that might otherwise

be difficult to access. In particular, the critical practices that seek to describe the sharing economy allow us to ask: to what, exactly, is it being contrasted? One of the other interesting common themes of articles about the sharing economy is that they often focus on people who have made a conscious choice to involve themselves in relationships based upon sharing due, at least in part, to a dissatisfaction with the lives they led as privileged participants in more mainstream economic practices. The Sunset article cited above, for example, describes Neal, the sharer, in the following way:

About seven years ago, Neal became so disillusioned with the meaninglessness of his job at a shipping company, he quit to be more connected to his community. After bouncing around Internet start-ups that facilitated collaboration and sharing physical assets, he launched [Shareable](#). (1)

In contrast to the meaninglessness of his job in shipping, Neal was able to find greater connection to his community through participating in activities that facilitate collaboration and the sharing of physical assets.

The sharing economy, then, might be understood as an alternative to the owning economy, or the taking-and-keeping economy. The implication is that the private ownership of goods and real estate is, itself, an isolating force. This is not, of course, a new idea. In the Manifesto, for example, Marx and Engels suggest that the rise of the bourgeoisie has:

... left remaining no other nexus between man and man than naked self-interest, than callous 'cash payment.' It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egoistical calculation. (Marx, 475)

In fact, we can go all the way back to Plato to find the assertion that:

The city that is best governed [is] the one in which the vast majority of people apply 'mine' and 'not mine' to the same things on the basis of the same principle...(*Republic*, 462c)

However, both of these texts (and the related works by both authors) seem to assume that the best feasible alternative to private ownership is ownership in common by the entire political unit. That is, for both Marx and Plato, the ways in which we can overcome the isolating influence of private ownership tend to center around the replacement of these private schemes with public ownership. For Marx, this takes the form of the collective appropriation and distribution of surplus value, while for Plato it takes the form of collective possession by men of the women, and collective responsibility taken by all for the children of Kallipolis.

In contrast, advocates of the sharing economy seem to suggest that private ownership could remain intact, in the sense that things would not be held in common by all, but would instead be the property of specific individuals. At the same time, this scheme of private ownership could be altered substantially on the principle that what we really want out of ownership is not exclusive use of some good or service, but rather the right or capacity to use that good or service when we need or want it. Such an expansion is made possible through the use of technology, which allows for the real-time identification and analysis of usage patterns, and may constitute a conceptual innovation with respect to the concept of "owning."

The primitive car-sharing agreement in which Neal first participated, which could hardly be supposed to offer an alternative economy of any real import, is replaced with a system like Getaround.com, which allows you to rent a car from someone when they're not using it, thus defraying their cost of ownership and

giving you access to a vehicle when you need it. The system, in this case, undertakes the responsibility for ensuring that the drivers who rent your car are insured, that they are who they say they are, and that they will return your car on time. The company will even install a piece of hardware in your car that allows you to track its location in real-time and to immobilize it if the driver tries to take it somewhere other than the agreed-upon destination.

In order to render coherent an understanding of the economy in which this kind of private, technology-enabled sharing has the capacity to overcome the isolating forces of the ownership economy, we will clearly need a different understanding of the source of this isolation than that provided by either Marx and Engels or Plato. Indeed, schemes like Getaround.com do nothing at all to overcome the replacement of human interactions by the “cash-nexus.” This is sharing that doesn’t even require that you know or encounter the people with whom you share your automobile. Certainly, it doesn’t approach the level of unified “mine-ness” that Plato envisions for Kallipolis.

Perhaps, then, the implicit claim of those who argue that the sharing economy is in some way an antidote for alienation is that alienation is a product not of private as opposed to public ownership, but rather of individual rather than group ownership. Such an idea must rest on a conception of alienation that posits very different mechanisms than either Plato or Marx.

For Plato, such mechanisms are fairly straightforward, resting on the question of whether one perceives oneself as a whole distinct from others who are also wholes, or as a part among many parts of a single larger whole. See, for example,

Socrates' practically rhetorical question to Glaucon at 462b: "[D]oesn't the privatization of these things [pleasure and pain] dissolve the city...?" Alienation (though, of course, Plato does not use this term) is, in this case, a product of feeling differently than one's neighbors due to a difference of circumstance. The solution, then is, to design a city such that "...whenever one of its citizens has an experience, whether good or bad... [the city will] say that the experience is its own, and all of it together will share his pleasure or pain" (462d-e). As long as individuals experience things as individuals, rather than as part of a collective whole, they are doomed to be torn asunder from one another.

For Marx, by contrast, the root cause of alienation is exploitation. In the process of being forced to sell his labor power in order to support himself, the worker is compelled to give up any right to the product of his labor. As such, Marx claims:

...the worker always leaves the process in the same state as he entered it – a personal source of wealth, but deprived of any means of making that wealth a reality for himself. Since before he enters the process, his own labour has already been alienated from him, appropriated by the capitalist, and incorporated with capital, it now, in the course of the process, constantly objectifies itself so that it becomes a product alien to him. (1990, 716)

As the world comes to be increasingly defined by the commodity form, those workers who produce but do not own these commodities will become increasingly alienated from the products of their labor, and by extension from themselves and from one another.

The kind of group ownership conceived by proponents of the sharing economy clearly can do little to counter this sort of alienation, as the underlying

conditions of exploitation continue to pertain. However, there may be other ways in which we can understand at least some of the alienation endemic to the ownership society. We might, for instance, conceive of the time and energy we are required to devote to the maintenance of the things we own privately as one source of alienation. Some studies (e.g. Cairney and Boyle, 2004) suggest that while ownership (in this case of one's home) may carry some psychological benefit as a result of guaranteed access to important resources, it also induces a good deal of stress, particularly among those who do not have sufficient financial resources to make large purchases outright.

It is not my intention to embark on an extended discussion of the psychological literature surrounding stress and ownership, but merely to point out that if we understand ownership not only as a source of security (which it clearly has the capacity to be), but also as a potential source of stress with a negative impact on psychological well-being, then a whole avenue of possibilities for the improvement of human happiness becomes available to us. Moreover, if we take into account the argument that the psychological benefits of ownership accrue largely from a sense of security that our needs (and, no doubt, our desires) will be met, then it becomes apparent that one such avenue might involve innovations in ownership that allow us to experience the security we associate with things like owning a home or a car, without requiring us also to take on the whole load of stress involved in such ownership. Perhaps, then, the promise of the sharing economy lies in its potential to socialize the negative aspects of ownership by leveraging the fact

that most of us don't need to use the things we own all the time; we just need to know that they're available when we need them.

Moreover, a shift toward shared ownership focused on access to resources rather than exclusive legal control of those resources may have the potential to challenge the appearance of naturalness with which private ownership has been imbued. One might imagine, for example, a project of exposition similar to J.K. Gibson-Graham's (2006) illustration that capitalism is not nearly as hegemonic as we often understand it to be. By demonstrating that there are many different sorts of class processes operating simultaneously, they are able to show that specifically capitalist class processes are neither natural nor inevitable. Were shared ownership with a focus on access to become widespread, it might have a similar potential with respect to private ownership and its central role in the economy. Such potential, however, would be meaningful for those seeking innovation with respect to the economy for the purposes of decreasing material inequality only insofar as the kinds of practices made possible by these arrangements were simultaneously intelligible as relating to the economy and irreconcilable with the rules by which the economy is understood to operate. It is not at all clear that such a situation obtains.

One particularly telling example of both the promise seen in the sharing economy and the limitations of its potential for conceptual innovation with respect to the current materialization of the economy can be found in the smartphone application *LeftoverSwap*. The authors of the program introduce the idea with the following passage:

You're hungry. And cheap. We understand. You also care about reducing waste, eating locally, and want to build relationships within

your community. We also understand those things. Simply fire up LeftoverSwap, view the available leftovers around you, make your selection, and arrange for pick-up or delivery. Your cheap, local, and community-oriented meal is waiting. (Leftoverswap.com, 2013)

This application, in other words, is as much about who the consumer as it is about what the product is. This in itself is, of course, not new (see e.g. Frank, 1997).

However, the content of the message carried by this particular marketing campaign gives us an interesting insight into how at least one group of sharing economy proponents understand the ideal of the sharing economy. Here's another snippet, this time aimed at those who might want to swap (sell) their leftovers:

You're stuffed. You can't take another bite, but there's so much left on your plate. You hate the idea of throwing out food, but also don't want to be eating the same leftovers for the next few days. We understand. You want to reduce our dependence on fossil fuels and fertilizer as well. We also understand that. Snap a picture of what you can't eat, name it, and share the rest of your meal. Your neighbors are hungry. (ibid)

The focus on sharing, on sustainability, and on a sort of communal responsibility (if tempered by the personal preference not to be eating the same leftovers for the next few days) is impossible to ignore in the copy. *LeftoverSwap* promises not only to allow each of us to increase the variety in our diets, but to do so in a way that simultaneously reduces waste, support local commerce, and build relationships with others who share our communities. So, in addition to resolving some of the alienation that might result from a focus on private ownership of goods (as discussed above), *LeftoverSwap* adds another layer to the promise of the sharing economy: the reduction of waste.

The focus on the language of swapping and sharing, however, almost completely obscures the fundamental use to which this application will actually be

put – the buying and selling of previously non-market goods. This program is, in short, an attempt to create a new market, and to do so using language that suggests that it is an alternative to the market. While the resulting set of practices and interactions could be described (as above) as an interposition of “sharing” into the usual logic of the economy, it could also be described simply as an adjustment of this logic, whereby the restaurants becomes wholesalers, and individual customers selling their leftovers become retailers, using *LeftoverSwap* as a marketing tool.

This highlights a central problem with the sharing economy, at least insofar as we are concerned with its capacity for conceptual innovation with respect to the economy: to the degree to which it is able to pose an effective challenge to current practices that produce and maintain the economy effect, this “sharing economy” is in fact not based on sharing at all. One might perhaps better term it the “micro-transaction economy.” At root, each example of the sharing economy seems to be based on the use of technology to allow us to buy and sell things in smaller quantities, or shares, than was previously practical. While it is certainly the case that such practices can help to reduce waste (at least in some senses of the term), and can in some circumstances have the virtue of encouraging human interaction, it is difficult to understand how such practices do anything but reinforce the idea that, in order for resources to be distributed efficiently, they must be bought and sold according to the “law” of supply and demand. Sharing thus ceases to be a term denoting a non-market transaction based upon a mutual desire for both parties to have enough (as when I share my sandwich with a friend because he has no lunch), and becomes instead a term denoting a specific type of buying and selling in which

the first purchaser uses some part of a purchased commodity and sells the rest.

This is not to say that the sharing economy is not an example of conceptual innovation. Instead, it is to suggest that this innovation is not likely to pose a serious challenge to the practices that produce and maintain the economy effect. For example, one site of potential conceptual innovation in the sharing economy can be found in its use of the concept of waste. Returning to the language used by *LeftoverSwap*, we see that both blurbs follow the same formula, which might be summarized as follows: *You either have or want food. We understand. You also want to reduce wastefulness. We also understand that.* The important question here is, what do we do when we talk about our desire to reduce waste? What value do we claim, that is, inheres in not being wasteful?

For economists, the concept of waste is inexorably tied to the concept of efficiency – a given arrangement is wasteful to the degree to which it is not efficient, where efficiency is defined as “obtaining the maximum output for given inputs” (Black, Hashimzade, and Myles, 2009). In particular, efficiency in consumption (the main focus of the sharing economy) may be described as a situation in which goods are allocated such that “it would not be possible by any reallocation to make some people better off without making anybody else worse off.” (ibid) Through even this simple description of the concept, one can instantly see that the sharing economy might also be described as an efficiency economy. One shortcoming of the retail system, or of the system of dedicated sellers of almost anything (with the possible exception of bulk goods) is that consumers must purchase things in predetermined quantities. *LeftoverSwap* highlights a particularly obvious example of this

phenomenon. Who among us hasn't, at one moment or another, bemoaned the seemingly ever-increasing size of entrees at American restaurants. While these massive portions may be efficient from the perspective of the producer (insofar as decreasing portion size would not increase profits) they are clearly inefficient from the perspective of the individual diner (who could have less without being less well off, were there some effortless way to divert the rest of that food to someone else who wants or needs it and to recoup some of the initial cost of the meal).

The same basic problem can be expanded to most (or perhaps all) of the spheres into which the sharing economy is said to extend. We must each buy a whole car, in order to ensure that we will have access to it when we need it, but we won't use it as much as it might be used. We have to pay rent (or service our mortgages) even when we are out of town and not using the space we are paying for. The list goes on. What the innovations of the sharing economy, like *LeftoverSwap* or *AirBnB* or *CarNextDoor* make possible is the reallocation, through market mechanisms, of that portion of each of these goods without which the immediate consumer would not be less well off (for a fee, of course).

One result of this rhetorical use of the term "waste" is that the distinction between waste as the opposite of efficiency and waste as the opposite of careful stewardship is lost in the shuffle. Making my car available to be used by others for a fee when I'm not using it, for example, eliminates waste in the sense that all that time my car is spending idle while I'm at work can be turned into time during which others are using the car and defraying my costs. However, does this arrangement do anything to alleviate waste in the sense of exploitation of non-renewable resources

and increases in pollution? The answer depends upon what those who are using my car would have done were it not available. If they each use my car instead of owning their own cars, this may in fact result in a reduction of waste in this second sense. On the other hand, if each of these “sharers” uses my car instead of riding the bus, then we have actually increased the waste in the second sense.

Moreover, it is hard to imagine the sharing economy (in the sense of a system allowing individuals to share those items they own in the traditional sense) as anything other than a stopgap or temporary condition leading to a change in the ways in which things are bought and sold from businesses. As noted above, one of the claims that proponents make about the sharing economy is that “we access the things we need rather than buying them” (Peers.org, 2013). If one follows this sentiment to its logical conclusion, it begins to become difficult to distinguish the possibilities of the sharing economy from other, already existing, licensing agreements.

If it’s more efficient for me to rent my car out to others when I’m not using it, why isn’t it more efficient still for the car company simply to rent the car out on a per-use basis? If the internet allows me efficiently to sell small quantities of food at low prices via an application like *LeftoverSwap*, how long will it be until some enterprising soul opens a restaurant dedicated exclusively to selling food this way, and undercutting the “sharing” market because profit on these micro-meals needs only to be made once, rather than the double profit necessitated by a reselling scheme? At root, the problem here is that the economy is *already* an efficiency economy, and if by adding the modifier “sharing” what we really do is institute a

new method for achieving economic efficiency, it is not only likely but inevitable that to the degree such a practice is effective, it will be subsumed by the very economy to which its supporters claim it poses a challenge.

A key example of this phenomenon may be found in criticisms of the “ride-sharing” company Uber.⁵³ As one column on the subject in *The Nation* puts it:

Cutting through the marketing BS of Silicon Valley is a good goal for everyone, but the left in particular should debunk its definition of a “sharing economy.” Sharing, in this case, doesn’t mean “lending someone the use of something for free.” It also doesn’t match the Silicon Valley description of creating a large number of small-scale entrepreneurs or independent business owners. Instead, what we see is the creation of a low-wage workforce under the ownership of tech companies. At Uber, this arrangement means that drivers have to pay for their own cars, maintenance and gas, while management sets the rates and terms of their labor, taking a hefty cut in the process. (Konczal and Covert, 2014)

The problem, as Konczal and Covert see it, is that despite the rhetoric of sharing, Uber doesn’t really involve any sharing at all. Instead, it uses the rhetoric of sharing as a way to offload much of the overhead that would fall on a company using a more typical business model onto those performing the labor. Far from a liberatory alternative to previous business models, they suggest, Uber represents an innovation in expanding and refining the forces of exploitation.

This is not to say, however, that there is no way in which sharing could pose a challenge to the conventional economy. As I argued above, following Mitchell, Butler, Koselleck, and Farr, in our search for conceptual innovation we should look

⁵³ Uber’s business model is based around the idea that anyone who wants to (and has a car that meets the company’s requirement) can register as a driver. Users access the service through a smartphone application that tracks the location of drivers who are currently available. The software links users who need rides with drivers who are nearby and available, and handles billing and payment.

for ways in which the repeated practices of signification through which the economy effect is produced and maintained may be varied such that they are simultaneously intelligible as practices related to the economy and also irreconcilable with the rules we understand to govern the economy.

With respect to the sharing economy, it may be valuable to take a closer look at one of the features of Koselleck's theory of conceptual innovation. As noted above, Koselleck claims that "any conceptual change that becomes a linguistic event occurs in the act of semantic and pragmatic innovation, which makes it possible to comprehend what is old in a different way, and to comprehend in any way what is new" (2002, 37). One thing that seems clear about the sharing economy is that, in all of its various forms, it is based on the idea that new types of information technology can be leveraged to make possible ownership and access models that were previous impractical or unachievable. In this respect, it makes sense to think about the advent of the sharing economy as a linguistic event that represents an attempt to make comprehensible a novel experience, or a set of novel experiences.

In attempting to make comprehensible such a novel set of experiences, conceptual innovation of some sort is necessary; we must, in one way or another, form a bridge between the diachronic structure of language and synchronic experience of newness. In what category of thing, we must ask ourselves, should we include this new thing? Any answer to this question will constitute a conceptual innovation, as it will always involve either the expansion or alteration of the category in which the novel experience is included in order to accommodate its novelty, or the construction of a new category. The Renault Twizy quadricycle

discussed above is an example of such an innovation; by suggesting that we should understand this thing that is neither a car nor a bicycle as part of the general category to which bicycles belong, Renault seeks to innovate with respect to the category “bicycle.” In order to do so, it must bridge the diachronic structure of language (in the context of which we have always had to distinguish between bicycles and vehicles that provided closed cabins and used steering wheels and pedals) with the synchronic experience of newness (in this case, a vehicle that fits neatly into neither category).

In the case of the sharing economy, one question we might wish to ask is, how should we understand (and talk/write about) the novel experience of access to practical and easy to use tools that make large-scale, relatively anonymous co-ownership possible and practicable? One answer, as we can see through some of the examples above, is that we should understand it as an opportunity to expand the range of possible scales for the types of buying and selling to which we are accustomed. This is, in its own way, a type of conceptual innovation, especially insofar as it involves appropriation of the term “sharing” to describe these newly practical scales of commerce. This is not, however, the only type of conceptual innovation made possible by this set of novel experiences.

For example, Konczal and Covert conclude their critique of Uber’s transformative potential with an argument that the problem lies not in the technological basis of the sharing economy, but instead with our efforts (conscious or otherwise) to make these new technological possibilities fit into the pre-existing (diachronic) understanding of the economy. As they put it:

Given that the workers already own all the capital in the form of their cars, why aren't they collecting all the profits? Worker cooperatives are difficult to start when there's massive capital needed up front, or when it's necessary to coordinate a lot of different types of workers. But, as we've already shown, that's not the case with Uber. In fact, if any set of companies deserves to have its rentiers euthanized, it's those of the "sharing economy," ...

Such a formulation suggests that the technological innovations at the heart of the sharing economy, which include the capacity to produce and operate smartphone applications that greatly simplify what might otherwise be insurmountable organizational obstacles, might have the potential for conceptual innovation with respect to the third criterion of the contemporary economy: its status as a protected realm of inequality. While I'm not as convinced as Konczal and Covert seem to be that the answer here is as simple as forming workers cooperatives to take the place of companies like Uber, their argument points us in an interesting direction. I do, however, have one significant quibble with their claims. In the closing paragraph of the article, they write "...a transition to workers' owning their firms is necessary, economically smart, and one way for workers to gain power in the digital age. Because you know what worker-run firms do? Share." This sentiment, while politically attractive on a number of levels, is still subject to the same basic criticism that they level at Uber in the beginning of the article: "Sharing, in this case, doesn't mean 'lending someone the use of something for free.'" Konczal and Covert remain trapped, on this level, in the same conceptual bind as Uber and the other sharing economy firms they call out. They cannot conceive of a way in which "sharing" could be used to modify the term "economy" without altering the meaning of the word sharing to incorporate a drive for profit on the part of the sharer.

C. Conceptual Innovation as a Challenge to the Economy Effect

The discussion above is not intended to suggest that the novel technologies (and the experiences that arise out of interacting with them) that give rise to the possibilities of the sharing economy are incapable of operating without profit as the primary driving force. It is, instead, intended to suggest that, to the degree to which they do, we would become less likely to refer to the resulting practices as forming part of any kind of “economy” at all. To put this problem in the language we’ve been using to talk about conceptual innovation, when we try to vary the practices of signification that produce and maintain the economy effect in a way that challenges the primacy of the profit motive, it is difficult to ensure that the resulting practices will be intelligible as practices related to the economy at all. For example, the kind of meal sharing arrangement discussed earlier in this chapter, wherein a group of individuals or families each agree to cook a large quantity of a single dish and then share these out such that each can eat for a week with some variety could represent a real possibility for conceptual innovation were the practice to become widespread and commonly understood as an economic practice. It does not take appreciably longer to cook a lot of something than to cook a little of it, and there is no way that a conventional business could take over such a niche, as there is no profit to be gained other than access to a diverse diet with minimal effort. This doesn’t tend to be treated as an innovation in economics by most of us, though, because we have become so used to the “economy” conforming to the six traits enumerated earlier. Instead, meal sharing in the context of the sharing economy tends to take the (by now predictable) form of services designed to unite (for a small service fee) people

who are cooking with people who would like purchase a home cooked meal (e.g. *Feastly*, *EatWith*, and *Kitchen.ly*).

Moreover, because we tend to assume that the economy must conform to each of these six traits, when we examine the process by which alternative economies are subsumed by the mainstream economy, we tend to find a similar process whereby the term denoting the alternative (green, sharing, etc) is put in tension with the term “economy.” This tension revolves around the twin concepts of waste and efficiency, both of which only have meaning with respect to some particular (and usually implicit) goal. Nothing is ever either wasteful or efficient in the abstract. However, typically the concepts used to modify economy (green, sharing, etc.) carry a different implicit goal than the economy itself.

In order to resolve this tension, there must be slippage in the meaning of one or both of the terms. For example, the green in “green economy” denotes a concern with the physical environment in which we live, and the effect that our practices of production and consumption have on this environment. However, when “green” runs up against “economy,” the universe of possible ways in which we might alter our behavior in order to preserve our physical environment is severely limited by the demand that such changes be efficient in the economic sense. In fact, it is not only possible but likely that in the process of working out this tension, courses of action that reduce waste in the environmental sense might be ignored or rejected because they increase waste in the economic sense (e.g. reusable vs. disposable packaging). We expect the economy to run according to internal rules of its own, and so we are not only unsurprised, but also accommodating when we are asked to

change the meaning of the terms that define our political priorities as they come into conflict with the logic of the economy. This is not, of course, to say that such expectations are uncontested, or that there are no competing understandings of the world that seek to call into question the primacy of profit and efficiency. Instead, it is to say that when one makes such an argument, there exists a very real risk that the argument will be treated as an appeal to extra-economic factors, rather than as an effort to engage in conceptual innovation with respect to the economy itself.

If this is the case, are projects like the sharing economy doomed to fail as attempts to engage in conceptual innovation with respect to the appearance that profit and efficiency are the natural drivers of practices that might be considered part of the economy? One way out of this problem may be to think of the primacy of profit and efficiency in the contemporary economy as the result of the operation of particular technologies of power in the Foucaultian sense. In “The Subject and Power” Foucault suggests the following distinction between violence and power:

A relationship of violence acts upon a body or upon things; it forces, it bends, it breaks, it destroys, or it closes off all possibilities. Its opposite pole can only be passivity, and if it comes up against any resistance it has no other option but to try to break it down. A power relationship, on the other hand, can only be articulated on the basis of two elements that are indispensable if it is really to be a power relationship: that “the other” (the one over whom power is exercised) is recognized and maintained to the very end as a subject who acts; and that, faced with a relationship of power, a whole field of responses, reactions, results, and possible inventions may open up. (137-138)

If we understand the relationship between the economy and the primacy of profit not as a necessary connection, constructed or otherwise, but instead as one result of an agglomeration of particular deployments of particular technologies of power in

the quest to solve the specific political problems of particular individuals, then we might also see where the possibilities for resistance to such technologies come into play.

Foucault stresses that, despite the fact that there may well be disparities of influence between the parties to a power relationship, what characterizes it as a relation of *power* rather than one of domination or violence is the presence (in the form of “the one over whom power is exercised”) of a subject who acts, and for whom such action takes place in “a whole field of responses, reactions, results, and possible inventions” that opens up when the subject is faced with the relationship of power. If we choose to understand the relationship between the economy effect and the primacy of profit as the result of an agglomeration of technologies of power, then we can begin to ask ourselves what types of actions are available to us at the nexus of these particular power relationships, and whether any of these actions might carry the potential to destabilize or alter these relationships in ways that could help us to solve our particular political problems.

When we examine the problem from this perspective, we can identify a number of discreet technologies of power in the sets of relationships that seem to require that some practices (such as “sharing” in the traditional sense) be omitted from business practices in the interest of maintaining the link between the “economy” and the primacy of profit and efficiency. The system of equity investment (ironically often referred to as “the process of going public”), for example, and the idea of “fiduciary responsibility” that comes along with it, seems to require the operator(s) of a business enterprise to take actions that will maximize profits. Of

course, if it really required such actions, they would not take place as the result of the opening of a whole field of responses, reactions, results, and possible inventions, and the stock market would characterize a force relationship rather than a power relationship. In fact, there are business owners and managers all around us who make take actions directed at some goal other than that of maximizing profit, though most don't expand to the scale that would allow them to participate in equity markets. The coffee shop owner with no aspiration to franchises or chains, the graphic designer who works enough to support her interest in other activities, and the small local farmer are all examples of such businesses.

However, when it comes to businesses that have achieved the scale necessary to participate in equity markets, we change our assumptions about the degree to which profit maximization constitutes only one course of action in a field of possible actions. Instead of understanding growth and profit maximization as choices about the ways in which the operators of a given enterprise market that enterprise to investors, we posit the principle of "fiduciary responsibility." This responsibility was first laid out by the Michigan Supreme Court in 1919:

A business corporation is organized and carried on primarily for the profit of the stockholders. The powers of the directors are to be employed for that end. The discretion of directors is to be exercised in the choice of means to attain that end, and does not extend to a change in the end itself, to the reduction of profits, or to the nondistribution of profits among stockholders in order to devote them to other purposes. (*Dodge v. Ford Motor Company*)

Such a formulation by the Court would seem to transform the power relationship in question into a force relationship, as it appears to leave only a single course of action, rather than a field of possible actions available to the subject. However,

despite the fact that this passage is commonly cited as a support for the legal idea of fiduciary responsibility, later Court decisions show a remarkable unwillingness to exercise force in the interest of the principle it articulates. In later cases, including *Schlensky v. Wrigley* (1968) and *Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc.* (1986), the courts shy away from imposing their views on the operators of the firms, instead deferring to their positions on the basis of the “business judgment rule,” which holds that the presumption should be that the operators are acting in the interest of the shareholders, even in situations in which their actions appear to be altruistic, as long as some connection to some potential (economic) benefit for the shareholders can be identified.

In *Schlensky*, for example, a minority stakeholder in the Chicago Cubs brings suit against Wrigley (the majority stakeholder) for refusing to install lights at Wrigley Field, thereby making night games impossible. The suit alleges that this results in decreased home game attendance, and as such a reduction in revenue as compared to what would be possible with lights. The court, however, declines to intervene. The part of the case that is most interesting for our discussion has to do with the reasoning attributed to Wrigley’s decision making. Schlensky claims that Wrigley refuses to install lights “not because of interest in the welfare of the corporation but because of his personal opinions ‘that baseball is a `daytime sport’ and that the installation of lights and night baseball games will have a deteriorating effect upon the surrounding neighborhood.’” (176) That is, according to Schlensky, Wrigley (who owns 80% of the enterprise in question) is violating his fiduciary responsibility by prioritizing his preferences for daytime baseball over potential

profits. The court, however, is unwilling to accept this argument:

...[W]e are not satisfied that the motives assigned to Philip K. Wrigley, and through him to the other directors, are contrary to the best interests of the corporation and the stockholders. For example, it appears to us that the effect on the surrounding neighborhood might well be considered by a director who was considering the patrons who would or would not attend the games if the park were in a poor neighborhood. Furthermore, the long run interest of the corporation in its property value at Wrigley Field might demand all efforts to keep the neighborhood from deteriorating. (180-181)

The court is not willing to restrict Wrigley's actions on the grounds of fiduciary responsibility, but neither is it willing to say that Wrigley, as majority stakeholder, has the right to prioritize his preferences about when baseball should be played over the profits of the corporation. Instead, Justice Sullivan finds a middle ground, arguing that it might actually be in the corporation's long-term (profit) interest to refuse to install lights, and that the court should not substitute its business judgment for Wrigley's given this possibility. As such, the principle established in *Ford* is maintained, but an available field of actions is also described. Directors of corporations have freedom of action, as long as that action can be construed as part of a strategy that might ultimately lead to the maximization of profits.

In this very brief history of legal precedent surrounding fiduciary responsibility, we can see a sketch of the ways in which the "whole field of responses, reactions, results, and possible inventions" to which Foucault refers can come to be opened up in the framing of a power relationship. Directors of corporations may deviate from the path that seems to lead most directly to the financial advantage of the shareholders, and in this respect they are acting subjects with choices to make, but they make these choices in full cognizance of the potential

penalties which may imposed should they choose courses of action that fall outside of what the court might be willing to understand as “business judgment.”

When the relationship is understood in this way, two related aspects (or perhaps two sides of the same aspect) become apparent. First, regardless of the content of the reasoning surrounding courses of action that deviate from direct profit maximization, the fundamental relationship itself will not be threatened by any choice that accepts profit maximization as the ultimate goal of corporate activity. Likewise, choices that do call the priority of profit maximization into question will threaten to reconfigure the power relationship herein described. That is, to return to our examples of green economic practices, or of sharing-based practices, the institution of such practices doesn’t threaten the technology of fiduciary responsibility unless it is held to be an end in itself, rather than a possibly circuitous route to profit maximization.

D. Conceptual Innovation in the Corporate Structure

Once we arrive at such an understanding, a curious aspect of the legal-economic framework of the United States becomes apparent. There is a finite variety of legal forms available to those who wish to operate firms of a relatively large scale in the United States. The IRS lists five possible business structures: sole proprietorship, partnership, S corporation, corporation, and limited liability company (Irs.gov, 2013). Sole proprietorships, partnerships, and S corporations, however, all require significant financial and planning interaction between the owners and the operators of the firm, and as such are not useful structures for firms that exceed the size at which such interactions are realistic. Moreover, the limited

liability company is really a subset of firms in each of the other four categories that have chosen to manage their financial and legal risk in a particular way. The result is that, if you wish to operate a firm of a relatively large size in the United States, there is really only one structure available to you: the corporation, which the IRS describes as a firm in which “prospective shareholders exchange money, property, or both, for the corporation's capital stock” (ibid). In short, the only form available to you is the form in which the operator of the firm is subject to fiduciary responsibility toward the shareholders, as described above.

If you wish to get out of this paradigm, the tax code seems to offer only one real alternative: the non-profit corporation. While the code enumerates a number of ways in which a corporation may operate as a non-profit, each of these designations shares the common characteristic that “no part of the net earnings of such entity inures to the benefit of any private shareholder or individual” (Internal Revenue Code, 2013). Thus, curiously, the legal-economic structure of the United States seems to offer only two real alternatives for firms; either you prioritize profits as your exclusive *raison d’etre* or you eschew them all together. There appears to be literally no legal space available to the firm that wishes to pursue profit along with some other goal. Such a legal structure serves to reify the binary described above, in which a firm is either an economic entity in which the terms that modify economy will necessarily give way to economic imperatives when push comes to shove, or a firm is a non-economic entity that pursues some extra-economic goal to the exclusion of the profit motive.

The permissible structures of non-profit entities are governed by section

501(c) of the Internal Revenue Code. The IRS, in its explanation of this portion of the code, identifies eleven types of organizations that might qualify for non-profit status: charitable organizations, churches and religious organizations, (some) political organizations, private foundations, business leagues, employee benefit associations or funds, fraternal societies, labor and agricultural organizations, social clubs, social welfare organizations, and veterans organizations. Each of these types of organizations, in order to qualify as a non-profit organization, must fall under one of the subsections of section 501(c). The most commonly used subsection is 501(c)(3), which requires that:

no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

This is not, however, the only option. An organization may also qualify under subsection 501(c)(4), which covers:

(A) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

This subsection goes on to require that “Subparagraph (A) shall not apply to an entity unless no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.” The 501(c)(4) designation is often used by political groups engaged in advocacy, and it has proven useful to those who have money that wish to funnel toward political causes, but it is not available to those

who wish to earn a profit from their enterprise.

The code goes on to list 22 more variations, but they each amount simply to a description of another type of organization subject to the requirement that “no part of the net earnings of such entity inures to the benefit of any private shareholder or individual.” There are, of course, more permutations within these categories, such as private vs. public non-profits (both of which tend to be 501(c)(3) organizations, and are differentiated by their sources of funding) and political “527” organizations, which are covered under section 527 of the code and engage in the collection and distribution of political contributions. While there is a huge variety of available forms for firms that do not wish to seek profit, none of these forms allow space for firms that wish to seek profit, but not as their primary purpose.

This strange space in the US legal structure might suggest a possible avenue for conceptual innovation with respect to the economy. That is, if we refuse to understand the choices presented to us by a concept like the “sharing economy” as consisting of a binary between primarily profit-driven behavior with a sharing flavor or entirely altruistic behavior focused on sharing without profit, we might begin to open up new possibilities for challenges to the criteria that the economy is subject to its own distinct (or absent) moral code.

One example of an effort to do just that can be found in the struggle of so-called “social entrepreneurs” to find or develop business forms that are appropriate for their goals of developing “an organization or venture that achieves its primary social or environmental mission using business methods, typically by operating a revenue-generating business” (Katz and Page 2010, 2). This struggle raises some

serious questions for social entrepreneurs:

A recent survey showed that 71% of social entrepreneurs believed that the choice of legal structure was the single greatest challenge for their ventures. Legal practitioners and academics in increasing numbers have begun struggling with the issue. Although the nonprofit form is inherently conducive to socially-beneficial undertakings, it nonetheless also has drawbacks. Additionally, some social entrepreneurs and proponents perceive problems with conventional for-profit forms, such as legal and structural limits on their ability to pursue social aims at shareholders' expenses or to entrench the entity's long-term pursuit of ends. (13-14, notes from original omitted.)

Non-profits, Katz and Page suggest, can be great in the right situation, but because they have no owners and their "controllers can earn no more than 'reasonable' compensation," (2) they have limited upside and don't make sense in situations in which the scale of the proposed undertaking requires significant shareholder buy-in. For-profit corporations, on the other hand, have the problem discussed above, that their controllers are legally obligated to privilege profitability for shareholders where that goal conflicts with the social goals of the enterprise:

To formally distinguish a for-profit social enterprise from an ordinary business, its controllers must have lawful discretion to transparently reduce shareholder wealth in order to make presumably larger improvements in social welfare. This means that the firm may sometimes make trade-offs between social and financial performance that preference social performance over profit. This commitment, although difficult to legally enforce, goes beyond the promise of corporate social responsibility to make decisions that, all things being equal (i.e., where wealth-maximizing shareholders ought to be indifferent), will confer more benefits on society rather than less. (14, notes from original omitted.)

Fiduciary responsibility, in other words, must be reimagined for the purposes of social enterprise in order to release the controllers of such firms from the obligation to maximize profit at the expense of social goals.

In response to these critiques, several states, including California, Hawaii, New Jersey, and Virginia have created a new corporate form known as a “benefit corporation” (Cummings 2012, 579). Referring to these benefit corporations as “double bottom line corporations” (because they seek to pursue both profit and social benefit), Cummings differentiates them from pre-existing business structures in the following way:

Unlike previous efforts to combine profit-making with public problem solving, however, double bottom line corporations neither treat social responsibility as incidental to profit-making (as do both corporate philanthropy and CSR [corporate social responsibility]) nor see profit-making as incidental to the pursuit of social welfare objectives (as does a nonprofit engaging in commercial activities). Instead they seek to serve two "co-equal" masters (two bottom lines) at once - to "expressly measure [their] success both in terms of [their] financial performance . . . and [their] success in advancing a social mission." (581-582, notes from original omitted.)

Such an innovation is potentially quite important to those who seek to make a profit without prioritizing that profit over social responsibility because of what one author refers to as the “Ben and Jerry dilemma”:

...the owners of Ben & Jerry’s ice cream company felt compelled to sell their company to the highest bidder and, in doing so, to compromise their own social and environmental values ... The owners had been advised by their lawyers that if they did not sell to the highest bidder, they would be vulnerable to shareholder lawsuits that would challenge the legitimacy of their social and environmental goals, thereby forcing them to ignore these goals in favor of enhancing shareholder returns... In sum, among other goals, the benefit corporation design attempts to protect management from lawsuits by legitimizing various social and environmental pursuits. (André 2012, 133-134)

While the idea of the benefit corporation carries with it some of its own problems (as evidenced, for example, by the fact that the three articles quoted herein with respect to the idea are all concerned primarily with the question of how these

corporations will be held accountable for the performance of their publicly beneficial goals), its emergence, and particularly the consistent formulation of the problems that have led to its emergence suggest that the formation of a legal space in which profit can be a goal without being the only goal has promise for conceptual innovation with respect to the criteria that the economy is subject to its own distinct (or absent) moral laws. The public benefit corporation is an explicit attempt to suggest that ethical behavior and economic behavior need not be counter-posed to one another, with the added benefit that it highlights the fact that anyone who chooses the traditional corporate form over that of the benefit corporation has made an explicit choice to privilege the profit-motive above all other motives. Moreover, by seeking to expand our collective understanding of available corporate forms while maintaining continuity with the pre-existing diachronic structures through which we categorize economic entities, the public benefit corporation seems a prime site for potential conceptual innovation.

E. The Open Source Movement and Conceptual Innovation

One area in which we can see a different relationship between the idea of sharing and the demands of “the economy” than the ones we’ve detailed thus far is the open source movement, which has emerged in large part as a response to novel experiences brought on by new technological capacity. While we typically think of open source in relation to software, many trace the roots of this movement to Detroit in 1911, when Henry Ford won a challenge to a patent protecting the workings of the 2-cycle gasoline engine. Once the patent was defeated, a group formed which would become known as the Motor Vehicle Manufacturers

Association; one of this group's purposes was to facilitate the sharing of information regarding engine design through a cross-licensing agreement. Under this agreement, individual manufacturers continued to do their own research and develop their own patents, but all members were able to use all of these patents without the payment of any fees (Flink, 1990). This original connection to material manufacturing processes will be important later in our discussion of open source. As we can already see, this is a model that really does privilege access over ownership, in the sense that the ownership of any given patent is irrelevant as long as you are part of the group that can access all of them.

Of course, the sharing in this example is fundamentally limited, both in that the information is only shared with the members of a fairly select group for the purposes of creating and maintaining a monopoly (or perhaps an oligopoly), and that the information being shared wouldn't be useful to anyone who lacked the concentrated capital to engage in large-scale manufacturing. This is one of the reasons for which the open source movement has developed such a strong relationship with software. Digital goods have the unique attribute that they can be shared without being lost or diminished, making them particularly well-suited to present a direct challenge to the criterion of the contemporary economy that it forms a protected realm of inequality. In the face of an absence of scarcity, it becomes increasingly difficult to defend a situation of economy inequality. So, for example, a computer user who wishes to run the Linux operating system need only download a free copy and install it on his or her computer, as Linux is covered by the GNU general public license, which guarantees both that no payment is necessary

to run the software and, crucially, that anyone is free to modify the software and to access the source code. The result is that the more users it has, the better Linux becomes, as these users also form a developer base that is constantly engaged in improving the software. Some people do make a living on Linux, either by providing services associated with the software, or by compiling bundles of open source software, modifying them to work together, and selling the bundle, but while the GNU license doesn't prohibit this, neither does it make the preservation and expansion of these monetization strategies its primary objective. Instead, the open source software movement is primarily about sharing and cooperative development, but with room left for profit making when it doesn't interfere with this primary objective.

The obvious shortcoming of the open source movement as a potential site of conceptual innovation with respect to the criterion that the contemporary economy is a protected realm of inequality is that most of the things we buy, sell, trade, and consume are not digital goods. Open source is great for operating systems or computer programs, but what would it mean to have an open source car or an open source house? Material goods are scarce, and this scarcity presents a significant obstacle to the expansion of the open source model. However, this scarcity of material goods, and in particular the requirement (as with the automobile manufacturers discussed above) that a large concentration of capital be deployed in order to build complex devices in large numbers, is in some important respects a technical problem rather than an insurmountable aspect of reality. What if it was possible to print complicated, three-dimensional devices at home, as long as you had

the plans? As one law review article on the subject puts it:

In the late 1970s 3D printing started to become established as a manufacturing technology. Thirty years on the cost of 3D printing machines is falling to the point where private individuals in the developed world may easily own them. They allow anyone to print complicated engineering parts entirely automatically from design files that it is straightforward to share over the Internet. However, although the widespread use of 3D printers may well have both economic and environmental advantages over conventional methods of manufacturing and distributing goods, there may be concerns that such use could be constrained by the operation of intellectual property (IP) law. (Bradshaw, Bowyer, and Haufe, 2010)

I want to suggest the authors of this review have the context right, but may be looking at the questions it raises from the wrong angle. That is, we should consider the rise of technologies like 3D printing not as something to be constrained by existing IP laws, but precisely as technologies for the challenge and reconfiguration of these laws, and of the conceptualization of the economy of which they form an integral part. That is, if we continue to understand the economy as a materialization resulting from a structural effect that is produced and maintained through repeated practices of signification, then we might understand the advent of technologies like 3D printing as the introduction of a whole new set of possible practices. The insertion of such practices as variations on the repetition of practices of signification has the potential for conceptual innovation with respect to the economy, and in this case, with respect in particular to its status as a protected realm of inequality.

In this context, we can answer a couple of the questions raised above. An open source car, for example, might be simply the instructions for the printing of such a car. An open source home could mean the same thing – imagine the possibilities for inexpensive, easy to construct, modern housing if you could simply

print panels complete with insulation, windows, plumbing, and wiring, then just snap them together. Putting aside the problem that these examples are well beyond the capabilities of actually existing 3D printing technologies, it's clear that such an innovation could not completely resolve the problem of material scarcity as some matter would be necessary from which to print things. There is also, of course, the question of access to the printers themselves; could they print themselves?

However, an examination of the ways in which we might *imagine* such an innovation to transform efforts to resist or alter the power relationship(s) embodied in the current materialization of the economy can illustrate some of the ways such efforts might be made more effective today, again keeping in mind the link that technological innovation makes possible new experiences and novel practices which have the potential to lead to conceptual innovation.

For example, it is difficult to imagine what might be left of the economy as we generally think about it if all (or even most) commercial manufacturing gave way to 3D printing. Not only would such a change drive manufacturing itself out of the economy (as we tend to conceive of it, at least), but it would also have profound effects on the transportation and fuel industries, as it would no longer be necessary to ship manufactured goods from point to point (creating an interesting connection between this vision of the sharing economy and our earlier discussion of the green economy). Similarly, it would become increasingly difficult to “own” the design of a given product in any meaningful way; one might expect plans for iPods to be distributed as freely as MP3s.

In the first case (the manufacturing industry itself), power relationships that

we tend to think of as dictated by the “innate” characteristics of the economy would cease to obtain, much as they do in the open source software sector described above. Efforts by the film and music industries have made it quite clear that once the acquisition of a given commodity becomes the same as acquisition of information describing that commodity in sufficient detail, it is more or less impossible to stop the free spread of that information. At the very least, business models (see, for example, Netflix, Spotify, iTunes, Kindle, etc) must be radically altered to adapt to the new paradigm of sharing. In the case of each of these examples, the success of the enterprise lies not only in adequately delivering the commodities in question to consumer, but in doing so in a way that exceeds the convenience of true sharing.

One effect that such a shift might have, were it to extend its reach into physical manufacturing, would be a radical restructuring of the power relationships surrounding the concept of employment. In late capitalism, several aspects of such power relationships appear as innate features of the economy. One prime example is the possibility of what Marxists term a “crisis of overproduction.” Such a crisis may occur when, through the continual revolutionizing of the process of production, the efficiency of the process(es) is increased dramatically while at the same time the amount of human labor required is decreased. The result is a situation wherein the amount produced cannot be consumed, not because there is insufficient demand (in the sense of human desire for the product in question), but instead because there is insufficient money available to purchase commodities produced. Such crises (whether understood in Marxist terms, or in the more banal liberal language of the “business cycle”) are common in contemporary experience, and we tend to accept

without question the basic premise that individuals must be employed by capital in order to be eligible to consume its produce (see, e.g. Mandel 1972 or Harvey 1991).

The advent of 3D printing as a legitimate replacement for manufacturing (particular if those 3D printers could print copies of themselves) might be understood as the extreme case of a crisis of overproduction. That is, this would be a situation in which virtually anything that humans as a group know how to build could be built with virtually no labor at all. The result would be a decoupling of labor from consumption, which would necessarily result in a complete revaluation of labor. There would, of course, still be practices and services that required the labor of individuals with particular skills, but it would be difficult to entice these individuals to exercise these skills with the promise of material fulfillment were such fulfillment available to them regardless. One might imagine that people would eventually stop using money to facilitate material exchanges, limiting its use to the exchange of services.

The value in this thought experiment for the project at hand lies in the following question: how would we describe the economy of this hypothetical society? Should we think of the activity involved in developing 3D printing plans that may be shared freely without loss to the developer as economic activity? Would the economy be limited to those goods and services that could still be purchased with money? Would concepts like GDP or “growth” continue to be meaningful? These questions, or questions like them, are of course already on the table with respect to the music, video, and book industries. However, with respect to these industries, the questions tend to be posed in the form whether or not the industry in

question can survive the challenge posed by innovative sharing technologies (e.g. Zentner, 2006; Hennig-Thurau, Henning, and Sattler 2007; and Liebowitz 2006). If we imagine a scenario in which all major industries are subject to these novel dynamics, the questions must be framed differently, asking not whether the construction industry can survive the challenge (as there is no possibility that people will simply do without houses), but instead what form it must take in order to continue to produce necessary goods.

While the answers to these questions might not be entirely clear (in fact, I will argue they cannot be), what is clear is that a significant reorganization would be required of the ways in which we think about the relationship between “the economy” and the political and/or the social. The need for some system to determine the rules of access for scarce goods would not disappear, as goods such as land and human services would remain scarce, but such a system would have to be completely reimagined, and divorced from the allocation of manufactured goods. What would it mean to be wealthy in such a scenario? One might imagine, for instance, that wealth would be composed not of money or material goods, but instead of access to the information required to print the most desirable items. Of course, such information would be impossible to keep contained forever, so one might expect a sort of cult of newness to arise, wherein people trade on the novelty of their particular possessions. It’s not at all clear, however, how such a system would relate to whatever system arose to deal with the allocation of truly scarce goods. One might even imagine the division of what we now think of as “the economy” into completely separate spheres, dealing respectively with those goods

that are subject to evaluation on the basis of novelty, and the other with those goods that remain subject to scarcity. The simple allocation of goods that function primarily as use values would recede out of the arena of either of these spheres, in much the same way that we don't tend to think about distribution of access to air as a significant function of the economy.

This thought experiment suggests a couple of interesting features of an inquiry regarding the possibilities for conceptual innovation with regard to the economy, and particularly to the criterion that the economy is a protected realm of inequality. First, it is not difficult to imagine a single technological innovation that has the capacity entirely to reconfigure what we mean by "the economy." Second, and equally important, without knowing the precise nature and workings of such a technological innovation, it is impossible to specify the precise nature of the accompanying conceptual innovation. This is because, per Koselleck, conceptual innovation may be expected to occur as a response to novel experience. One key source of novel experience with respect to the economy is the introduction of new technological capabilities (as demonstrated above in the example of the sharing economy), but the advent of such novel experience neither guarantees the occurrence of a corresponding conceptual innovation, nor dictates the precise nature of any such innovation that might occur.

Indeed, even were the precise nature of such a technological innovation (and the corresponding novel experience) known, it would simply form a field of possibility on which concrete political battles over the accompanying conceptual innovation would play out. Technological innovation makes possible new practices

with respect to the economy, and these new practices form a potential site for conceptual innovation, but the process is by no means a Newton's cradle wherein knowledge of the initial motion allows one to predict all subsequent motion.

One might illustrate this point by looking backward rather than forward. From the perspective of the most educated noble, peasant, or serf in 14th century England, it would have been more or less impossible to predict the nature of industrial capitalism, with its accompanying conceptions of the economy, the political, and the social. Were one to apprise this hypothetical Englishman of the general nature of industrial manufacture and the division of labor, he might have been able to begin to imagine some of the ways in capitalism might function, but he certainly wouldn't be able to predict its structure wholesale, because this structure is instead the product of concrete political battles played out on a field made possible by the technological innovations in question, resulting in the specific practices (and their repetition) that produce and maintain the economy effect and its resultant materialization. It's difficult to argue that industrial capitalism doesn't represent a whole host of conceptual innovation in ownership, individual rights, and social responsibility, but it's equally difficult to imagine that any of these specific innovations could have been predicted prior to the emergence of their conditions of possibility.

So, if we are on the watch for possible openings for conceptual innovation, new concrete economic practices that leverage new technological abilities are undoubtedly one important place to look because of the connection between novel experience and conceptual innovation, but we should be wary of any such practices

that can be reduced to the opening of new markets for the sale of commodities in old ways. In fact, we might want to be cautious in our enthusiasm for any activity that we can easily and readily understand as economic in the first place. Instead, we might be better advised to look for those practices in which goods and services are distributed in ways that seem to be extra-economic, like IP piracy and the open source movement detailed above, as it is in the institution of these types of practices in place of those that we commonly think of as economic that we are most likely to find real conceptual innovation with respect to the criteria by which the economy is currently identified.

F. Conclusion

If we wish to combine the lessons we have gleaned from these examinations of the green and sharing economies, we might say that the most promising avenues for conceptual innovation with regard to the economy lie in the combination of novel experiences and the institution of practices (linguistic or otherwise) that highlight the irreconcilability of those experiences with the rules we understand to govern the economy. Such a statement, however, is at once both banal and uselessly vague. To be more specific, we might first narrow down the range of novel experiences. As discussed above, technologies like 3D printing are one possible source of such novel experience, insofar as their widespread adoption would make it difficult to continue economic BAU (to borrow Stern's term). Other possibilities include science fiction technologies like teleportation (or some reasonable facsimile thereof) or space travel (eliminating the scarcity of land, and potentially introducing whole new kinds and sources of wealth), but also more mundane innovations like

new techniques for producing energy or growing food that can serve to limit individuals' dependence on the large-scale corporate form and the money economy, or even novel arrangements of relationships that supercede "economic" imperatives.

In this respect, Gibson-Graham's (2006) idea of looking for the non-capitalist class practices inside the system we usually think of as capitalist is on the right path, but perhaps focuses insufficiently on the element of the novel experience (in part because they are concerned less with the economy and more with capitalism). We must look not only for these non-capitalist practices, but for specific examples of these practices which leverage novel experiences in ways that would be inconsistent with capitalist class processes (if our goal is to challenge capitalism), or with processes that perpetuate inequality (if our goal is to reduce the inequality of the capitalist system), or with the idea of the economy as a separate sphere of human activity that meets our six criteria (if our goal is to destabilize the economy as a whole). Such examples are not so difficult to find, and have the advantage over many traditional methods of resistance on the left that they neither require individuals to decrease their consumption, nor do they make day-to-day life harder in the service of some ideological goal. Instead, they present ways to make our lives easier, as long as we are willing to cast off the relations and reshape the materializations that inhibit or prohibit their use.

If we combine this insight with the idea that we are beginning to conceive of the economy as a sort of engine in need of constant direction and redirection as we better understand the contours of the future consequences of our actions (see

Chapter 4), the outlines of a set of practices that could nicely complement the focus on novel experiences begins to take form. Perhaps, in the same way that many in the environmental movement are seeking to demonstrate that there are ways in which we can live an environmentally responsible life without giving up major components of our current lifestyles through careful leveraging of new technologies (like alternative power sources and biodegradable materials), an anti-economy movement could base its innovative practices in the possibility of maintaining many of our desired patterns of consumption while throwing off the constraints of the economy through a similar careful leveraging (as, for example, discussed above in relation to file sharing and 3D printing).

On the other hand, by looking at the green and sharing economies as we have, we can also see an interesting aspect of the dynamic by which the current materialization of the economy is renewed and reinvented while maintaining coherence. In each of these cases, we see examples of the gradual adaptation of the modifying terms (in these cases, “green” and “sharing”) to bring their meanings into line with the basic (diachronic) presuppositions of the economy. “Green” becomes a word that denotes the incorporation of environmental externalities into a cost-benefit analysis, while “sharing” begins to mean the introduction of micro-transactions to an already existing market mechanism. It is by no means an easy thing to pose a successful alternative to the economy, in large part because its appearance of naturalness and inevitability make us particularly willing to sacrifice or modify our “extra-economic” goals in order to bring them in line with the perceived reality of the economy. In many cases, what starts out as an effort to

engage in real conceptual innovation with respect to the economy becomes simply an opportunity for the incorporation of new aspects of life into the existing logic of the economy, along with an opening of new markets and new needs. This is perhaps the most frustrating aspect of attempts to resist the economy effect; to the degree to which you are successful at creating a desirable alternative, you have also often created a new commodity (or type of commodity) which can be drawn right back into the logic of the economy. We'll take up this problem in the conclusion.

CONCLUSION

In the Introduction, I described how I began to form the questions that drove this dissertation in the context of a union negotiation over health insurance. The University had announced that significant changes to graduate employee health insurance were required because it was the only way in which a new student health center could be financed in “the economy” in which we found ourselves at the time. I was, at the time, struck by the degree to which such an assertion was effective at shutting down negotiations, by the way in which “the economy” served as a virtually incontestable constraint on the possible solutions or agreements at which we might arrive. My goal in this dissertation has been to suggest that, through an understanding of the processes through which the economy effect has come to exist, and through which it continues to be produced and maintained, we might allow ourselves to contest the seemingly incontestable, to resist or alter the nature of these constraints.

How, though, might such contestation actually be enacted? What, to put it another way, can we *do* with the understanding to which this work has been devoted? A passage from a recent report by Joseph Stiglitz and the Roosevelt Institute might be useful in thinking about these questions:

Inequality is not inevitable: it is a choice we make with the rules we create to structure our economy. Over the last 35 years, America’s policy choices have been grounded in false assumptions, and the result is a weakened economy in which most Americans struggle to achieve or maintain a middle-class lifestyle while a small percentage enjoy an increasingly large share of the nation’s wealth... To fully understand the scope of the problem, we must also examine the array of laws and policies that lie beneath the surface – the rules that determine the balance of power between public and private, employers and workers, innovation and shared growth, and all the

interests that make up the modern economy. (Stiglitz, 7)

The title of the report (“Rewriting the Rules of the American Economy: An Agenda for Shared Prosperity”) seems at first to offer hope that Stiglitz’s agenda will be consistent with the claim, advanced in this dissertation, that far from a pre-given object with which we must cope, the economy is instead a structural effect which is produced and maintained through the concrete actions of individuals. It appears to suggest that the economy is a made thing rather than a given, and that as a result it may be changed in order better to serve the needs and wants of individuals and groups. The beginning of the quotation above, which is the opening passage of the report’s executive summary, bolsters this expectation. The economy, it tells us, is structured by rules that we ourselves create.

However, it proves difficult for Stiglitz to maintain this stance toward the economy even for the duration of the entire opening passage. By the second sentence, in fact, the economy is no longer a product of self-consciously created rules, but instead an external element that responds to our policy choices. Moreover, there are right and wrong policy choices with respect to the economy’s “strength” or lack thereof. Of course, a suggestion that given policy choices will have the effect of making the economy stronger or weaker suggests that the economy may meaningfully be measured in terms of this strength, without attention to the goals toward which that strength is oriented. Additionally, according to Stiglitz’s formulation, the degree to which a given policy choice strengthens or weakens the economy appears to be dependent upon the truth or falsity of the assumptions that inform that choice. This is consistent with the idea (discussed in Chapter 2 above)

that the economy is an object to be discovered or uncovered; to the degree to which we are able to uncover this object, we are able to make true assumptions about its workings, and thus about the kinds of policies that will strengthen it.

Things get even muddier when we get to the third usage of the economy, in the final sentence of this passage. Here, the economy is neither a product of self-consciously created rules, nor an external object subject to good or bad policy decisions; instead, it has become the aggregation of “public and private, employers and workers, innovation and shared growth, and all the other interests that make up the modern economy.” While the balance of power between these entities is, in this formulation, determined by the rules to which Stiglitz referred in the opening sentence, the economy is not these rules, but instead an agglomeration of “interests.” Within the span of three sentences, Stiglitz moves through three different uses of “the economy,” only one of which is really consistent with the idea that the economy is a structural effect.

While Stiglitz’s first usage (“Inequality is not inevitable: it is a choice we make with the rules we create to structure our economy”) seems to make room for such a perspective, his second usage (“Over the last 35 years, America’s policy choices have been grounded in false assumptions, and the result is a weakened economy...”) is much more consistent with the idea of the economy as timeless and governed by a set of rules which exist prior to and separate from our social structures, and to which these structures must be adapted through access to correct knowledge of the object. As we discussed above, such a formulation is often found in historical narratives about thinkers like Adam Smith whose work predates the

economy. By treating the economy as a pre-given, naturally occurring object, such language has the effect of making it apparent that we must change those things over which we do have control (like laws governing social relations) in order to make them consistent with the (discovered and discoverable) demands of the economy. Far from promoting the idea that the rules may be re-written to advance our political goals (which for Stiglitz seem clearly to include the elimination or mitigation of inequality), this sentence seems to suggest that we must alter our rules in order to make them consistent with the demands of a strong economy, and that one *result* of such an economy would be decreased inequality.

Finally, in his third usage (“...public and private, employers and workers, innovation and shared growth, and all the interests that make up the modern economy”), by suggesting that the economy is made up not simply of rules (either produced or uncovered), but instead of some (unspecified) combination of rules and “interests,” Stiglitz makes room for the conception of the economy as agential. In short, despite the initial promise of Stiglitz’s formulation, when we attempt to synthesize these three senses in which he uses the term “economy,” the result is a confused object which, while making some room for change, is ultimately consistent with most of the six criteria of the contemporary economy elaborated above.

Stiglitz’s economy is (1) distinct from social and political life, and it functions according to laws of its own (else it would not be possible to make “false assumptions” about its working in the way he suggests). While Stiglitz’s economy may not be (2) entirely impersonal or subject to its own moral laws, it does seem (3) to allow for the naturalization of many kinds of material inequality. This is true

despite his overt anti-inequality position, because it is difficult to support the claim that the economy functions on the basis of its own rules without also accepting the position that these rules may require certain types or levels of inequality. That is, if there are “correct” assumptions about what kinds of rules will generate a “strong” economy, then we must be prepared to accept as natural whatever levels of inequality come along with such strength.⁵⁴ Moreover, Stiglitz’s formulation does nothing to challenge the perception (4) that the economy can serve to decouple the idea of growth from the limitations of physical space, and it is clearly consistent with the criteria that the economy is (5) natural and inevitable (insofar as it is governed by rules which exist prior to us and must be discovered), and (6) agential, insofar as it is made up not only of rules but also of “interests.”

One way, then, in which we might put the understanding of the contemporary economy as a structural effect which fulfills these six criteria to work is to use it as a lens through which we can evaluate specific uses of “the economy” in terms of their potential for conceptual innovation. In order to carry such a potential, as discussed in Chapter 4, a given usage must at once be intelligible as related to the original concept (in this case, the contemporary economy) while simultaneously allowing us to “comprehend what is old in a different way” or to “comprehend in

⁵⁴ Based upon the timeline I have suggested in chapters 1 and 2, inequality vastly predates the production of the economy. As such, one might reasonably argue that to produce the economy differently, or not at all, would not necessarily be a step toward reducing or eliminating inequality. While this might be true, the contrapositive is less convincing. That is, I argue that while changing or eliminating the economy might not do anything to eliminate or mitigate inequality, maintaining the status quo production and maintenance of the economy effect does have the effect of maintaining, protecting, and encouraging high levels of inequality, as outlined above. Some conceptual innovation in the economy is necessary, but not necessarily sufficient, for reducing material inequality.

any way what is new.” Moreover, it is helpful if such a usage highlights a contradiction that might be resolved through the innovation in question. Had Stiglitz written the paragraph in question with such concerns in mind, it might have looked something like this:

Inequality is not inevitable: it is a choice we make with the rules we create to structure our economy. Over the last 35 years, America’s policy choices have been grounded in **the assumption that rules that allow for easier concentration of capital will result in increased investment and decreased unemployment**, and the result is **an economy that has been constructed in order to concentrate capital**, and in which most Americans struggle to achieve or maintain a middle-class lifestyle while a small percentage enjoy an increasingly large share of the nation’s wealth... To fully understand the scope of the problem, we must also examine the array of laws and policies that lie beneath the surface – the rules that determine the balance of power between public and private, employers and workers, innovation and shared growth, and all the interests that **participate in the production and maintenance of the economy effect**.⁵⁵

These changes might appear small, and in many respects they are, but they alter the passage in such a way that it becomes clear, all the way through, that the economy is a produced object (effect), and that as such it can be reconstructed differently through the act of “Rewriting the Rules of the American Economy.” Without this shift in language and understanding, the project outlined in the report appears to be one in which Stiglitz and others seek to understand the economy as an external object, the features of which must be determined, in order to arrive at “correct” policy positions that allow it to gain “strength,” albeit with the proviso that the benefits of such strength should be as evenly distributed as possible.

However, with the changes I’ve suggested, the passage instead describes a

⁵⁵ My changes in bold.

project in which the rules themselves form the basis of the economy effect, and as a result, changes in these rules can serve to transform the economy itself. As such, while the formulation above is still intelligible with respect to the prevailing concept of the contemporary economy, it also has the potential for conceptual innovation, insofar as it does not conform to the six criteria elaborated above. Such a usage makes room for us comprehend what is old in a new way, and to do so in a way that has the self-conscious purpose of innovating with respect to the concept of the economy.

The operative question then becomes not simply the strength of the economy, but also the goals and purposes with which it is imbued. If, in this formulation, the rules are to be changed so that easy concentration of capital is no longer privileged, such a change will not be made because it is the correct way to strengthen the economy on the basis of an objective understanding of its mechanisms. Instead, the change will be made because we, as political actors, have decided that some other goal or purpose is more important to us than the easy concentration of capital

I am not, of course, suggesting that an understanding of the economy as a structural effect is sufficient in itself for efforts to halt or reverse the slippage in modifying terms. This is not a matter of unmasking a lie in order for the truth to shine through. Instead, the theoretical position outlined in this dissertation opens up new possibilities for concrete discursive actions that contest the given-ness of the object, and provides a language through which to describe an alternative relationship between the economy and its potential modifiers. For example, without the language of structural effects and materializations, it would be difficult to make

the claim that, rather than modifying the meaning of the term “sharing” in order to make it compatible with the economy, we might instead seek to alter the rules and relationships that produce and maintain the economy as a structural effect in order to make it compatible with sharing. The theory allows us to develop new tactics like the one described above; while such tactics are not themselves a victory over the constraints on political possibility enforced by the economy effect, they are a necessary component of such a victory.

With this idea in mind, I’d like to return to the example of negotiations over healthcare with which this dissertation began. The language of structural effects, and the ideas and critiques that go along with it, might have made possible the following line of resistance. First, when we were confronted at the negotiating table with the claim that, “in this economy” no one but the workers could be expected to finance a new student health center, we might have responded that we were not willing to go along with the assumption that the economy was fixed or given while our actions were flexible or malleable (much as negotiators often do when confronted with the claim that a given demand is a political impossibility). Second, the bargaining team would have been able to respond to demands from members that we acquiesce to the inexorable requirements of the economy with a reasoned argument that these requirements were far from inexorable, and that in fact they could only be altered through a refusal to play by the rules that they sought to enforce. The team might even have pointed out that many practices (including the strike weapon) toe the line between economic and political activity, and that through the judicious employment of such practices we as a union had the potential

to resist the interpretation of the economy as given.

We could have made similar arguments to the media and to our various allies, allowing us to engage in a fight over whether or not resources would be drawn from our membership in order to finance the new student health center without focusing that battle on the technical⁵⁶ question of whether or not economic conditions allowed for any other type of financing; instead, we could have focused on the question of whether financing the health center by reducing graduate employee health benefits would produce and maintain the kind of economy we want.

Of course, none of these tactics could be expected to be very effective in a vacuum; that is, were my union the only group making such claims, all the administration would have to do is disagree with our contention that the economy could be otherwise and continue to treat us as though our demands were unrealistic. Because meaning is socially constructed, conceptual change must always be a social process. As such, one goal of this dissertation is to advance the idea that the economy may be usefully understood as an effect in order to make such an understanding part of the toolbox of others who wish to overcome the constraints it places on political action.

Moreover, as we can see in the current debate over same sex marriage, or the relatively recent *Lawrence v. Texas* (2003) ruling, academic work demonstrating that objects like “the family” or practices like “sodomy” are not natural and inevitable, but instead constructed and contingent (and thus susceptible to elimination or alternative construction) can influence judges and policy makers. In

⁵⁶ The term “technical” deserves an analysis similar to the one performed for the “the economy” in this work; its meaning is far from clear-cut or uncomplicated.

Lawrence v. Texas, for example

the arguments presented to the Supreme Court - and reiterated by the justices in their decision - rested heavily on the scholarship of historians of sexuality. The historians' interpretation of the past, and particularly of the changing meaning of sodomy and sodomy laws, proved crucial to convincing the justices to go against their own precedent. (Hurewitz, 2004)

It is possible to imagine this dissertation forming part of a body of work that might have a similar role in a challenge to fiduciary responsibility, for example, or even on the idea that “the economy” is an acceptable justification for a refusal to bargain. A demonstration that a given object or practice is not natural or inevitable can form part of a larger constellation of practices that force political actors (be they judges, elected officials, or simply people living their everyday lives) to grapple with the claim that, if they act in a way that contributes to the continued production or maintenance of a given structural effect (like “the economy”) they do so not because they must, but because they have chosen to do so.

Much like the historians' brief in *Lawrence v. Texas* did for sodomy laws, I have demonstrated that, rather than existing as a stable object across history, the economy effect has taken a number of different forms, both changing over time, and subject to contestation and dispute within individual moments. I have employed my six criteria of the contemporary economy⁵⁷ to demonstrate the ways in which understandings of the economy over time have differed from and moved toward the contemporary view. The etymology in Chapter 2 provides evidence that the word “economy” has been used to mean many different things since at least the middle of

⁵⁷ As a reminder, according to these six criteria the contemporary economy is: 1) independent and unique; 2) impersonal; 3) a protected realm of inequality; 4) potentially infinite; 5) natural and inevitable; and 6) an agent.

the seventeenth century, but that none of them fulfilled these six criteria until the late 19th century, and that such a usage did not become commonplace until the 20th century.

Moreover, Chapters 2 and 3 focus on the ways in which, despite this etymological evidence, we read thinkers like Marx and Smith, whose work predates the contemporary economy, as though they were discussing an object that fulfills these criteria. One result of such a practice of “reading back” is that it both satisfies our expectation that the economy has always existed as an object that fulfills these criteria and strengthens our expectation that additional examples will also satisfy this expectation. This reading back is an important part of the maintenance of the economy effect; by expecting the economy to exist as an object that fulfills these criteria, we condition ourselves to see it as such, and thus don’t tend to seek out evidence that it has not always done so.

As I describe in Chapters 4 and 5, this reading back of the economy, along with practices focused on the present that contribute to the production and maintenance of the economy effect, creates significant difficulty for efforts to enact conceptual change with respect to the economy. When words such as “green” or “sharing” are brought into conversation with “the economy,” we have a tendency to effect alterations in the meanings of these modifying terms in order to bring them into alignment with the perceived demands of the economy. In this way, “green” ceases to be a term that means acting with the interests of the environment as our primary concern, and instead becomes a term that denotes particular kinds of commodities (green cleaning supplies, green energy, or even green homes) that are

less bad for the environment than comparable, non-green versions. Through this slippage, “green” comes to denote acting in a way that does as little damage as possible to the environment while maintaining the economy as our primary concern. This slippage does even more violence to the concept of sharing, which ceases to denote the act of giving some of one’s own possessions to another in order that you might both have some, and instead comes to mean a system of micro-transactions facilitated by an information distribution service that takes a cut of the proceeds and carries no stock (and thus very little risk).

However, this slippage in terms used to modify the economy depends upon our willingness to understand the economy itself not as a structural effect, but instead as the kind of discoverable or revealable object described by Stiglitz in his second usage above. That is, if we accept the idea that, in order to be compatible with the economy, terms such as “green” and “sharing” must be imbued with new meanings, we also implicitly accept the proposition that the economy itself is an unalterable given. On the other hand, if we refuse to accept this proposition, demanding instead that the economy be understood as a structural effect, then we gain the ability to ask how the economy might be altered in order to become compatible with the values described by terms like “green” or “sharing” without altering the meaning of these modifying terms. Such a stance has the potential to serve as a safeguard against the tendency of efforts to resist or reshape the economy to instead be absorbed into its already existing logic. By keeping the idea that the economy is a structural effect at the center of our efforts to describe, discuss, and alter it, we can act strategically in order to make such absorption less likely.

In many respects, it is this possibility that forms the central contribution of this dissertation. While others, including both Timothy Mitchell (1998; 2014) and Michel Foucault (2007), have claimed that the economy is newer than we tend to think, and that it is at once produced and real, they have each done so with a focus that is complimentary to, but different than, my own. Mitchell focuses largely on the questions of how and when the economy was formed as a structural effect (though the attentive reader will not that he and I reach somewhat different conclusions with respect to this question), and on the ways in which this is at odds with the realities of life for much of the world's population. Foucault, on the other hand, is primarily interested in⁵⁸ demonstrating discontinuities in our understanding of the past, and in examining the processes by which we have come to be governed in the manner in which we are. There is little focus, however, in Foucault's work on the economy, on questions of how we might transform the economy effect to make it serve our own political goals. In fact, perhaps the most common response to Foucault that I've encountered among students is that his work is extraordinarily interesting, but leaves new readers feeling paralyzed.

In contrast, by focusing on the economy effect as a constraint on political possibilities in the present, and as the constant locus of conceptual innovation, I hope to present the economy as a fruitful site for political action. By addressing the literature on conceptual change, and examining the efforts of activists seeking to

⁵⁸ It's worth noting that any claim that follows this introductory phrase is a step into a proverbial minefield. Foucault himself made multiple contradictory statements about his "primary interest" over the course of his life. As such, any claim made by someone else who claims to know exactly what his primary interest was should be taken with a large grain of salt.

form the “green” and “sharing” economies through this lens of this literature, I have sought to leave the reader with the sense that the economy effect is both made and real, but also that because of this fact it might be made differently, and that such change might be directed or influenced by actors who are attentive to the processes and dynamics of conceptual innovation. Specifically, as I suggest in Chapter 4, we might usefully think of conceptual change as a kind of dance. We must first learn the steps and enter into the rhythm; once we have done so, we can, in slow stages, and with the cooperation and coordination of others, slowly and in nearly imperceptible stages, alter the steps so that at some point, despite never having stopped dancing, the dance we are performing is a different one than the one we started. In the context of the economy effect, this we can apply this insight by engaging in practices that are at once intelligible as related to the economy in its contemporary form, but that also challenge our understanding of the economy as conforming the six criteria elaborated above. While this work unquestionably builds upon the work of both Mitchell and Foucault, by incorporating the literature on conceptual change and focusing on the political possibilities of the present and the future as they relate to the ways in which we understand the past existence of the economy effect, I have brought something new to the conversation.

Finally, it’s worth noting that I’ve not engaged in this project merely as an intellectual exercise; I include myself in the class of activists who wish to alter the production and maintenance of the economy effect. In particular, I am interested in altering the perceived relationship between the economy and politics. While it is perhaps the case that each of these structural effects could be done away with

completely, it seems to me a much more humble goal to suggest that we could strive for a situation in which the economy does not function as a constraint on politics, but instead politics functions as a constraint on the economy. In such a situation, we would not be able to say that a given political goal is impossible because of the economy (though it might, of course, be impossible or impractical for a host of other readings, which might even include insufficient access to necessary resources), but we would be able to say that certain types of economic outcomes (such as growth in GDP at the expense of a decrease in median income) were impossible because of the lack of political will to support them.

Such a change would, of course, have to come in steps, but it is my profound hope that this work can contribute to this process in at least two ways. First by undermining the idea of the economy as an eternal, inevitable, and unchanging historical object, I hope to help transform decisions that appear to be completely constrained by the impositions of the economy into choices that must be recognized as having important ethical dimensions (much as the historians' brief helped to do for legal decisions about sodomy laws). Second, by highlighting the idea that, if the economy is not only changeable, but always changing, and not only not inevitable, but in fact highly contingent and thus in some ways extremely fragile, I want to suggest that conceptual innovation with respect to the economy is not only possible but likely. If activists, political actors, and students enter the fray with this suggestion in mind, the relevant questions might shift from "Can anything be done to alter the economy?" to "How can I participate in the process of changing the economy in order make it conform to my political preferences?" While such a shift in

questions is not sufficient for the kinds of changes I hope to see, it is, I think, a necessary precondition, as it opens to the door for concerted, self-conscious efforts at directed conceptual innovation with respect to the economy.

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