Economic Consciousness

Four historical considerations

Till Düppe

Abstract: Consider four theoretical elements that might frame attempts to historicize the Western obsession with the economy. (1) Before the economy dominated the newsroom, economic consciousness was pre-discursive. Only insofar as economic concerns have been dealt with, discursive practices were possible. Thus economic practices, for most parts of human history, have been considered a condition, rather than a locus of culture. (2) As soon as economic affairs enter the discursive sphere, they cause problems of trust. Modern economic man earns public prominence as being subject to suspicion, which is manifest specifically in ad-hominem arguments. (3) Economic knowledge results from that set of strategies which avoid, rather than deal with, this mistrust. This is apparent from the tendency of economic knowledge being formal. The notion of the economy as an anonymous social structure emerges from this intellectual avoidance. (4) The problem of the ideology of economic knowledge is less that of hidden interests but that economists cannot assume social responsibility without losing their face as scientists, and indeed reinforce the culture of mistrust inherent in modern economic talk.

Key-words: historical epistemology, life-world, the economy, trust, ideology, economic science.

Word-count: 7,400

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Contrast

In the Stoic tradition the verb oikonomein refers, among others, to the activity of nature and to the human act of responding to it. The oikonomía, the historical precursor to the economy, is the appropriated world, in which the spectacle of nature turns into the orderly things of nourishment, tool, and ornament. Things become our own, not in a legal sense, but in the sense of belonging to us, being familiar to us, and giving content to life. Much in contrast to science, where man faces the unknown, and much in contrast to politics, where man faces possible conflict, the oikonomía stands for the intimacy of man and world. It is the domesticated, livable, inhabitable world—the milieu of human life. In a philosophical context, the oikonomía is that which in 20th century became a central notion in phenomenological philosophy: Edmund Husserl spoke of the life-world, Heidegger of the worldliness of being, Emmanuel Levinas of the economy as interiority, Alfred Schutz of the importance of everydayness, and Hannah Arendt, in her diagnosis of modern society, of the human condition to live from the world.

Now think of the economy. As a vital notion of modern life, it has many meanings, however, none of them includes elements of the oikonomía in the stoic, let alone the phenomenological sense. Why? Because the economy is an anonymous, complex structure. It deprives any immediate intelligibility in that it connects worlds that have nothing to do with each
other, people who have never heard of each other; no encounter of the foreign, as far as we might travel, would make us understand what that is, the economy. There are surrogates—Ersatz oikonomies—such as economic nationalism or romanticism, but these are responses to a tendency of the notion of the economy to evade any attempt to personalize or embody it. To be sure, this is not to say that economic experiences are no longer personal and concrete, but any attempt of representing these experiences—in a historical, sociological, or anthropological fashion—has no claim to authority of judgment regarding the economy. The economy is a principle of social abstraction and for this reason a symbol of modern life. It is nobody’s world.²

Despite its abstract nature, the discursive interest in the economy is enormous. While questions of the management of the household were kept away from ancient public debate, questions surrounding the economy infuse most modern discourses, specifically the political. What made modern men develop a need for a notion of the economy? How come western men became so obsessed with this illusive thing? The answer is a matter of the history of the economic consciousness. On the following pages, I propose four theoretical elements that might frame attempts to historicize the Western obsession with the economy. Inspired by phenomenological philosophy, these considerations provide a genetic account of the modern economy by showing how it emerged from the history of economic consciousness. As Husserl asked what had to happen for a scientific object such as “nature” to appear, I ask: What had to happen for a thing such as “the economy” to appear? The argument to be developed is that the notion of the economy is born from a culture of mistrust and anxiety.³

² Emphasizing the fact of social abstraction with respect to the notion of the economy requires granting credit to the Marxian tradition that has always recognized this fact: capital can exert its force insofar as it is abstracted from its particular concrete manifestations. Capital is not a personal force.
³ Recent economic criticisms that approach the logic of economic discourse from the point of view of psychoanalysis question the integrity of exactly this life-world in today’s capitalism, and thus phenomenology for being insufficient for analyzing it (see for example Žižek 2006 with reference to
Even if these four theoretical considerations are presented in terms of casual historical evidence that appear to have a chronological order, “the history of economic consciousness” is not meant as a matter of factual history (Tatsachengeschichte). From the point of view of the history of fact, the following exercise amounts to no more than the exposition of a row of hypotheses regarding some aspects of modern life. The history of sense (Sinngeschichte) of the economy aims at understanding the current conditions under which notions of the economy are negotiated and contested. Evidence against these hypotheses do not challenge this genealogy, to the contrary, this genealogy puts this counter-evidence in a different light. Considering that abstraction, including the abstraction of factual history, is central to modern life, the question of history is not that of representation but that of the sources of meaning-bestowal of the present: the question is not ‘what happened?’ but ‘who are we today’? This is what Husserl, in his late work, meant by his call for a “retrogression to the life-world.” (1970: 41 ff.) With respect to Husserl’s project, the following considerations can be read as an application of his historical epistemology to a genealogy of the economy as an object of cognition; but they also contribute to Husserl’s philosophical thesis about the crisis in modern life.

The four following considerations respond to the four following questions: What is the state of economic consciousness before it is concerned with the economy? In other words, why is the economy not a natural but a historical category? Second, in what kind of historical situation

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Lacan). The four considerations of this essay prove the opposite. In short, capitalist logic of discourse is not a logic of desire, but one of oblivion.

4 The historical category of the modern, however, is presupposed in this account, even if only as a category rather than a periodization. The reason for which the notion of the economy is interesting to analyze is that it is inextricably related to a society that favors and values economic efficiency and growth—a fact that one might empirically relate to the last four or five hundred years in Western history.

5 Equally, the chronological order of these considerations does not exclude that there is plenty of evidence of the four “stages” of economic consciousness in other periods of time. In fact, the co-existence of ancient, early modern, and modern feelings surrounding the economic is characteristic of the current logic of economic talk.

6 For more on Husserl’s historical epistemology, see Hyder et al. 2010.
does the need for the abstraction of the economy emerge? Third, what is the character of knowledge about the economy given its historical origin? Fourth, what is the danger of this knowledge, that is, how about ideology? How does economic knowledge reconfigure social discourse and how does it relate to political power?

**First consideration:** Before the economy dominated attention in the newsroom, economic consciousness was pre-discursive. The oikonomia is not a place of debate and interrogation, but creates the conditions of such places. As a result, economic practices, for most parts of human history, have been considered a condition, rather than a locus of culture.

Economic writings for a long time were manuals that listed what, when, and how to do. They provided classifications and descriptions of all sorts of productive and reproductive labor corresponding with different roles within the oikos, and different professions divided in-between the oikoi. Questions of the *causa finalis* of objects and of inborn character traits were central to such manuals, which made the genre not only normative, but brought it close to moral writings. One might see in them a form of knowledge—descriptive and normative knowledge inscribed in cultural heritage—however, there was little reasoning involved. The oikonomia is prior to the realm of the questionable from which knowledge can emerge. It is the realm of the obvious, the incontestable, and the unavoidable—a task of living up to human nature. Contemplation comes after, and this includes the perception of alternative ways of organization, the wish to avoid waste, let alone strategies of accumulation. Economic practices were pre-epistemic practices.

In order to conceptualize this pre-discursive character of economic practices, one might recall a central distinction from Martin Heidegger’s *Being and Time*, between being-present-at-hand
(Vorhandenheit) and being-ready-at-hand (Zuhandenheit) (1962). Heidegger argued at length that there can only be something objective in the sense of being-present-at-hand insofar as it is first given as being-ready-at-hand. Equipment (Zeug) loses its character as being ready-at-hand when it becomes an object of cognition as he illustrates with the example of a broken hammer; however, there is one exception: economic science, Heidegger wrote, is the science that thematizes what is ready-at-hand as being ready-at-hand:

Even that which is ready-to-hand can be made a theme for scientific investigation and determination… The context of equipment that is ready-to-hand in an everyday manner, its historical emergence and utilization, and its factual role in Dasein—all these are objects for the science of economics. The ready-to-hand can become the “Object” of science without having to lose its character as equipment. A modification of our understanding of Being does not seem to be necessarily constitutive for the genesis of the theoretical attitude “towards Things.” (Heidegger 1962: 413)

Heidegger’s notion of economic knowledge is clearly misinformed of what modern economists since the 17th century actually did—his definition, in today’s disciplinary landscape, would rather fit the anthropology of craftsmanship. Important in our context is that once we accept the pre-epistemic character of economic practices, it is no longer obvious from which human practice the notion of the economy emerges.

There might be several reasons why questions of organization, efficiency, or even growth did not inflame the pre-modern minds.⁷ But the basic obstacle was what one might call the sense of

⁷ “Pre-modern minds” refer to the intelligentsia of society (from Platon to Pace) that set the terms of the dominant ideology. The fact that this class was usually well-off does not affect our analysis of discourse.
propriety: the sense of things belonging to a certain place, and being done at a certain time. This is far from a utilitarian interest in avoiding the burden of labor—to “economize” as it were—but calls for carrying and enduring this burden “in stride.” Oikonomic man is that being which is willing to stand the persistence of the world and to endure its duration.

In loose reference to Hannah Arendt’s notion of the vita activa, the sense of propriety can be spelled out in terms of three distinctions. First, it implies a clear perception of material, satiable needs associated with a cyclical notion of time and the virtue of sedulity. “It is not difficult to determine how much (wealth) one needs for a good life”, Aristotle said confidently in his politics (2000: 29). Immaterial desires, in contrast—such as the desire for truth (a form of philia), the desire for justice, the desire for beauty (Plato’s Eros), or agape, the desire for God—require learning and enable the flourishing of character (aretai). Second, the sense of propriety is manifest in practical wisdom—phronesis: the capacity of seeing means in light of their ends, that is, to know the purpose of things. A problem of choice between means, as is the definition of instrumental rationality, would have been considered a sign of ignorance. Third, private life associated with self-care and the community of dependents creates, qua leisure, the condition of political life associated with speech, discourse and conflict. Only those who can take care of themselves could have been trusted as orator. Within the oikos, the sense of responsibility and authority overshadowed questions of forms of organization, the choice of which can only appear in public (as the choice between monarchy, oligarchy, democracy, etc.).

The point is not that social life was organized in a different way (by tradition rather than commerce), but that economic life was preliminary to, enabling, and embedding that which was

Generalized as an hypothesis, our reasoning says: In any society, in which the dominating class (a) is free from economic concerns, and (b) establishes its values in contrast to economic concerns, a notion of a complex economy will not be a point of reference of their dominating discourse.
considered specific to human beings: the political, the epistemic, the artistic, and the religious. The oikos and the polis have no common structure, which would allow for the conception of a common principle. Only in early modern Europe, as Foucault has argued, did the notion of a unified order between the governing of the soul, of territories, of populations, of states arise (2008). Equally, Hannah Arendt: “The very term ‘political economy’ would have been a contradiction in terms: whatever was ‘economic’, related to the life of the individual and survival of the species, was a non-political, household affair by definition.” (1958: 28) The political sense of justice, the scientific sense of truth, and the aesthetic sense of beauty are sensibilities of a different kind from the sense of propriety. In contrast to the dominant strategy today to counter the predominance of the economic by showing show how “cultured” it is, following this line of argument, it is rather to accept that the economic enables culture while keeping culture free from it.

In *The Human Condition*, Hannah Arendt argued that modern society is characterized by the generalization of the logic of necessary labor, that is, of physical needs. Submitting the uncertainty that is characteristic for the public sphere to the utilitarian imperative that is characteristic for *homo faber*, modern life is dominated by the logic of survival, by the omnipresence of the necessary. The “dilemma of modern man,” she argues, is that in spite of the apparent liberation from the necessities of nature, there are other mechanisms that subject us to the same force. And this surrogate that replicates the logic of necessity, in her account, would be nothing but the economy. In the economy, at any time, survival can become a patent problem, as though in a society of slaves. Crucial to this argument of the generalization of the need-based aspect of the *vita activa* is that economic life loses its perceptibility. For this reason, we speak of the economy as a principle of *social abstraction* rather than a notion that comes with a distinct conception of human nature. The notion of the economy, amounts to the same as the degeneration
of the sense of propriety, and thus the degeneration of the perceptibility of economic life (think for example of the notion of the atomistic individual).

One common way to reduce the logic of the oikonomia to that of the economy is to argue that the oikonomia is one institution among others that deals with scarcity—which is one of the driving principles of modern economic talk. Even if there was no conception of the economy, there were practices that one might reconstruct as the elements of an economy. In this context, one might recall Levinas’s notion of ‘the economy’ in Totality and Infinity (1969). He distinguishes two notion of needs, a negative notion that is necessary to speak of scarcity, and a positive notion that does not refer to a deprival but to abundance and joy. He explains: “To conceive of needs as mere privation is to conceive it within a disorganized society that leaves no time nor consciousness.” (Levinas 1969: 120, translation T.D) The primary experience of needs is that they are met - the joy of living from the world - and only in exceptional cases refers to deprival.

“The relationship of life with the very conditions of life becomes food and content of this life. Life is love for life, relationship with content that is not my being, but dearer than my being: thinking, eating, sleeping, reading, working, bathing in the sun” (Levinas 1969: 115, translation T.D.).

Levinas calls the primacy of this positive notion of needs “the female”—the discrete other, a symbol of the elemental trust into the other who cares. This is to live in an oikonomia.
Second consideration: Economic concerns enter the discursive sphere—which is one of the cornerstones of the modern age—because of questions of trust. Modern economic man earns prominence in public discourse as being subject to suspicion, which is manifest specifically in ad-hominem arguments prominent for example in British mercantilism, but also in Cold War America.

I have argued that the separation of the economic from the cultural sphere enables the trust between equals in the cultural sphere, in particular in science and politics. The need for the notion of the economy, I propose in the following, stems from those historical situations where this trust is undermined, and a specific kind of suspicion, an economic suspicion, enters the public sphere. One example for such situation is British mercantilism in the 17th century, the moment of the Ur-Stiftung of the modern notion of the economy.

When in 16th and 17th century trade became global, and a means for the nation state’s power, the voice of traders infused into the political sphere. This happened in particular in 17th century Britain that was flooded by merchants’ pamphlets on commerce. However, given the pre-modern mindset, how could they possibly appear trustworthy? “(W)hy should a London merchant [trust the writer of a pamphlet] who had prospered by never trusting a stranger?” (Letwin 1963: 83). In his classical study, William Letwin illustrated the common practice among mercantilist authors to blame those who allegedly speak for the public interest. “Most men evidently believed that anybody’s recommendations on economic affairs ought to be examined suspiciously.” (Letwin 1963: 19) The authors of economic pamphlets were associated with political lobbying, cunning, covetousness, and being base, a fraud, or a hypocrite. Arguing in economic discourse meant handling others’ doubts to argue in one’s own interest.
No group of Restoration society that might interest itself in economic questions could escape the imputation of mercenary motives. A universal cynicism had become dominant. (…)

Accusation and cross accusations had become the most constant feature of economic writings. (Letwin 1963: 86/88)

The public awareness regarding economic affairs emerges from a culture of mistrust, expressed mostly in forms of ad hominem arguments: Who Are You—Arguing This! One might call this economic suspicion the natural wit in general economic talk. Most genres of modern economic writings, in the 17th century until today, take part or respond to one or the other form of such ad-hominem arguments. They are the source of meaning in economic discourses insofar as this is how a discursive subject is evoked. Speaking with Levinas, it is the reversal of what he called the call of the other – in the image of the hand that demands; instead, the economic suspicion is the finger that points.

So how could traders establish their credibility when facing this suspicion? There are several conceivable strategies. One is to publish anonymously (as, for example, the first edition of Dudley North’s Discourse of 1691), or to use a pseudonym, showing willingness to forego the personal honor of authorship. Others pretended to hold other professions than they actually did. Yet such a move could also hide a publicly known biased identity. Others returned to a scholastic strategy by appealing to the authority of those known as honest subjects. Yet all diversions from the author’s true identity could just as easily be used as a basis for claims of bias. Why conceal one’s name if not to mislead the reader?

A subtler move is to present the argument as being opposed to one’s own interest, as, for example, Nicholas Barbon did in his Discourse Concerning Coining the New Money Lighter (1696) in reply to John Locke:
So that if I were to consider my private interest, I ought to be of the contrary opinion to that I argue for. And therefore I hope I shall be believed when I declare that I have no other design in writing this discourse than the service of my country. (in Letwin 1963: 94)

Barbon showed a clear perception of the need for rhetorical innovation to deal with the hermeneutical dead end of cross-accusations. This problem, however, could only be solved by switching the locus of argument on a level at which one’s own interest is systematically excluded from the argument; a level beyond, prior, and preliminary to—or in any sense not affected by economic suspicion. The achievement of mercantilist writings was to argue that the pursuit of mercenary motives did not contradict the aim of increasing the power of the nation state. The greed of traders does not contradict moral codes, even if they do not directly pay their share to the poor. In this fashion, the mercantilists disclosed the epistemic space of the complex consequences of private actions for the public interest. Knowing a person’s motives does not help in knowing what the result is for the community. To talk about interests as though they are related by cause and effect is to talk about interests in such a way that they cannot harm the author who states them. The opposition of private and public interests is key to the origin of the economy as that space that articulates the two.

In a similar fashion, Foucault has argued regarding the notion of “the interest” as a key to the new Economic Political. The nation state, Foucault argued, is that state which is legitimized by epistemic rather than divine authorities, that is, by ‘political economy’. Government from the late 17th century on, Foucault writes,
no longer has a direct hold on things and people; it can only exert a hold, it is only legitimate, founded in law and reason, to intervene, insofar as interest, or interests, the interplay of interests, make a particular individual, thing, good, wealth, or process of interest for individuals, or for the set of individuals, or for the interest of a given individual faced with the interests of all, etcetera. Government is only interested in interests. (…) Government is now to be exercised over what we could call the phenomenal republic of interests. (2008: 46f)

The modern notion of the economy is nothing but this phenomenal republic of interests: the folio onto which interests were projected and became negotiable on epistemic grounds.

In a similar fashion, the literary critique Mary Poovey has emphasized the role of interests in her account of the rise of the science of wealth. Rather than a link between economic science and a new form of government, she suggested a link between political economy and modern science itself (1998). What was new about the modern notion of knowledge was that one could deal with a problem as though nobody else, including oneself, had ever dealt with it before—unbiased, “disinterested.” Speaking “science” meant, first of all, adopting a less heated, disinterested tone—scientific method against ancient rhetoric. This notion of disinterest, Poovey suggests, was only possible on the basis of the perception of the economy.

“The modern concept of ‘disinterestedness’ arose in the second half of the seventeenth century, for not until society was conceptualized as a congeries of competing interests that lacked an institution capable of negotiating those interests was it possible to imagine a state of mind that might be called disinterestedness.” (Ibid: 86)
The economy as the institution that is capable of negotiating interests was a prerequisite for, or at least supportive of, the very idea of unbiased knowledge—and thus for modern science as such! In other words, in an economic milieu in which questions of veracity and mendacity were omnipresent could the virtue of disinterestedness make for a morally distinct character. If Poovey is right that the scenery in which modern knowledge could prosper was the economy, the characters onstage must have been the merchants. Indeed, being disinterested, as Steven Shapin has shown, meant to meet the norms of a “gentlemanly conversation.” (1994: 42 ff.), which was conceived in contrast to the conversation of merchants. Still in the 17th century, a condition of being part of the scientific community was the possession of a particular amount of wealth (Ibid).

Although in mercantilist pamphlets there was no clear conception of the economy as put forward, for example, by the physiocrats, what is important for us is a feeling for the abstraction of the economy. The historian Jean-Christophe Agnew ascribed this feeling of a “problematic of exchange” to the 16th century, a feeling which rose from the frustrations of continuous lamentations about the rising commercial culture.

What stands out in the ‘long-sixteenth-century’ inventory of complaints is its groping to envisage a social abstraction—commodity exchange—that was lived rather than thought. (…) In the century preceding the English Civil War, then, Britons could be described as feeling their way round a problematic of exchange; that is to say, they were putting forward a coherent and repeated pattern of problems or questions about the nature of social identity, intentionality, accountability, transparency, and reciprocity in commodity transactions—the who, what, when, where, and why of exchange. The answers to such questions form the basis of any ruling class’s claim to authority, legitimacy, and justice. (Agnew 1988: 9)
While 17th century mercantilism was the beginning of the felt abstraction of the economy, it was again during a time of heightened suspicion, three centuries later, that it was fully conceptualized: during the early Cold War in the United States. Just as in mercantilism, social anxieties and mistrust overshadowed established personal epistemic cultures, and worked as an engine of social abstraction. What had been a mere feeling for abstraction, had now become a self-conscious and highly formal conceptualization of the economy. What then is the nature of knowledge about the economy?

**Third consideration:** Economic science comprises that set of discursive strategies that avoid, rather than deal with, the economic suspicion. This distanced attitude warrants both the anonymity that is required of modern knowledge and the anonymity of the economy as a social structure constituted by anonymous forces. This is apparent from the tendency of economic knowledge being formal. Economic knowledge is therefore less a way of representing, but of coping with the world; it is balm for economists’ social anxieties to be accused by others.

When thinking of the social fact of economic knowledge, there appears one basic belief that is shared by those who hold it and those who are excluded from it: that the economy is complex. One might view this complexity from the point of view of the increased in-transparency of modern economic institutions, that is, from an ontological point of view, but one might also view it as a result of the unintelligibility of economic knowledge itself. The mere perplexity of the laymen facing formal expressions reinforces the belief in the complexity of the economy, and thus reproduces the epistemic authority of the economist. But since economists themselves are
bound to belief in this complexity, economics was the first social science that relied on the
*crutches of reason*: formal models.

Some economists have been indeed aware of the fact that the very unintelligibility of their
models grants them authority, such as Paul Samuelson:

> The danger is (...) that you will overrate the method’s power for good or evil. You may even
> become the prey of charlatans who say to you what Euler said to Diderot to get him to leave
> Catherine the Great’s court: ‘Sir, \((a + bV)/n = x\), hence God exists; reply!’ And, like Diderot,
> you may slink away in shame. Or reacting against the episode, you may disbelieve the next
> mathematician who later comes along and gives you a true proof of the existence of the
> Deity. (Samuelson 1952: 67)

It is the perplexity in face of formal modes of expression that can make people accept not to
know enough in economic affairs, and thus to view the economy as a complex thing. Perplexity
evokes a *feeling* of a rigorous claim *without that anything in particular is claimed*. It is
explicitness without explication (Düppe 2015). Incomprehensibility, in other words, is
constitutive of the social fact of economic knowledge—comparable to Greek and Latin in
medieval shrines. Husserl called this suggestive force of formal reasoning the “garb of ideas”
(*Ideenkleid*) of formal expressions:

> It is through the garb of ideas that we take for true being what is actually a method (...) It is
> because of the disguise of ideas that the true meaning of the method, the formulae, the
> ‘theories,’ remained unintelligible and in the naïve formation of the method, was never
> understood. (Husserl 1970: 51)
Note that this “garb of ideas” is not a matter of a specific methodology, let alone false beliefs about the world, but follows from the experiential nature of formal expressions. Even if there is nothing wrong with the fact of methodological abstractions, there is nothing in formal expressions that reminds us of the question that gave rise to them. One tends to forget them.\(^8\)

Most conceptualizations of the economy of the 19\(^{th}\) and specifically 20\(^{th}\) century reveal some tendency to formal modes of expressions. Let me list some that are common, and commonly decried, in economics. There is, of course, deductive formalism, practiced by early economists such as David Ricardo and defended by Nassau W. Senior — not saying any more than one had said at the beginning. There is the moral formalism of utilitarianism, in which to all motives one cannot say more than “I like it”—as though one were embarrassed to speak about one’s own interests. There is naturalist formalism, cutting short reasoning by means of an analogy, for example, of the economy and a pendulum moved by gravitational forces—the analogy has never been spelled out. There is the formalism of (national) accounting, saying that all there is to be said about welfare must be somehow expressed in what we buy—histories of statistics have always put the finger on questions of trust. There is the geometric formalism of graphs, saying that understanding the difference between monopoly and competition is knowing how to draw the Harberger-triangle. Then there is computational formalism as used in operations research, putting algorithms on different structures and waiting for answers to emerge. Formalism, rather than objectivism, was the decisive key of the scientification of economics, and its separation from the moral and social sciences.

\(^8\) For this reason, epistemological and methodological debates were mostly symbolic in the history of economic thought (Düppe 2011). Epistemological beliefs follow the epistemic practices of formal modelling, not the other way around.
These different kinds of formal expressions, phenomenologically speaking, boil down to a loss of expressive abilities, the unlearning of concrete speech. In this sense, the axiomatic method is the purest of all formalisms since it requires explicitly the separation of mathematical structure and economic meaning. With the axiomatic method, specifically in the context of general equilibrium theory, the “garb of ideas” can be illustrated in a most effective way. Here the definition of an “economy” by Gérard Debreu, a French mathematician who made his career in U.S. economics at the height of the Cold War (1959: 154).

An economy $E$ is defined by: for each $i = 1, \ldots, m$ a non-empty subset $X_i$ of $\mathbb{R}^i$ completely preordered by $\preceq_i$; for each $j = 1, \ldots, n$ a non-empty subset $Y_j$ of $\mathbb{R}^j$; a point $\omega$ of $\mathbb{R}$. 

A state of $E$ is an $(m + n)$-tuple of points of $\mathbb{R}^i$.

This was the only, but revealing time in the history of economics that the economy was defined in terms independent of its possible meaning—that is, rather than an object of referential truth, as the correlate of intellectual discreetness. Debreu’s success in giving theoretical structure to the discipline of economics stands as the symbol of a discipline that gained the most authority and firmest grasp on the object of the economy at a moment of its least expressiveness. This is the skandalon of the history of economic consciousness.\(^9\)

There are many aspects of knowledge that each require different moral dispositions of those who are supposed to hold knowledge—but only one imperative has been vital for the formation of economic science: being discreet about oneself. Rather than requiring the

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\(^9\) Some readers may know of the literature that argues that economics has undergone a transformation in recent decades and is by far less formalistic and married to equilibrium theory. Behavioural economics is often evoked as a warrant of this change. I argue elsewhere that this transformation is a strategy to rescue the “neo-classical” mainstream insofar as it does not open economics, for example, to economic anthropology (see Düppe 2012).
painstaking patience of the onlooker, economic knowledge results from the virtue of “blind sight,” as Daston and Galison have called it in their history of objectivity (2007: 17)—that is, the virtue of down-looking. Economics became a science by being unintelligible.

**Fourth consideration:** The problem of the ideology of economic knowledge is less that of hidden interests but that it is difficult, as economist, to assume responsibility for the use of economic knowledge in political discourse without losing one’s face as scientists. The confusions caused by the uncontrolled use of economic knowledge in political discourse reinforces the belief in the unintelligibility of the economy, and, by extension, the culture of mistrust.

Alois Schumpeter, in his presidential address at the *American Economic Association*, discussed the problem of ideology in terms of political bias that might be either necessary for providing meaning to otherwise taxonomic knowledge or harmless because scientific discovery will diminish their influence over time (1949). If economic knowledge, however, amounts to an attempt to avoid personal accusations, the question of ideology has to be posed in a different fashion. What is the status of the ideology of economic knowledge?

The depolitization of economics that comes with its formalization does indeed imply that economists qua scientists are less active and present in political discourse. As compared to early modern mercantilists, or also as compared to public intellectuals of 19th century Britain, academic economists are less present in public debates.¹⁰ Surely, economic ideas do still enter economic

¹⁰ See the study of Harro Maas on the comparison of the ethos of economists such as John Stuart Mill, John Maynard Keynes, Alfred Marshall, and other, more modern economists such as William Stanley Jevons and Jan Tinbergen (Maas 2014).
policy debates, but between economic theories and their public uses, there is a gap that is not covered by the discipline. Others apply. The link between theory and politics is never trivial. Consider for example the welfare theorems, specifically the first that market equilibria are Pareto efficient. Debreu illustrates the liberation from ideology with the interpretation of these theorems:

Foes of state intervention read in those two theorems a mathematical demonstration of the unqualified superiority of market economies, while advocates of state intervention welcome the same theorems because the explicitness of their assumptions emphasizes discrepancies between the theoretic model and the economies that they observe. (1986: 1266)

Debreu alludes to the terms of the so-called socialist calculation debate, and rightly points out that since his own work, the debate has not continued on the same terms. But why? Has the issue been resolved? Is economics free from value judgments because it has resolved them scientifically? Did it establish an authority that all political parties agree on? Debreu, in his philosophical naïveté indeed displayed this dream of rigorous blackboard politics:

The theory that we are discussing tries to be ideologically neutral. It deals with problems that are basic and common to all economic systems, for instance the efficient allocation of resources through decentralized procedures. (…) Mathematical models of the economy help to analyze the optimal extent of this decentralization. The risk of misinterpretation (…) is lessened by the uncompromising exactness of the modelization.” (in Feiwel 1987: 246)
The ideologically neutral ‘decentralization of the allocation of resources’? What then is the ‘optimal extent of this decentralization’? 65%? And is the optimization function “smooth”?

The matter is different. Debreu did not solve a political problem by any epistemic means. He depoliticized economic science. What Debreu hurrahs—that economics is not politically biased—others such as John Kenneth Galbraith began to hoot at—the fact that economics is politically irrelevant. Economics is systematic, yes, but not systematic knowledge in any positive sense. The suspicion of the bias of economics turned into the lament of its irrelevance (see Düppe 2010). Debreu himself confirmed: Regarding the interpretive indifference of the welfare theorem he commented: “If that satisfies both liberal economists and marxists, perfect! I cannot ask for anything better. Intellectually you are carried away by the current of ideas and you go in the direction where it carries you” (in Düppe 2010, translated T.D.) ‘Marxian? Liberal? Both? QED, economics is a science!

But what then about the ‘the risk of (political) misinterpretation’ Debreu mentioned? Did he lower it? Was Debreu’s discreet intervention really so sobering that it disillusioned all political associations of general equilibrium theory? There was one economist close to Debreu who indeed thought so, Frank Hahn. He turned the formalist void of general equilibrium theory into a positive result, a “jiu-jitsu” defense of equilibrium theory (Blaug 2003: 152).

… this negative role of Arrow-Debreu equilibrium I consider to be almost sufficient justification for it, since practical men and ill trained theorists everywhere in the world who do not understand what they are claiming to be the case when they claim a beneficent and coherent role for the invisible hand. (Hahn 1974: 52)
According to Hahn, general equilibrium theory, precisely in its axiomatized form, proves rigorously what one cannot argue with it. It limits political misunderstandings. But the political misunderstanding of what? Of general equilibrium theory itself! In its formal mold, economic theory clears up the misunderstandings that happened during its own tradition, and thus to a great extent the misunderstanding of this very tradition, namely that concrete knowledge about the economy that is politically decisive is possible. The highest scientific ambitions result in the proof that if economic theory was ever bestowed with meaning, this meaning could only stem from political interests.

Thus, was Debreu successful in the sense Hahn envisioned? Are all misunderstandings cleared up? Not quite. It is true that the association of mathematical rigor with full determinability, and thus the planned economy—market socialism—is outmoded. This happened, to say the least, no less due to McCarthy’s violent politics than due to Debreu’s sobering Bourbakism. What about the association of intellectual elevation of economic theory with the political virtue of freedom? Is it not the riddle of postwar economics that despite its inner critique to be politically irrelevant it came to be associated with a neoliberal advocacy of the market? And that despite the unintelligibility of economics, it is omnipresent in providing structure to the political discourse. Indeed, by supporting formal economic theory one is only a small step away from supporting free market politics, as Mirowski argued.

A mathematized world—say, a mathematized economy—by extension then also seems capable of policing itself, since it is being portrayed as existing independently of the way any analyst might characterize it, puttering along on its own terms. (Mirowski, forthcoming)
As hair-splitting this analogy may seem, the key to its validity is the insight in the historical beginnings of the obsession with the economy: avoiding the economic suspicion by evoking the feeling of perplexity of empty formal expressions. Only in such a world, the association of a mathematized economy with a harmonious spontaneous order can pass uncontrolled.

The formal character of economic knowledge does not only discourage the economist to assume social responsibility but also allows for others to increase the perplexity regarding the economy in a strategic fashion. Precisely because economists feel they are free from political discourse, others can freely find some murky ways to mobilize the aloofness of rigor as a symbol of the superiority of markets. This is what Mirowski and Nikh-Khah recently have identified as the epistemic locus of the neoliberal thought collective: *agnotology*. By causing ignorance and confusion, *obvious, unquestionable, and unavoidable* problems that individuals face can appear not only as questionable, but even as economically optimal. Their example is the intentional confusion about the cause of the recent financial crisis in relation to the housing bubble. They cite Thomas Pynchon “If you have them asking the wrong questions, you don’t have to worry about the right answers.” (284) Note that even if there is no economist who would consciously aim at confusing the public mind, the ethos of economic scientists as well as that of such charlatans is nourished by the same belief: that the economy is a complex thing.

References


