

1-1-2004

# Economics as a Colonial Discourse of Modernity

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Published Version. "Economics as a Colonial Discourse of Modernity," in *Postcolonialism Meets Economics*. Eds. S. Charusheela and Eiman Zein-Elabdin. London: Taylor & Francis (Routledge), 2004: 130-135. [Publisher Link](#). © 2004 Taylor & Francis (Routledge). Used with permission.

## Economics as a colonial discourse of modernity

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What part has economics played as a colonial discourse of modernity? This generally neglected question is addressed by Dimand, Grapard, and Callari who investigate the colonial moments in classical political economy's nineteenth-century emergence as a modernist 'science of society' and subsequent reinterpretation and evolution into twentieth-century neoclassical economics. Classical political economy was a late entrant among modernist discourses, but its ambition was hardly modest. It proposed to do no less than lay out 'laws' for human interaction in that domain of society in which the requisites of material well-being and survival were regulated and determined. Its key, from the beginning, was that it possessed a logic always hidden from view: the 'father' of political economy, a man of the commonest of surnames, Smith – but biblically forenamed Adam – thus laid the cornerstone of the new science in his assertion that markets worked 'as if by an invisible hand.' This crucial trope created classical political economy as a modernist discourse by casting it as a science of universal abstractions shed of its historical skin. One hundred years later neoclassicism completed this program by revealing that the laws of economic science operated even within the human mind, allowing one to "treat economy as a calculus of pleasure and pain" on "close analogy to the science of statical mechanics" (Jevons 1970: 44). How, then, does a modernist discourse rotate upon itself to become a colonial discourse?

The classical political economists rarely engaged the non-European world, but Dimand has given us not only the rare exception whose approach to the non-European Other was through the lens of the new science of the economy, but also a self-conscious ideologue who took it upon himself to pronounce upon the perceived shortcomings of those Eastern societies he believed failed to measure up to its laws. Nassau Senior was a lesser light among nineteenth-century classical political economists, but as a policy advisor to Whig governments, and as a strident and unrelenting defender of *laissez-faire* economic policy, he was more influential in his time than many of his more accomplished contemporaries.

His visits to Algeria, Egypt, Malta, Greece, and Turkey were recorded in his extensive and widely circulated journals, which were disseminated as 'private' reflections, and could thus express opinions and prejudice that passed as the judgments of an expert. Senior's reputation as an expert, moreover, derived from his severe view of the poor in the 1834 Poor Law Report. Here, he castigated the poor as being unable to rationally judge their own best interest, engaged in wasteful living, and generally dependent upon parish relief. By the standard of classical political economy, the poor were defective human beings, the import of which was that poor law reform should confine them to parish workhouses to avoid their mingling with the more respectable middle and upper classes. Thus Senior is interesting as a figure who, when he turned to the East, had already mastered how to model an historical discourse, namely, Britain's early nineteenth century market precepts, as abstract, universal science, and then use that discourse to winnow society's wheat from chaff, wherever they might reside.

Dimand's review of Senior's journals demonstrates the role of 'blindness' in modernist appraisals of the Eastern and Oriental. One expression of this was Senior's almost complete inability to actually see and investigate the places he visited. For example, though a Professor at Oxford presumably familiar with the medieval origins of Western universities, on his visit to Egypt he neither showed any interest, indeed even any awareness of Cairo's Al-Azhar University and its very similar origins (preferring to focus on the pyramids of antiquity and the monuments to lost 'noble' peoples), nor of the extent of scholarly activity generally in the Arabic world at the time. Another expression of this 'blindness' was that Senior never hesitated to fault Eastern societies for offenses against the laws of political economy that he overlooked in the case of modern Britain. For example, monopoly was condemned in Egypt and Turkey, though the British East India Company had long had a legal monopoly on British Trade with India and China.

How could a man who was well educated for his time have suffered such 'blindnesses,' and been so transparently and carelessly inconsistent in his judgments? Ironically, consistency is never really at issue in Senior's rational science of political economy, in that, as Edward Said (1979) explains, modernism masks Western values, interests, and history in the abstract language of science, so that the East must always be outside the domain of 'rationality.' Senior expresses this by characterizing Eastern societies as unchanging, fatalistic, obscurantist, and despotic. The East, for him, is by nature incomprehensible and exotic. But equally important is that these labels for the Other also operate in a reflexive, self-justificatory way as obverse images of the West, here according to Senior's view of Britain as characteristically rational and modern. Indeed, this modernist dualism functioned particularly well in connection with the new science of political economy and in the hands of *laissez-faire* ideologues such as

Senior, since in being constructed around laws (the highest expression of modernist rationality), it served simultaneously to critique and legitimate individuals and social relationships according to whether they abided by those laws. Thus those who failed to work, save, and act selfishly – whether in the East or in Britain's parish poorhouses – were condemned as 'irrational.' The rationality of the new economic science, then, was not that of abstract logic and consistent universality, but a rationality of social hierarchy, whether this was a hierarchy obtaining between the West and the East or one internal to the West itself.

This principle of hierarchy becomes even more subtly embedded in classical political economy's twentieth century successor science, neoclassical economics, whose chief characteristic, Grapard tells us, is the active suppression of economics' social and historical context through recourse to the abstract, mathematized language of formal models. Neoclassical economics, as a science of small changes (at the 'margin') involving purportedly rational choices made by socially isolated individuals, arose at precisely the time when the European powers were first bringing about massive changes in economic relationships between whole peoples through imperialistic expansion. But that the beginnings and subsequent history of this "Age of Empire" (Hobsbawm 1987) were never recorded in neoclassical discourse meant that encounters with the Other were also no longer articulated in economic texts. How, then, was Senior's particular combination of critique and legitimization now to be accomplished? Grapard asks us to consider the traveler who never travels, and whose visits to the East are thus visits to 'imagined communities' (Anderson 1983) – homogeneous economic communities and naturalized nation-states whose iconography stands in for the text of Senior's journals. Her vehicle for showing turn-of-the-century economics' encounter with the Other lies in the symbolic display of power and hierarchy at the 1878 Paris Exhibition, which juxtaposed European science and technology to the naïve and primitive arts of the 'Countries of the Sun.'

The international exhibition, like art museums, science museums, arcades, and even department stores and malls, helps fix social identities by ordering and disciplining people's interpretations of themselves and the phenomena about them. The Paris Exhibition, as the first international exhibition to include artifacts and displays from the non-European world, additionally spared the would-be traveler from too-close contact with the Other, and substituted imagery and spectacle for the words of the journalist in comparing the West to the East. While the European exhibits displayed the manufacturing potential and enormous productive capacity of the capitalist market economies, the non-European exhibits displayed the 'picturesque' and the unusual – specimens of birds, collections of shells, national costumes, etc. In this side-by-side lesson, especially provocative at the Paris Exhibition was the allegorical use of the female body in a set of six sculptures meant to give symbolic representation to the different

parts of the world. At the time, the 'eternal feminine' was widely regarded as a symbol of what was thought immortal and unchanging in a nation. But the combination of different images of female sexuality and national or regional identities in the statues involved assigning a primitive and unbridled female sexuality to the non-European world, while reserving a chaste and temperate female sexuality to the European world. Here, then, was non-Europe more immediately and manifestly exotic than Senior could communicate in his journals.

Of course, neoclassical economics was nowhere in evidence in the Exhibition's displays of science and technology. But the side-by-side comparison of Eastern eccentricities and the products of Western rationality made an implicit case for identifying the latter with a 'theory of economy' (as Jevons put it) that was itself suitably abstract and formal. Indeed neoclassical economics was clearly not about exploitation and power (as were views such as Marx's that were excluded from the Exhibition). Thus neoclassical economics was presumably the economics of the Exhibition's new science and technology, and this discouraged thinking that the West's scientific achievements were part and parcel with European expansionism. Indeed the virtue of the new 'theory of economy' was that it was abstract not just in its manner of formulation, but also in its being removed – abstracted – from contact with the social realities of the time. It consequently reified Senior's 'blindnesses' by making neglect of the world a feature of economics rather than just of those who employed it. But this hardly meant that economics had no real impact after 1878. In the twentieth century neoclassical economics has been, if anything, even more active in the world in virtue of a commitment to *laissez-faire* ideology that is stronger than was ever made in classical political economy. In neoclassicism, then, economics made further retreat from the world so as only to further judge the world. But what is an economics that has become so formally distant from the world that it is no longer even about the world?

Today, many regard 'mainstream' or orthodox economics as a mishmash of formalist impulses – axiomatic methods, optimization techniques, econometrics, game theory, simulation studies, etc. Yet as a modernist discipline, Callari reminds us, economics creates boundaries that exclude the Other and defines a homogeneous space within which its logic univocally applies. That logic involves a set of unimodal exchange relations, as reflected in the central place of 'the' theory of value in the history of economics. But understanding value and exchange, Callari argues, depends upon seeing the social space constructed by economics as structured according to the concept of the social division of labor (DOL). Classical and neoclassical economics, then, represent two complementary stages in the progressive realization of this concept, and the development and emergence of these stages traces the outlines of economics' modernist project.

Classical economics, particularly as marked by Smith's *Wealth of Nations*, elaborates the DOL in terms of the concept of wealth. But the key to wealth is property – a principle of social organization that succeeding classical thinkers found in an 'arrested' state of development in Eastern societies, where political tyranny and the pre-modern village or commune constituted a barrier to Western progress. Thus the boundary modernist economics and the West draws between itself and alternative discourses, and the East may be identified simply in terms of their failure to become modern and Western. Adoption of the principle of property and the DOL it allows thus signals whether a society has become modern. The purported justification for this signal indicator, moreover, is that a DOL based on property produces a rational organization of society. But the principle of property and attendant DOL that Smith and his classical followers defended involved a particular form of property: private property as it emerged in the West in the eighteenth century (Smith 1976). Accordingly the East's deficiencies were only that its own history (and forms of property) was different. This conclusion, of course, could not be expressed within the discourse of classical economics with its characterization of property as an abstract principle rather than historical outcome.

Neoclassical economics, Callari tells us, substituted the idea of culture for the principle of property in organizing a generalized European knowledge of the Other. Upending the private-public dichotomy, it explained public space in terms of rational self-interest, while regarding social concerns as springing from (non-rational) feelings of sympathy. Extending Senior, who had earlier found the Other within the West in the parish workhouse, neoclassical economics now found an East within the West within the individual. Durkheim (1933) thus saw neoclassical subjectivism as the fulfillment of classical political economy's modernist logic. In his *Division of Labor in Society*, he argued that it was not material circumstances nor the emergence of property that explains the 'organic solidarity' of the DOL. Rather what undergirds the DOL is a capacity for abstraction and generalization that leads people to behave according to the rational logic of a DOL. The turn to culture as the means of organizing modernist economics, then, was really a turn to a particular, historical culture: the idea of life and society guided by an abstract rationality of science that in its fullest elaboration is only to be found within the West.

What more, then, might we say about economics as a colonial discourse of modernity? That economics' posture toward the East as the Other is at the same time a posture towards the Other within the West – found both within Western society and within the individual in the West – suggests that we ought to further investigate economics as a colonial discourse of modernity in terms of the basic strategies it employs to map the boundaries and domains of individuality and sociality. Economics' method of abstraction, which facilitates its 'blindnesses' to the East and the Other, simultaneously validates one historical view of individuals and society

and conceals its allegiance to that view. A postcolonial economics, then, 'sees' the East and the Other by exhibiting individuals and society in historical terms, while declaring where its allegiances lie in regard to this representation. Economics as a colonial discourse of modernity wraps itself in a vision of science as positive; a postcolonial economics rejects positivist science, and accepts science as valued. Dimand, Grapard, and Callari provide us the tools of critique with which to investigate economics' role as a colonial discourse. Others, we must hope, will begin to set forth the outlines and shape of a postcolonial economics.

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