

A Review Essay of Sophus A. Reinert's *Translating Empire: Emulation and the Origins of Political Economy (1-21-13)*

Robert B. Ekelund, Jr.

Professor and Eminent Scholar Emeritus

Auburn University

Auburn, AL 36830

bobekelund@prodigy.net

INTRODUCTION

Capitalism, free market efficiency and the standard canon of ideas establishing economic theory and economic history have never been without criticism and rejection by some.¹ That “heterodox” strain of thought aimed at both in contemporary repositories aimed at both neoclassical economics theory, its applications and at historical narratives explaining the great leap forward of the English Industrial Revolution. Stephen A. Reinert uses a novel approach to tell the whole story of capitalism, its origins and the theory that undergirds it.² His approach is to argue that we have been “fooled” all of three centuries by focusing on the *wrong* literature, one that establishes the standard received canon of economic theory. This occurred by ignoring how a “neglected” dissident to free market capitalism spread his ideas throughout Europe with translations. Standard economic theory – from Smith to the present day – represented the apex and operation of a system (free trade capitalism) that makes rivals who use it poorer and

¹ Criticisms run from "romantics," Marxists, utopians, English and German sociologists to modern day "historicists" such as Boldizzoni's polemics on applications of economic theory to social science (2011)

² Stephen A. Reinert, *Translating Empire: Emulation and the Origins of Political Economy* (Cambridge: Harvard University Press, 2011).

subservient to those advocating free trade but who got rich in other ways. This is a book that seeks no less than a complete revision of the origins and history of economic thought and economic history. Such great ambitions require high standards of proof and at least some ability to falsify. I begin by describing Reinert's thesis in some detail and end with an analysis of the main thesis and some critical subsidiary issues.

Reinert's astonishing thesis is that the entire canon of the history of economic theory and economic history should be revised due to the writings and translation of a late seventeenth-century book published (and subsequently translated into 4 other languages). The book, entitled *An Essay on the State of England in Relation to its Trade, its Poor and its Taxes, for Carrying out the Present War against France*, published in 1695 by Bonny in Bristol, England by one John Cary carries the entire weight of this thesis. Reinert believes that this work untangles the "twisted roots of political economy in the long eighteenth century" (p. 2). Reinert, in the introduction to his book, further maintains that "England, and Europe generally, industrialized while adhering to theories and pursuing policies which have little to do with the historiography of political economy invented retroactively in Britain in the second half of the nineteenth century" (p. 3). According to Reinert, the great truths and foundation of an alternative "economic theory" found in Cary's book were spread about Europe engendering similar policies. This was accomplished by means of "emulation" (read "envy") and were facilitated (importantly) by translation and expansion of Cary's work into French, Italian and German versions, informing the German and Scandinavian tradition of cameralism.³

³ Cameralism was a German counterpart to Colbert's French system of mercantilism with an emphasis on the "science" of bureaucratic administration.

Chapter 1 of the book seeks to establish the rate of translation of Cary's new "theory" and the subsequent attempts at emulation of the British model of economic development (as described by Cary). Reinert, with enormous erudition in languages and history, argues against the proposition that "civic survival depended on international trade" (à la Montesquieu and other "Enlightenment" philosophers), but Reinert (and Cary) depicts trade as a violent act – a "cutthroat competition" for dominance over competitors in the international sphere. Trade did not support peace; indeed, it was a mode of warfare that had to be carefully regulated. Political economy to Reinert (and Cary) becomes a "bellicose science."

The "evidence" adduced by Reinert consists of bar charts of translations of works related to "economics" into and out of English Dutch, German, Spanish, Italian and French between the mid-16th century and the mid-19th century. Without specific calculations on numbers, Reinert concludes that Cary was generally translated at the "peak" levels of translation, but concedes that the locale of translation cannot be determined given the data.⁴ Reinert holds that "the data at hand hold precious heuristic value for understanding the dynamic interconnection of power, translation, and emulation from 1500 to 1849" (p. 45). Thus, Reinert finds growth, population, wages and other aggregate measures from state to state to be correlated with economic works translated – only one of which was by the unheralded Cary. (There were other books in the mix of course). The relative number of translations means, for the author, that emulation was taking place, a truism. At most times England prospered, at others Italy and Spain were in relative decline (perhaps for other reasons). Obviously these data could be misleading, as Reinert notes regarding the dearth of German "export" of translations coexisting with the fact that they established the first chairs devoted to political economy (pp. 59-60), but "continental statesmen

⁴⁴ Reinert uses data from the Kress collection, from the OCED and bases his method on Milo (1984). Naturally a number of items, such as state censorship and literacy levels must be held constant in these calculations.

and translators in the long eighteenth-century had looked to authors and pamphleteers that were deemed more in line with actual British strategies at the time of its economic takeoff: now-neglected “mercantilists” like Cary. . .” (p. 71). The coincidence of the international translation of economic textual material and economic growth means that the Industrial Revolution was spreading across Europe though in uneven fashion. It does not indicate cause and effect and Reinert does not maintain that it does.

Cary’s Essay Interpreted by Reinert

Reinert clearly regards Cary as having invented (or assembled perhaps) a “science.” As he put the matter “The science he had proposed was essentially a prolonged meditation on the consequences and possibilities of manufacturing and enlightenment, seen in terms of widespread education and social empowerment” (p. 128). Reinert (in Chapter 2) analyzes Cary’s “mercantilism” which has not been totally neglected (Viner 1937; Schumpeter 1954) but, according to Cary, misinterpreted. Cary, like his father, was a merchant of Bristol who was elected to the Society of Merchant Ventures in 1677 and to the Council of Bristol in 1688. His job was to lobby Parliament on behalf of the Bristol merchants for regulations or freedom from regulations that would benefit them.⁵ Starting from an assumption that self-interest was “the overthrow of all *publique affairs*,” Cary penned his *Essay* in 1696 as a means of encouraging war and trade to protect that industry ostensibly for the greater glory and power of England, presenting it as a *general* treatise so as not to be viewed as a “prospector” for the textile and other industries in Bristol. His primary points, according to Reinert, may be listed:

⁵ Reinert does not describe the exact nature of Cary’s employment as a lobbyist except that he represented several textile interests over his life. He spent time in prison for (probably according to Reinert) some kind of financial mismanagement, possibly for personal gain.

- (1) Cary believed that the competitive export of finished goods (not raw materials) mattered to the wealth of a nation;
- (2) International competition, in his view, was not and did not engender “cooperation” between trading nations – competition for manufacturing production was part and parcel of empire building and was, in a real sense, part of “warfare”;
- (3) Private interests thwart the commonweal whereas protection and manipulation of trade by the state increases economic welfare for all;
- (4) He argued that wages would rise and that poor relief could be mitigated through the mercantile restrictions on trade he advocated;
- (5) Cary believed that imperial dominance did not depend on “low wages” (as other mercantilists believed) but on technological development and experience; Cary did support the slave trade however.
- (6) Cary defended the domestic production of fashion and luxury goods on the premise that it might induce technological development;
- (7) He believed that woolen manufacture should be monopolized by England and that foreign competition should be eliminated (p. 86);
- (8) Cary believed that the division of labor was both a result and a cause of societal development;
- (9) The nature of imports mattered to the nation’s wealth; manufactures were superior to agricultural or other raw materials in producing high wages and increased income.⁶

⁶ Cary defended protectionism and English “national identity” on numerous grounds “Protestantism, parliamentarism, militarism, commerce” (Reinert, p. 75). He was staunchly anti-papist and strongly Episcopalian. As a good protectionist he dedicated his career to the economic aggrandizement of England’s empire through conquest and commerce” (Reinert, p. 75).

Thus, for all intents and purposes Cary was what is now regarded as a mercantilist, although his stance both dovetailed and differed with other writers of the period (e. g., as a defender of fashion productions and the position of the division of labor in society). As a mercantilist, Cary has been underestimated. But Reinert (citing Mokyr 2006) goes much further: “From an English perspective, the great structural transformation from an agricultural to an industrial occurred during a period of intense economic policies to ensure precisely such a transition *not* “after” the decline of so-called 'mercantilism.' And Cary was the architect of this process.” (pp. 88-89). Government in its official role as the invoker of punitive tariffs and protector of favored manufacturing interests was a partner to the process and, following Cary’s logic, self-interest and laissez faire were not part of the canon of theory and policy established by Cary.

Cary Translated

Reinert’s scholarship in tracking down Cary’s “followers” and translators is admirable and interesting.⁷ France’s eternal rivalry with England led to a translation of Cary by Butel-Dumont (*Essai sur l’Etat du Commerce d’Angleterre*). The book appeared in two volumes of more than 1000 pages. Economic “jealousy” of England’s growing success resulted in the anonymously published book by Georges-Marie Butel-Dumont in 1755. With imperial greed and “cutthroat competition” as its theme Butel-Dumont – reflecting debates among merchants and politicians concerning competition with England – urged the re-working of Cary’s mercantile ideas for France or adapting it to the situation of particular nations. Next to Italy and yet another re-working of Cary’s text in the form of Antonio Genovesi’s *Storia del commercio della Gran Bretagna* (1757-1758), translated from the French but in three

⁷ Given length constraints, this reviewer urges a separate reading of these chapters.

volumes of 1,500 pages. For Genovesi, political economy “was a science of national economic development in the tradition not only of the *Essay* but also of the revolutionary concept of greatness. . . “allowing states men to ‘increase the greatness, power, and wealth of the Nation’” (p. 203). Genovesi considered a commerce without conquest (empire), unlike Cary and Butel-Dumont. Essentially, Genovesi sought to adapt Cary’s “science” to the “decentralized” Italian situation. Cary’s *Essay* underwent its final translation into German in 1788 with Wichmann’s *Ökonomisch-politisch Commentarius*, which included applications to the German states’ situation and institutions. Wichmann (quoted in Reinert, p. 259) hit the nail on the head in characterizing the goal(s) of Cary’s previous incarnations in English, French and Italian: “[It was] nothing if not that of contributing to the promotion and raising of the economic welfare and political power of their respective motherlands through economic-political maxims that they, on the basis of their persuasion, thought worthy of attention and that every one, in their place, considered salutary.” It was, in short, a brief for nationalism, the growth of empire, and for the establishment of a economic-political “connection.” That appears to be, in precise terms, the essence of Cary’s original essay. (Wichmann was in fact a defender of Physiocracy).⁸

The Epilogue to the book recapitulates Cary’s achievements and emphasizes Reiner’s view that the standard canon (Smith, Ricardo, etc.) in the history of economic theory and not be replaced with Cary’s “science” of political economy must be abandoned. These are in fact, the two essential questions raised in the book. Specifically, must some new canon be developed in the history of economic thought given Cary’s essay? That is, is the *laissez faire*, “invisible hand” foundations of political “wrong” or outdated and used as a hammer to

⁸ It is also unsurprising that Cary’s ideas were assimilated by the cameralists who imitated Cobertism as an “administrative science” as a ground for policy.

beggar the competitors of the UK throughout its dominance over the 18th and 19th centuries? Secondly, does the spurt of economic growth in England coincide with the decline in mercantilism based on the international trade policies Cary advocated? I argue that the answer is a resounding “no” to these questions.

Does Cary’s Essay Require a New Canon in Economic History or History of Economic Thought?

Cary, from my reading of the mercantile literature, including secondary sources such as Viner and Heckscher, was just another rent-seeking lobbyist for textile interest groups. Cary’s motives in this direction were clear and other motives attributable to him (defending Protestantism, the economic welfare of the masses, etc.) were only a cover for textile interest in Bristol and elsewhere. Although obscured by the “generality” Reinert maintains concerning Cary’s “science of political economy”, Cary believed that “ it would be the great Wisdom of our Government to regulate all Foreign Trades by such Methods as may be make them useful in the promoting of our Manufactures” (Cary quoted in Reinert, p. 90). Reinert makes it clear that Cary was a lobbyist in Parliament, first for Bristol and then for other interests. But what were “government” or “state” policies? How were they determined? These “state policies” (with the exception of monarchical fiat) were policies and regulations imposed on Parliament by interest groups with a *quid pro quo* of the MPs. Woolen and other textile manufacturers were the groups benefiting from these “state” policies. Projectors such as Cary, and there were many, were purveyors of such rent seeking for their own aggrandizement. Rationalization of his position with other “covers” (promotion of Protestantism, the "general welfare" and so on) were simply included as rationales for protection.

Reinert makes the valuable but well known point that Enlightenment economics does not equate to laissez faire of Smith's invisible hand or to Smith himself. But Enlightenment thought did not sanction bellicose trade. As Mokyr has put it "The post-Waterloo movement toward free trade would be unthinkable without the political economy that the Scottish Enlightenment produced (Mokyr 2006, p. 284).

Reinert's indictment of Adam Smith is particularly off the mark. He states that "Scholars and laypeople alike continue to be obsessed by Adam Smith, but by the most lenient standards of historical evidence, we must accept that he was a treacherous guide to his age. For he was either eerily duplicitous or remarkably ignorant in claiming that 'every town and country . . . in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system [mercantilism] had been enriched by it'." This, according to Reinert, "cannot but invoke doubts about the Scotsman's intentions" (p. 283). Reinert, unfortunately, offers non-falsifiable examples of "free trade disasters" due in the main to "economic warfare" (Venice, Naples, Portugal), But worse, Reinert cherry-picks an early draft of Smith's *Wealth* to the effect that Smith understood that a nation may not be in a condition or have resources to industrialize, a point that he did not make in his *magnum opus*. But contrary to Reinert neither this view or Ricardo's "nefarious" theory of competitive advantage (as Reinert renders it, p. 284) are fallacious in maintaining the gains from trade of any kind (agricultural or manufactured goods). Reinert, it would seem, is under Cary's mercantile delusion that the only path to progress is industrialized manufacturing.⁹ Different factor endowments are actually central to the gains from trade and

⁹ Reinert presents statistics from Daudin, O'Rourke and de la Escosura (2008) that would appear to contradict this claim. In the early period (prior to mid-19th century) England was a net exporter of raw materials – a period which Reinert touts for its economic growth under a Cary-like regime.

the fact that governments sometimes obviate these gains with military or other restrictions does not invalidate the principles of trade (or of modern microeconomics).

Monarchical autocracy and the mercantilism from which it flowed was the *old* canon of political economy and functioning. Under this system of regulation (including taxes and subsidies), monarchical grants were imposed in England. That system and its decline are well-known in the literature (Mokyr 2006, 2010; Root 1994). The decline of internal regulations was stark, but some manufacturing and agricultural interests, notably the wool trade, were successful at lobbying Parliament.¹⁰ The economic canon of some early mercantilists (John Hales, Mandeville and others), of Smith and Ricardo and their progeny, so maligned by Reinert was the *new* canon of political economy – one that continues to this day. This most certainly did not mean that growth did not begin under mercantilism, especially after the Glorious Revolution and the ceding of much rent-seeking power to Parliament. Mercantilism as an “international system” survived for some industries (as it does today in all countries) but it declined. Mokyr notes that long term economic growth “began in earnest in Europe just about the time when classic mercantilism went on the defensive and eventually declined” (2006, p. 269). Cary was no “architect” of a system that powered economic growth and international “industrial policy” was not the cause of growth. (This same industrial policy of internal and international regulation was in place for several hundred years *without* the spurt in growth). As writers such as Mokyr (2002) and McCloskey (2010) argue, the Industrial Revolution depended upon institutions that gave positive feedback to inventors and innovators which were, along with secure property rights

¹⁰ According to Mokyr, rent seeking took place in particular industries despite the shift of power to Parliament: “Adam Smith was guilty of only a little exaggeration when he exclaimed that Britain’s woolen manufacturers have been more successful than any other class of workmen in persuading the legislature that the prosperity of the nation depended upon the success and extension of their particular business” (Mokyr 2006: 281).

and other factors, the key to the maintenance of the “takeoff.” The general acceptance of this emerging class of entrepreneurs – and the ascendance of “bourgeois dignity” (McCloskey 2010) and other determinants – added to the growth potential and the great leap forward.

Reinert’s thesis that England used the laissez faire canon to dominate other countries by imposing the “new canon” of free trade on them is unconvincing (the Venetian and Neapolitan examples notwithstanding). Similarly the idea that Cary’s advocacy of trade controls as the source of growing GDP is spurious. He notes statistics that purport to show that raw materials exports exceeded manufactured goods exports until mid-19th century when they reversed (p. 88). These results were ostensibly the products of some “state policy” to beggar neighbors through the power of trade on GDP. However the very source that Reinert cites (Daudin, O’Rourke and de la Escosura 2008) for these statistics shows clearly that total UK trade as a share of GDP remained almost constant between 1655 and 1840 – one fourth of GDP until 1830 only rising to one-fifth in 1840. If trade policies were the key to domestic “economic welfare,” as Cary argued, international mercantile and “post-mercantile” periods would have had a non-linear impact on economic growth of trade. The great leap of the Industrial Revolution was in the growth in per capita income. As McCloskey has argued that grew from an income of about \$2-3 per day in 1800 to \$120 per day today. That did not happen with a political economy dependent on government but on the basis of a system that encouraged innovation, invention and free trade and institutions receptive to these phenomena.

Finally, Reinert has done a service in uncovering a mercantile writer that had undoubted influence in England and in Europe through translations. But Cary’s popularity is hardly

surprising given the usual tendency for interest groups of all times to find rationales for rent seeking for redistributive purposes. Such behavior occurs in all nations. However, he has not convinced this reviewer that some kind of new canon in the history of political economy or in economic history – one integrating forms of economic regulation sponsored by government for growth – is justified or warranted.¹¹ The author has himself engaged in “precursorism” to find a positive economic role for government, perhaps as part of some kind of system that might help to justify contemporary interventionist policies. That attempt has been vocal to an extent in contemporary economic theory among some historians of economic thought. Unfortunately, Reinert has based this quest solely on a garden variety mercantilist. Heuristic methods to reorient the whole corpus of economic theory and its history will not be successful following such tactics.

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¹¹ That does not mean of course that a role or roles for government have not been developed within the "invisible hand" paradigm of modern microeconomics.

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Sophus Reinert argues that economic emulation was the prism through which philosophers, ministers, reformers, and merchants thought about imperialism, economics, industry, and reform in the early modern period.Â Reinertâ€™s work challenges previous narratives about the origins of political economy and invites the current generation of economists to reexamine the foundations, and future, of their discipline.